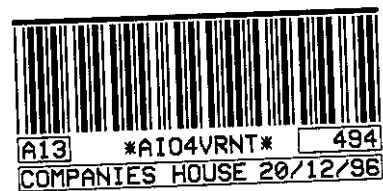


BURTONWOOD INNS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 1996

REGISTERED NUMBER - 40234



BURTONWOOD INNS LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited accounts of the Company for the year ended 31 March 1996.

DEVELOPMENT OF THE BUSINESS

There has not been any significant change in the business during the year.

PROFITS AND DIVIDENDS

The profit for the financial year amounted to £643,000 (1995 - £690,000). The Directors recommend the payment of a dividend of £350,000 (1995 - £350,000), the balance of £293,000 (1995 - £340,000) has been transferred to reserves.

PRINCIPAL ACTIVITY

The Company's principal activity is the ownership and management of licensed premises.

DIRECTORS

The Directors of the Company during the year were:

J G Dutton-Forshaw
R A Gilchrist

DIRECTORS' INTERESTS

None of the Directors had any beneficial interest in the shares of the Company during the year. The Directors are also Directors of the Company's ultimate parent company, Burtonwood Brewery PLC, and their interests in the shares and share options of that company are disclosed in its accounts.

FIXED ASSETS

Details of changes in fixed assets are shown in note 6 to the accounts.

EMPLOYMENT

The Company's policy is to encourage and assist the employment of disabled people where practical and, if possible, to retain employees who become disabled.

A news sheet "Inn and Around" is issued twice a year, promoting sales and providing information to staff and our partners in the trade. Information is also made available through various committees.

BURTONWOOD INNS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the Company for the financial year.

The Directors consider that in preparing the accounts on pages 4 to 13, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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

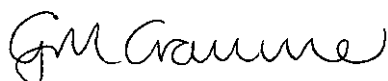
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



G M CRANMER

Secretary

4 July 1996

Burtonwood, Nr Warrington

Price Waterhouse



REPORT OF THE AUDITORS TO THE MEMBERS OF BURTONWOOD INNS LIMITED

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and accounting policies set out on pages 7 and 8.

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 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
4 July 1996

BURTONWOOD INNS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996**

	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER (Note 2)	13,306	12,854
Cost of sales	<u>(6,373)</u>	<u>(6,121)</u>
GROSS PROFIT	6,933	6,733
Administrative expenses	<u>(5,962)</u>	<u>(5,666)</u>
OPERATING PROFIT	971	1,067
Loss on sale of assets	<u>-</u>	<u>(8)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Notes 2 and 3)	971	1,059
Tax on profit on ordinary activities (Note 5)	<u>(328)</u>	<u>(369)</u>
PROFIT FOR THE FINANCIAL YEAR	643	690
Proposed dividend on ordinary shares (Note 14)	<u>(350)</u>	<u>(350)</u>
TRANSFERRED TO RESERVES (Note 10)	<u>293</u>	<u>340</u>

The attached notes on pages 7 to 13 form an integral part of these accounts.

BURTONWOOD INNS LIMITED

BALANCE SHEET - 31 MARCH 1996

	1996	1995
	£'000	£'000
FIXED ASSETS		
Tangible assets (Note 6)	3,059	3,044
CURRENT ASSETS		
Debtors - amounts falling due after more than one year (Note 7)	5,405	5,168
CREDITORS - amounts falling due within one year (Note 8)	<u>(676)</u>	<u>(717)</u>
NET CURRENT ASSETS	<u>4,729</u>	<u>4,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>7,788</u>	<u>7,495</u>
CAPITAL AND RESERVES		
Called up share capital (Note 9)	27	27
Reserves (Note 10)	<u>7,761</u>	<u>7,468</u>
SHAREHOLDERS' FUNDS (Note 11)	<u>7,788</u>	<u>7,495</u>

APPROVED BY THE BOARD OF DIRECTORS ON
4 July 1996

J.G. Dutton-Forshaw
J G Dutton-Forshaw

DIRECTOR

The attached notes on pages 7 to 13 form an integral part of these accounts.

BURTONWOOD INNS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1996**

	<u>1996</u> £'000	<u>1995</u> £'000
Reported profit on ordinary activities after taxation	643	690
Unrealised deficit on revaluation of properties	—	—
Total recognised gains relating to the year	<u>643</u>	<u>690</u>

NOTE ON HISTORICAL COST PROFITS AND LOSSES

	<u>1996</u> £'000	<u>1995</u> £'000
Reported profit on ordinary activities before taxation	971	1,059
Realisation of property revaluation losses on properties sold in the year	—	<u>73</u>
Historical cost profit on ordinary activities before taxation	<u>971</u>	<u>1,132</u>
Historical cost profit for the period retained after taxation and dividends	<u>293</u>	<u>413</u>

BURTONWOOD INNS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996

1 ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention, except that certain freehold properties have been included at valuation, and in accordance with applicable Accounting Standards.

Turnover

Turnover comprises sales to customers and rent and excludes VAT.

Depreciation

No depreciation is provided on freehold properties. It is the Company's policy to maintain its freehold licensed premises in a continual state of sound repair, the cost being written off to the profit and loss account as incurred. As a result of this policy the Directors believe that the lives and residual values of the licensed premises are substantial and their depreciation is not significant enough to warrant a provision for depreciation being made against profits.

Deferred taxation

Provision is made for deferred taxation on timing differences where it is considered probable that a liability will crystallise.

Leases

Rentals under operating leases are charged to the profit and loss account as they are incurred.

Pensions

The Company participates in the Burtonwood Brewery PLC Retirement Benefit and Life Assurance Scheme. Contributions to the Scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating group companies. Details of the group scheme are contained in the accounts of Burtonwood Brewery PLC.

The Company also contributes at an agreed rate to the personal pension plans of those managers who do not participate in the Group Scheme.

BURTONWOOD INNS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Cash flow statement and related party transactions.

The Company is a wholly owned subsidiary undertaking of Burtonwood Brewery PLC which prepares consolidated financial statements for the group.

The Company has taken advantage of the exemption from disclosure of transactions with members of the group or associates and joint venture of other group members, and is not required to present its own cashflow statement.

2 TURNOVER

Turnover derives entirely from within the United Kingdom.

	Turnover		Profit on ordinary activities before tax	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Analysis of turnover and profit by activity:				
Retail	12,978	12,507	643	712
Leisure activities	<u>328</u>	<u>347</u>	<u>328</u>	<u>347</u>
	13,306	12,854	971	1,059
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Wages and salaries	3,142	2,937
Social security costs	164	161
Pension and associated costs	69	52
Operating leases - land and buildings	233	207
Plant and machinery hire	39	36

The average number of persons employed by the Company in the year was 785 (1995 - 722). This includes a large proportion of part-time and seasonal employees.

The remuneration of the Company's auditors is payable by the parent company and details are disclosed in the accounts of that company.

BURTONWOOD INNS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

4 DIRECTORS' REMUNERATION

None of the Directors received any emoluments in the year or prior year in respect of their services to the Company.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £'000	<u>1995</u> £'000
Corporation tax comprises:		
Corporation tax on current year profits at 33%	328	352
Corporation tax on chargeable gains resulting from sale of fixed assets	—	<u>17</u>
	<u>328</u>	<u>369</u>

6 FIXED ASSETS

	<u>Freehold property</u> <u>1996</u> £'000
Cost or valuation	
1 April 1995	3,044
Additions	<u>15</u>
31 March 1996	<u>3,059</u>

The Company's freehold and long leasehold licensed properties were revalued on 31 December 1993 on an open market existing use basis by Edmund Kirby, Architects and Surveyors.

Included above are assets at valuation amounting to £3,059,000 (1995 - £3,044,000). The original cost of these assets was £467,000 (1995 - £452,000).

BURTONWOOD INNS LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)****7 DEBTORS - AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed by ultimate parent company	5,405	5,168
	<u> </u>	<u> </u>

Financing of the trading activity of the Company is provided by the parent Burtonwood Brewery PLC. All stock is owned by the parent company which retains the associated risks and rewards. At the year end consignment stock amounted to £232,000 (1995 - £203,000).

**8 CREDITORS - AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	<u>1996</u> £'000	<u>1995</u> £'000
Proposed dividend	350	350
Corporation tax	<u>326</u>	<u>367</u>
	676	717
	<u> </u>	<u> </u>

Administration of payments to suppliers is performed by the parent company, accordingly the policy on the payment of creditors is disclosed in the group accounts.

9 CALLED UP SHARE CAPITAL

	<u>1996</u> £'000	<u>1995</u> £'000
Authorised:		
1,500 Ordinary B shares of £10 each	15	15
1,500 7% gross (now 4.9% plus tax credit) non-cumulative preference A shares of £10 each	<u>15</u>	<u>15</u>
	30	30
	<u> </u>	<u> </u>

BURTONWOOD INNS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

9 CALLED UP SHARE CAPITAL

	<u>1996</u> £'000	<u>1995</u> £'000
Allotted and fully paid:		
1,200 Ordinary B shares of £10 each	12	12
1,500 7% gross (now 4.9% plus tax credit) non-cumulative preference A shares of £10 each	<u>15</u>	<u>15</u>
	27	27
	<u> </u>	<u> </u>

Non-equity interests - preference shares

The dividends are payable in priority to all other classes of shares, but do not confer any other right to any further or other participation in the profits or assets of the Company.

The preference shares, which are irredeemable are non-cumulative 4.9% net whose rights can only be varied by notice in writing of two thirds of the issued shares or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class.

On any winding up of the Company, the 4.9% net non-cumulative preference shares are paid out in priority to all other shares on the paid-up value of the preference shares.

10 STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss <u>account</u> £'000	Revaluation <u>reserve</u> £'000	<u>Total</u> £'000
1 April 1995	4,876	2,592	7,468
Retained profit for the year	<u>293</u>	<u>-</u>	<u>293</u>
31 March 1996	<u>5,169</u>	<u>2,592</u>	<u>7,761</u>

BURTONWOOD INNS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

11 SHAREHOLDERS' FUNDS

	<u>1996</u> £'000	<u>1995</u> £'000
Shareholders' funds may be analysed as follows:		
Non equity interest - preference shareholders	15	15
Equity interest - ordinary shareholders	<u>7,773</u>	<u>7,480</u>
	7,788	7,495
	<u> </u>	<u> </u>
	<u>1996</u> £'000	<u>1995</u> £'000
Reconciliation of movement in shareholders' funds		
Reported profit on ordinary activities after taxation	643	690
Dividends	<u>(350)</u>	<u>(350)</u>
Net addition to shareholders' funds	293	340
Opening shareholders' funds	<u>7,495</u>	<u>7,155</u>
Closing shareholders' funds	<u>7,788</u>	<u>7,495</u>

12 OPERATING LEASE COMMITMENTS

	<u>Land and buildings</u>		<u>Other</u>	
	<u>1996</u> £'000	<u>1995</u> £'000	<u>1996</u> £'000	<u>1995</u> £'000
<u>On leases expiring:</u>				
Within one year	-	-	31	15
In two to five years	11	11	3	-
After five years	<u>196</u>	<u>196</u>	<u>2</u>	<u>2</u>
	207	207	36	17
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The majority of leases of land and buildings are subject to rent reviews.

BURTONWOOD INNS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

13 FLOATING CHARGE

The Company has executed a first floating charge on the whole of its property and undertaking as security for the guarantee given by the Company in respect of the medium term loan facility granted to its parent undertaking.

14 DIVIDENDS

The Company proposes a dividend of £350,000 (1995 - £350,000) to the ultimate parent company.

The preference shareholders have waived their entitlement to a dividend of £1,000 (1995 - £1,000 waived). The whole of the dividend is payable to the ultimate parent company.

15 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Burtonwood Brewery PLC, a public company incorporated in England. This is the parent of the only group for which group accounts are prepared and of which the Company is a member. Copies of the group accounts may be obtained from:

Burtonwood Brewery PLC
Bold Lane
Burtonwood
Nr Warrington
Cheshire
WA5 4PJ