

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED
(Registered Number 40590)

ANNUAL REPORT

YEAR ENDED 27 SEPTEMBER 2003



WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

Annual Report

Year ended 27 September 2003

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WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 27 SEPTEMBER 2003

The Directors submit their report and the audited accounts of the Company for the year ended 27 September 2003.

PRINCIPAL ACTIVITY

The Company's principal activities are operating managed, tenanted and leased public houses, brewing beer and wholesaling beers, wines and spirits.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Current year turnover was below last year's as a consequence of transferring managed pubs to lease and completing the rationalisation of W&DB Brands. Underlying operating margins increased, despite trading in an intensely competitive market.

The Company will continue to pursue its objectives of developing and operating good quality community-based pubs and to market and sell high quality ale brands.

DIVIDEND AND TRANSFER TO RESERVES

The Directors propose the payment of a dividend of £23,500 per £5 ordinary share (2002: £nil). After total dividends of £23.5m (2002: £nil), the loss transferred from reserves is £3.6m (2002: profit transferred to reserves £22.0m).

EMPLOYEES

Employment policies are based on the provision of appropriate training and career development of our staff. We seek to give equal opportunity and to consider carefully the recruitment of disabled people including those who became disabled during their employment. Job sharing continues to increase. Annual personal appraisals support skill development and commitment to the business.

Our communication aim is to increase the understanding and commitment of all our employees through regular briefings and in-house publications such as W&DB News.

PAYMENTS TO CREDITORS

It is the Company's payment policy to follow the CBI's Prompt Payment Code for all suppliers. Copies of the code are available from the Confederation of British Industry at Centre Point, 103 New Oxford Street, London, WC1A 1DU.

Creditor days at the period end were 41 (2002: 42).

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED 27 SEPTEMBER 2003
(CONTINUED)**

DIRECTORS

The Directors of the Company during the year ended 27 September 2003, and up to the date of this report, were:

D Andrew

R G Findlay

S J Oliver

P Inglett

A Darby - appointed 27 January 2003

DIRECTORS' INTEREST IN SHARES

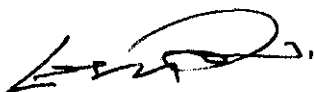
The names of the present directors are stated above. None of the directors had any beneficial interest in the ordinary shares of the Company at any time during the year.

The interests of the directors in the ordinary shares of The Wolverhampton & Dudley Breweries PLC are disclosed in the annual report of that company.

AUDITORS

The independent auditors PricewaterhouseCoopers LLP, are willing to continue in office and their reappointment will be proposed at the Annual General Meeting. PricewaterhouseCoopers transferred their business to a limited liability partnership, PricewaterhouseCoopers LLP on 1 January 2003 following which, PricewaterhouseCoopers resigned on 27 January 2003 and the directors appointed PricewaterhouseCoopers LLP as auditors.

By Order of the Board



Leslie Porter
Secretary

3 December 2003

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

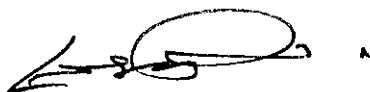
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements 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 the period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis.

The Directors consider that they have complied fully with the above requirements in preparing the financial statements on pages 5 to 19.

The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, to enable them to ensure that financial statements 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.



Leslie Porter
Secretary

3 December 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and related notes.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where we expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

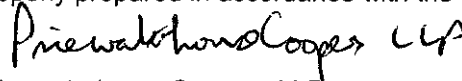
Basis of Audit Opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 27 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
3 December 2003

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 27 SEPTEMBER 2003**

	Notes	2003		2002	
		£m	£m	£m	£m
TURNOVER - continuing operations	2		468.1		505.6
Change in stocks of finished goods and work in progress			(0.7)		(0.2)
Own work capitalised			0.8		0.8
Other operating income			0.8		4.8
Raw materials and consumables			(168.0)		(182.7)
Staff costs - normal	3	(100.3)		(104.8)	
- exceptional	5	-		(2.6)	
			(100.3)		(107.4)
Depreciation			(22.3)		(19.5)
Hire of plant and machinery			(2.2)		(1.9)
Other operating lease rentals			(53.4)		(78.8)
Other operating charges - normal		(84.0)		(84.1)	
- exceptional	5	(3.2)		(1.0)	
			(87.2)		(85.1)
OPERATING PROFIT - continuing operations	4		35.6		35.6
Fixed asset disposals			(2.6)		(4.5)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			33.0		31.1
Interest receivable and similar income	6		0.5		1.2
Interest payable and similar charges	7		(5.8)		(5.8)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			27.7		26.5
Tax on profit on ordinary activities	8		(7.8)		(4.5)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			19.9		22.0
Dividends proposed	9		(23.5)		-
(LOSS)/PROFIT TRANSFERRED (FROM)/TO RESERVES	17		(3.6)		22.0

The results in both years relate to continuing operations.

There is no material difference between the result shown above and the result for the period stated on an unmodified historical cost basis.

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE 52 WEEKS ENDED 27 SEPTEMBER 2003**

	2003 £m	2002 £m
Profit on ordinary activities after taxation	<u>19.9</u>	<u>22.0</u>
Total recognised gains relating to the period	<u>19.9</u>	<u>22.0</u>

**RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS
FOR THE 52 WEEKS ENDED 27 SEPTEMBER 2003**

	2003 £m	2002 £m
Profit on ordinary activities after taxation	19.9	22.0
Dividends	<u>(23.5)</u>	<u>-</u>
(Loss)/profit for the period transferred (from)/to reserves	<u>(3.6)</u>	<u>22.0</u>
Net (decrease)/increase in shareholder's funds	(3.6)	22.0
Opening shareholder's funds	<u>17.4</u>	<u>(4.6)</u>
Closing shareholder's funds	<u>13.8</u>	<u>17.4</u>

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED**BALANCE SHEET AS AT 27 SEPTEMBER 2003**

	Notes	2003 £m	2002 £m
FIXED ASSETS			
Tangible assets	10	129.7	124.3
Investments	11	<u>24.3</u>	<u>27.5</u>
		154.0	151.8
CURRENT ASSETS			
Stocks	12	12.5	13.0
Debtors	13	<u>79.3</u>	<u>36.9</u>
		91.8	49.9
CREDITORS (amounts falling due within one year)	14	<u>(216.6)</u>	<u>(168.9)</u>
NET CURRENT LIABILITIES		<u>(124.8)</u>	<u>(119.0)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		29.2	32.8
DEFERRED TAX PROVISION	15	<u>(15.4)</u>	<u>(15.4)</u>
		<u>13.8</u>	<u>17.4</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Profit and loss account	17	<u>13.8</u>	<u>17.4</u>
EQUITY SHAREHOLDER'S FUNDS		<u>13.8</u>	<u>17.4</u>

The financial statements on pages 5 to 19 were approved by the Board on 3 December 2003 and were signed on on its behalf by:



Paul Inglett
Finance Director
3 December 2003

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company continues to follow the transitional arrangements permitted by FRS 17, "Retirement Benefits", and the additional disclosures are presented in note 19 to these accounts.

(b) Turnover

Turnover comprises sales, rents receivable from licensed properties and other trading income exclusive of VAT. Other operating income comprises mainly rents from unlicensed properties.

(c) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials and a proportion of appropriate overheads.

(d) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the period-end balance sheet date, which give rise to an obligation to pay more or less tax in the future. Timing differences are differences between the Company's taxable profits and profits as stated in the accounts. Deferred tax assets and liabilities are not discounted and assets are only recognised where probable.

(e) Trade loans

Trade loans provided to publicans who purchase from the Company are recorded as fixed asset investments. They are linked to supply terms and are of a long-term nature. Trade loans are held at the lower of the amount advanced and the recoverable amount.

(f) Tangible fixed assets

(i) Plant, furnishings, equipment and other similar items are stated at cost.

(ii) Tangible fixed assets are depreciated on a straight-line basis at rates calculated to provide for the cost of the assets over their anticipated useful lives. Accordingly, the assets are depreciated over periods ranging from three to fifteen years.

(iii) Own labour directly attributable to projects is capitalised.

(g) Fixed asset disposals

Profit on fixed asset disposals is net sale proceeds less carrying value of the assets.

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (CONTINUED)

(h) Pensions

Pension costs for the Final Salary Pension Scheme are charged to the profit and loss account so as to spread the cost of pensions over the average working life of employees, in accordance with the recommendations of independent qualified actuaries. Variations from the regular cost are spread over the average remaining service lives of the employees.

Pension costs for the defined contribution Group Personal Pension Plan are charged to the profit and loss account in the period incurred.

(i) Leases

Rentals under operating leases are charged to the profit and loss account, as incurred over the term of the lease.

2 SEGMENTAL ANALYSIS

	2003		2002	
	Turnover	Operating Profit	Turnover	Operating Profit
	£m	£m	£m	£m
Pathfinder Pubs (retail)	252.4	20.4	278.0	23.5
The Union Pub Company (tenanted)	93.6	16.6	97.2	10.8
WDB Brands (brewing and wholesale)	122.1	16.4	130.4	18.8
Central costs	-	(17.8)	-	(17.5)
	<u>468.1</u>	<u>35.6</u>	<u>505.6</u>	<u>35.6</u>

Turnover originates from operations in the UK and is not materially different from turnover by destination.

3 EMPLOYEES

	2003	2002
	£m	£m
Staff costs:		
Wages and salaries	89.6	96.6
Social security costs	6.6	6.2
Pension costs	4.1	4.6
	<u>100.3</u>	<u>107.4</u>
	Number	Number
Average numbers employed:		
Full time	4,522	5,185
Part time	<u>6,515</u>	<u>7,384</u>

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

3 EMPLOYEES (CONTINUED)

Directors' emoluments:

	2003 £m	2002 £m
Directors' emoluments	<u>1.1</u>	<u>0.9</u>

The number of directors to whom retirement benefits are accruing under a defined benefit scheme is:

<u>5</u>	<u>5</u>
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The number of directors who exercised share options during the year is:

<u>1</u>	<u>5</u>
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Emoluments of the highest paid director:

	2003 £'000	2002 £'000
Emoluments	<u>340</u>	<u>274</u>
Accrued pension at the end of the year	<u>20</u>	<u>16</u>

The Directors of the Company are also Directors of The Wolverhampton & Dudley Breweries, PLC. The Directors' emoluments shown above represent an apportionment of the total emoluments paid to all Directors of the Group.

4 OPERATING PROFIT

This is stated after charging:

	2003 £m	2002 £m
Hire of plant and machinery	2.2	1.9
Other operating lease rentals	53.4	78.8
Depreciation	<u>22.3</u>	<u>19.5</u>

Auditors' remuneration for audit services was £2,000 (2002: £2,000).

5 EXCEPTIONAL ITEMS

Exceptional operating charges of £3.2m in 2003 relate to the termination of a supplier contract.

In 2002, £2.6m exceptional staff costs and £1.0m exceptional operating charges were recorded in respect of the costs of reorganisation and restructuring of brewery and management operations.

The exceptional tax credit relating to fixed asset disposals is £0.8m (2002: £1.3m).

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £m	2002 £m
Income from fixed asset investments	0.4	0.7
Other interest receivable	0.1	0.5
	<u>0.5</u>	<u>1.2</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £m	2002 £m
Interest payable to group undertakings	<u>5.8</u>	<u>5.8</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £m	2002 £m
The charge to the profit and loss account comprises:		
Current tax:		
Corporation tax on profits for the period	8.6	8.3
Adjustment in respect of prior periods	(0.8)	(3.8)
	<u>7.8</u>	<u>4.5</u>
Deferred tax (note 15)	-	-
	<u>7.8</u>	<u>4.5</u>

The actual tax rate for the period is lower (2002: lower) than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2003 £m	2002 £m
Profit on ordinary activities before taxation	27.7	26.5
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2002:30%)	8.3	8.0
Effects of:		
Adjustments to tax in respect of prior year	(0.8)	(3.8)
Costs not deductible for tax purposes	0.3	0.2
Pension cost charge in excess of pension cost relief	-	0.1
Capital allowances in excess of depreciation	-	0.2
Other timing differences	-	(0.2)
	<u>7.8</u>	<u>4.5</u>

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

9 DIVIDENDS

	2003 £m	2002 £m
Ordinary shares of £5 each:		
Final proposed dividend of £23,500 per share (2002: £nil)	<u>23.5</u>	<u>-</u>

10 TANGIBLE FIXED ASSETS

	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
Cost			
At 29 September 2002	19.9	149.8	169.7
Additions	1.4	32.3	33.7
Disposals	<u>(2.0)</u>	<u>(11.6)</u>	<u>(13.6)</u>
At 27 September 2003	<u>19.3</u>	<u>170.5</u>	<u>189.8</u>
Depreciation			
At 29 September 2002	2.8	42.6	45.4
Charge for the period	3.6	18.7	22.3
Depreciation on disposals	<u>(0.3)</u>	<u>(7.3)</u>	<u>(7.6)</u>
At 27 September 2003	<u>6.1</u>	<u>54.0</u>	<u>60.1</u>
Net book value			
At 27 September 2003	<u>13.2</u>	<u>116.5</u>	<u>129.7</u>
At 28 September 2002	<u>17.1</u>	<u>107.2</u>	<u>124.3</u>

Cost at 27 September 2003 includes £1.0m of assets in the course of construction.

Capital expenditure authorised and committed but not provided in the accounts was £6.6m (2002: £1.6m).

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

11 INVESTMENTS

Trade loans £m

At 29 September 2002	27.5
Additions	5.9
Disposals, repayments and provisions	<u>(9.1)</u>
At 27 September 2003	<u>24.3</u>

12 STOCKS

	2003 £m	2002 £m
Raw materials and consumables	5.4	5.2
Work in progress	0.4	0.4
Finished goods	<u>6.7</u>	<u>7.4</u>
	<u>12.5</u>	<u>13.0</u>

13 DEBTORS

	2003 £m	2002 £m
Trade debtors	28.1	23.4
Amounts owed by group undertakings	43.1	3.9
Other debtors	3.5	1.3
Prepayments and accrued income	<u>4.6</u>	<u>8.3</u>
	<u>79.3</u>	<u>36.9</u>

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

14 CREDITORS (amounts falling due within one year)

	2003 £m	2002 £m
Bank overdraft	34.3	34.3
Trade creditors	31.4	32.6
Amounts owed to group undertakings	77.3	54.7
Other creditors	9.7	7.6
Corporation tax	6.0	5.8
Other taxation and social security payable	15.5	14.9
Dividends payable	23.5	-
Accruals and deferred income	18.9	19.0
	<u>216.6</u>	<u>168.9</u>

15 DEFERRED TAX PROVISION

The amount provided in respect of deferred tax is as follows:-

	2003 £m	2002 £m
Excess of capital allowances over accumulated depreciation	16.5	16.5
Accrued pension costs	(0.9)	(0.9)
Other timing differences	<u>(0.2)</u>	<u>(0.2)</u>
	<u>15.4</u>	<u>15.4</u>

At 29 September 2002	15.4
Transfer from profit and loss account (note 8)	-
At 27 September 2003	<u>15.4</u>

Deferred tax has been calculated at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

16 SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised:		
1,000 ordinary shares of £5 each	5	5
600 ordinary shares of £10 each	<u>6</u>	<u>6</u>
	<u>11</u>	<u>11</u>
Allotted, issued and fully paid:		
1,000 ordinary shares of £5 each	<u>5</u>	<u>5</u>

17 PROFIT AND LOSS RESERVES

	£m
At 29 September 2002	17.4
Loss transferred from reserves in the period	<u>(3.6)</u>
At 27 September 2003	<u>13.8</u>

18 LEASE OBLIGATIONS

At 27 September 2003, the Company had the following annual commitment under non-cancellable operating leases:

	Land and buildings		Other	
	2003 £m	2002 £m	2003 £m	2002 £m
Leases which expire:				
Within one year	-	-	0.1	0.3
Within two to five years	-	-	1.5	1.1
After five years	<u>52.9</u>	<u>75.7</u>	<u>-</u>	<u>-</u>
	<u>52.9</u>	<u>75.7</u>	<u>1.6</u>	<u>1.4</u>

NOTES TO THE ACCOUNTS

19 PENSION COSTS

Final Salary Pension Scheme

The Company participates in the Wolverhampton & Dudley Breweries, PLC group retirement benefits plan. All the employees in the scheme are employees of Wolverhampton & Dudley Breweries (Trading) Limited. The scheme is of the defined benefit type providing benefits to employees of the Company and the assets are held separately from the Company's assets.

The Company contribution rate increased from 16.5% to 18.5% of pensionable salaries in April 2003. In September 2003, the Company contribution rate rose to 32.0% of pensionable salaries, following the recommendations of an independent qualified actuary.

The latest valuation of the Final Salary Pension Scheme conducted by an independent actuary for the Company was at 1 September 2003. The actuarial valuation was carried out using the projected unit method. The assumptions that have the most significant effect on the funding position of the scheme are those relating to the differences between the long-term rate of investment return and the rates of increase in earnings. The valuation as at 1 September 2003 assumed that the long-term investment return pre-retirement would exceed salary increases by 3.9% per annum and price inflation by 4.9% per annum. It assumed that the long-term investment return after retirement would exceed salary increases by 2.1% per annum and price inflation by 3.1% per annum. The market value of scheme assets was £135.3m, which was sufficient to cover 78.5% of members' accrued benefits. The Company increased its contribution rate with effect from September 2003, in response to this shortfall.

The Company paid total contributions of £3.6m (2002: £3.6m) to the scheme during the period. As the scheme is closed to new entrants, it is expected that the costs of benefits will steadily rise in the future, as the average age of members increases.

A provision of £3.0m (2002: £3.1m) is included in creditors representing the cumulative excess of pension costs charged to the profit and loss account over the Company contributions paid.

Group Personal Pension Plan

The Company paid contributions of £0.3m (2002: £0.2m) to the Group Personal Pension Plan (defined contribution scheme) during the period.

FRS 17 Retirement Benefits Disclosure

The Company participates in a defined benefit scheme. An actuarial valuation for the purposes of FRS 17 was carried out at 27 September 2003 and 28 September 2002 by a qualified independent actuary.

The major assumptions used by the actuary were:

	27 September 2003 % per annum	28 September 2002 % per annum
Discount rate	5.4	5.5
Rate of increase in salaries	3.6	3.5
Rate of increase in pensions	2.6	2.5
Inflation assumption	2.6	2.5

NOTES TO THE ACCOUNTS

19 PENSION COSTS (CONTINUED)

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 27 September 2003 %	Value at 27 September 2003 £m	Long-term rate of return expected at 28 September 2002 %	Value at 28 September 2002 £m
Equities	6.9	99.9	7.0	90.8
Bonds	5.1	30.2	5.5	22.1
Other	4.6	0.4	4.5	5.1
Total market value of assets		130.5		118.0
Present value of Scheme liabilities		(211.3)		(209.6)
Shortfall in Scheme assets		(80.8)		(91.6)
Related deferred tax asset at 30%		24.2		27.5
Pension shortfall		(56.6)		(64.1)

If the above pension shortfall was recognised in the financial statements, the Company's net assets and profit and loss reserve would be as follows:

	27 September 2003 £m	28 September 2002 £m
Net assets before pension shortfall	13.8	17.4
Reversal of SSAP 24 provision (net of deferred tax)	2.1	2.1
Pension shortfall	(56.6)	(64.1)
Net assets after pension shortfall	(40.7)	(44.6)
Profit and loss reserve before pension shortfall	13.8	17.4
Reversal of SSAP 24 provision (net of deferred tax)	2.1	2.1
Pension shortfall	(56.6)	(64.1)
Profit and loss reserve after pension shortfall	(40.7)	(44.6)

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

19 PENSION COSTS (CONTINUED)

The following amounts would have been recognised in the performance statements under the requirements of FRS 17:

	2003 £m	2002 £m
Operating profit:		
Current service cost	2.8	2.3
Total operating charge	<u>2.8</u>	<u>2.3</u>
Other finance income:		
Expected return on pension scheme assets	7.8	10.2
Interest on pension scheme liabilities	(11.5)	(10.4)
Net return	<u>(3.7)</u>	<u>(0.2)</u>
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	5.8	(35.3)
Experience gains and losses arising on the scheme liabilities	15.0	(7.9)
Changes in assumptions underlying the present value of scheme liabilities	(7.1)	(18.3)
Actuarial gain/(loss) recognised in the STRGL	<u>13.7</u>	<u>(61.5)</u>
Movement in shortfall during the period		
Shortfall in scheme at the beginning of the period	(91.6)	(31.2)
Movement in the period:		
Current service cost	(2.8)	(2.3)
Contributions	3.6	3.6
Other finance costs	(3.7)	(0.2)
Actuarial gain/(loss)	13.7	(61.5)
Shortfall in scheme at the end of the period	<u>(80.8)</u>	<u>(91.6)</u>

Details of experience gains and losses for the period to 27 September 2003

Difference between the expected and the actual return on scheme assets:		
Amount	£5.8m	(£35.3m)
Percentage of scheme assets	4.4%	(29.9%)
Experience gains and losses on scheme liabilities:		
Amount	£15.0m	(£7.9m)
Percentage of the present value of scheme liabilities	7.1%	(3.8%)
Total amount recognised in the STRGL:		
Amount	£13.7m	(£61.5m)
Percentage of the present value of scheme liabilities	6.5%	(29.3%)

WOLVERHAMPTON & DUDLEY BREWERIES (TRADING) LIMITED

NOTES TO THE ACCOUNTS

20 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking is The Wolverhampton & Dudley Breweries, PLC, which is registered in England.

Copies of The Wolverhampton & Dudley Breweries, PLC consolidated financial statements can be obtained from the Company Secretary, PO Box 26, Park Brewery, Wolverhampton, WV1 4NY.

21 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of The Wolverhampton & Dudley Breweries, PLC and is included in the consolidated financial statements of The Wolverhampton & Dudley Breweries, PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of The Wolverhampton & Dudley Breweries, PLC.