McMULLEN & SONS, LIMITED

BOARD OF DIRECTORS AND OFFICERS

Directors	
CHAIRMAN	C D BRIMS, M A
MANAGING DIRECTOR	P FURNESS-SMITH
	D S McMULLEN, M A , F C A
	J C McMULLEN
	I P McMULLEN, M A
	F J McMULLEN
	J S LYTHGOE, B A (Econ), A C A
	S GILL, B A (Hons)
	A W NEWBURY, B Sc , F R I C S

Secretary	C F BUTLER, A C I S

Bankers	NATIONAL WESTMINSTER BANK PLC
Auditor	BAKER TILLY UK AUDIT LLP
Registered Office	26 OLD CROSS, HERTFORD SG14 1RD
Registered Number	51456 England

McMULLEN & SONS, LIMITED

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the above-named Company will be held at 26 Old Cross, Hertford on the 28th February, 2008 at 12 30 p m , for the following purposes

1 To receive and adopt the Reports of the Directors and the Auditor and the Statement of Accounts for the 52 weeks ended 29th September, 2007

2 To declare a dividend on the Ordinary Shares, Non-voting Ordinary Shares and Preferred Ordinary Shares

3 To re-elect Directors

4 To re-appoint Baker Tilly UK Audit LLP as Auditor of the Company, and to authorise the Directors to fix their remuneration

Registered Office
26 Old Cross
Hertford
SG14 1RD

1st February, 2008

By Order of the Board

C F BUTLER
Company Secretary

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him A proxy need not be a member

Holders of the Non-voting Ordinary Shares and the Preferred Ordinary Shares are not entitled to attend or vote at this meeting

STATEMENT BY THE CHAIRMAN

Profit before tax and exceptional items for the 52 weeks to 29th September, 2007 was £7 3 million, 1% below the previous year Operating profit was down 11%

The year started well with encouraging growth in retail sales for the first nine months The final quarter, however, was much more difficult as, in common with the rest of the industry, we suffered from the introduction of the smoking ban in July and the poor summer weather

Exceptional items of £15 5 million benefited from the profit on the sale of unlicensed properties, including the surplus land and buildings at the brewery site The cash proceeds from these sales have been used to reduce debt with the balance being used to fund the acquisition of new pubs The loan balance at the end of September 2007 stood at £3 5 million

Retail Division

The year started well and, at the nine month mark, like-for-like sales in managed houses were up 5% However, conditions changed in the final three months and like-for-like sales growth for the full year was 3 8%, with liquor sales up 1 7% and food sales up 10 0% Although this growth in like-for-like sales compares well with other managed house operators, it lagged behind the growth in like-for-like costs energy and water costs were up 7%, while labour costs increased by 6% reflecting the increase in the minimum wage in October 2006

Headline sales across all managed houses were ahead by 8 3%, with liquor up 4 8% and food up 18 1% Beer volumes through managed houses were down 1% On a like-for-like basis, total beer and cider volumes were down 2 4% which compares favourably with a market decline of over 5%

During the year, we acquired the freehold of one trading pub in Hertfordshire and of a property in Marlow that will be converted into a Baroosh bar when the current lease expires in 2011 We invested £800,000 improving four existing food-led houses and we carried out major refurbishments on two other existing managed houses

The White Horse, Burnham Green, was acquired at the end of April Following a period of closure for development, it re-opened at the beginning of July and traded well throughout the summer Sales fell back in the autumn, reflecting the expectation that this will be a seasonal business

The Red Lion, Hatfield, was the subject of a major development which involved the removal of the function rooms and the sale of some surplus land at the site After closing in mid-February for sixteen weeks, this house re-opened at the beginning of June and traded better than expected for the remainder of the year

The Old Beams, Milton Keynes, re-opened in July after being closed for just over 2 years as the result of a fire in 2005 Our insurance policy provided business interruption cover for the first year of closure so our profits suffered for the first nine months of the financial year while the pub was still closed However, the re-built pub is proving a great success and has traded ahead of expectations since re-opening in the final quarter of the year

At the end of the previous financial year, we opened our seventh Baroosh bar in Chelmsford It has traded broadly in line with expectations throughout this year Initially, it proved more expensive to run than expected but operational improvements have now been made

Our London pubs benefited from the buoyant economy in the capital with the Nag's Head, Covent Garden, and the Spice of Life at Cambridge Circus both recording sales growth of 9%

Our income from amusement machines declined again this year Until the introduction of the smoking ban, machine income had begun to show growth on a comparable house basis after nine months we were 2% ahead of the previous year The introduction of the smoking ban, however, caused a dramatic reversal with double digit declines being recorded in the last quarter of the year

STATEMENT BY THE CHAIRMAN - *continued*

Heydon Mizon joined us in January 2007 as Retail Operations Manager and he was joined later in the year by Anthony Davies, and since the New Year by James Carboni, both new Area Managers

During 2007, our Baroosh concept was once again a finalist in the Publican Pub Food Awards, and our training was recognised by reaching the finals of the National Innkeeping Training Awards Our thanks go to Duncan Zvonek-Little who manages our Baroosh outlets, Paul Robbins who heads up our catering department, and Helen Darracott who runs our training

Tenancies

Our tenanted pubs also had a challenging year, exacerbated by the smoking ban and poor summer weather Like-for-like beer and cider volumes were down 4 2%, comparing favourably with market trends Most of the decline was attributable to poor performance at six of our tenanted houses but we have now replaced those tenants and this has improved performance

These changes of tenants helped us to extend our new agreement to more outlets We now have 38 of our 49 tenancies on this agreement which, among other things, rewards success by offering competitive levels of discounts for all beer volume purchased above agreed targets

We invested over £100,000 helping most of our tenants to implement smoking ban solutions Unfortunately, around 20% have so far been unable to do so because of either planning restrictions or lack of outside space

Fourteen pubs were renovated during the year

Free Trade

The Free Trade market has become even more competitive than usual In the face of declining volumes and increasing discounts in this market, our volume sales to the Free Trade fell by 14% We have decided not to chase volume at uneconomic discounts and so will concentrate on a small number of profitable accounts

Brewing and Distribution

We have completed our first full year of production in the new smaller brewery and have continued to maintain high levels of quality AK and Country Bitter remain popular favourites while the introduction of McMullen Cask Ale, launched at Easter, has proved a great success with customers

Overall sales of our own brewed ales through our pubs were down 1% during the year which, although a decline, compares favourably with market trends Sales through our pubs of draught lager, which we buy from other brewers, were down 4% for the same period

Site Finding

As previously stated, two sites were acquired during the year the White Horse in Burnham Green, and a potential Baroosh at 56/58 High Street, Marlow We have also agreed terms for the purchase of a greenfield pub site and hope to exchange contracts shortly

Finding new pubs is now one of our highest priorities but we are conscious of the need to avoid over-paying at what may prove to be the top of the market in terms of pub prices During the year, we looked at 160 possible acquisitions, made offers on six of them, but only secured the two sites reported above

Dividends

The Board recommends that the total ordinary dividend for 2007 be increased by 3 3% to 3 66 pence per share, making the final dividend 1 533 pence per share

STATEMENT BY THE CHAIRMAN – *continued*

For the purposes of forward planning, it may help shareholders to know that the interim ordinary dividends in the coming year are expected to be

April 2008	First Interim Dividend	0 730p (0 709p in 2007)
July 2008	Second Interim Dividend	0 730p (0 709p in 2007)
October 2008	Third Interim Dividend	0 730p (0 709p in 2007)

The recommendation on the Final Dividend in February 2009 will be based on the profits for the year ending 27th September, 2008, and the outlook at the time

Outlook

The more difficult trading conditions of the fourth quarter have continued into the new financial year and there are clear signs of a slowdown in consumer confidence Like-for-like sales in managed houses for the first three months were down 2 3%, with food up 2 6% but liquor down 4 3% In response, we are taking steps to reduce costs wherever possible but are also determined to maintain operating standards and to improve the quality of our pub estate This means that there is likely to be a reduction in operating profit in the current year

People

We are dependent on the high standard of service delivered by our managers and tenants, and their house teams, as well as on the support provided by our Head Office staff I take this opportunity to thank them for their efforts

Charles Brims
10th January, 2008

REPORT OF THE DIRECTORS

The Directors submit their Report and the Group Financial Statements of McMullen & Sons, Limited for the 52 week period ended 29th September, 2007

Review of the Business

The principal business of the Group during the period was the same as in the last period, being the fully integrated activities of a regional brewer and encompassed brewing and the packaging of beer, wholesaling and retailing together with the ownership and management of licensed and ancillary premises all within the United Kingdom

During the 52 weeks ended 29th September, 2007, the Group continued to trade profitably and it is expected that expenditure on public houses will continue at a high level Further information regarding the Group's business, financial performance and future developments is given in the Chairman's Statement

Risks and Uncertainties

The main risks and uncertainties faced by the Group are as follows

Interest rate risk	The relatively small level of debt outstanding during the period does not expose the Group Cash Flow to any significant interest risk Details of the loan facility are shown in note 15 of the Financial Statements
Foreign currency risk	The Group buys a small amount of its products in Euros, meaning that fluctuations in exchange rates can affect the value of the Group's purchases The Group buys sufficient quantities in advance to ensure that exposure to currency fluctuations is minimised
Credit risk	The Group regularly reviews its debtor listings and imposes a cash-before-order policy where necessary
Liquidity risk	The Group reviews its cash position on a daily basis and a forecast cash flow statement on a regular basis The average loan outstanding during the period is not considered to be material in relation to the Group's asset base or level of cash generation
Reputation	The Group ensures that regular reviews of its outlets are undertaken to ensure that high standards are maintained In addition, performance is regularly monitored against that of the Group's competitors

Key Performance Indicators

The Group's performance for the financial period has been reported in the Chairman's Statement on pages 3 to 5 of these Financial Statements The Directors consider that the key performance indicators are as follows

Operating Profit	As shown in the Group Profit and Loss Account
Like-for-Like Sales (uninvested)	Like-for-like sales in managed houses where an individual pub has had a full-year's trading throughout both years in the comparison, thus excluded from this calculation are new pubs, pubs transferred to or from tenancy, and pubs closed for more than one week during the period due to refurbishment
Production Volume	The volume of home produced beer sold (expressed in barrels)
Trade Volume	The volume of all beer and cider sold (expressed in barrels)

Profits and Dividends

The profit for the period on ordinary activities before exceptional items and taxation was £7 302 million *(2006 £7 385 million)*

REPORT OF THE DIRECTORS – *continued*

After the addition of exceptional items and deduction of taxation, the resulting profit for the period is £18 817 million *(2006 £7 920 million)*

After further adjustment arising from the accounting treatment of pension fund costs (in accordance with FRS17), the Statement of Recognised Gains and Losses for the year shows a profit of £19 955 million *(2006 £7 074 million)*

The dividends proposed have been set out in the Chairman's Statement The balance of funds will be used to reinvest in the business and partly repay the bank loan

Board of Directors

The Directors of the Company who served throughout the period are shown on page 1

In accordance with the Articles of Association, Mr I P McMullen, Mr J S Lythgoe and Mr S Gill retire from the Board and, being eligible, offer themselves for re-election

All Directors' contracts of service with the Company and its subsidiary undertakings are determinable on one year's notice without payment of compensation

During the period no Director has had a material interest in any contract, significant in relation to the Group's business, entered into by any company in the Group

Details of Directors' Shareholdings

(a) At 29th September, 2007 and at 1st October, 2006

	Beneficial and Family Holdings			*Trustee Holdings*		
	Ordinary Shares of 12 5p	*Non-voting Ordinary Shares of 12 5p*	*Preferred Ordinary Shares of 12 5p*	*Ordinary Shares of 12 5p*	*Non-voting Ordinary Shares of 12 5p*	*Preferred Ordinary Shares of 12 5p*
C D Brims	–	–	–	–	–	–
P Furness-Smith	–	–	–	–	–	–
S Gill	–	–	–	–	–	–
J S Lythgoe	–	–	–	–	–	–
J C McMullen	1	–	–	1,108,621	386,907	553,770
I P McMullen	432,871	151,071	1,685,211	4,198,078	2,061,115	4,041,452
D S McMullen	686,000	561,000	421,484	3,156,594	2,168,684	44,537,882
F J McMullen	907,094	316,574	63,138	128,720	44,923	–
A W Newbury	–	–	–	–	–	–

Fixed Assets

Freehold and leasehold properties were valued as at 12th September, 2002 by independent professional valuers at £176 million (which at that date had a net book value of £66 million) in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors The basis of valuation was open market value which is the higher of either existing use or alternative development use taking into account the probability of achieving such change of use under prevailing planning policies Properties which were valued at £21 021 million at September 2002 have subsequently been sold In the opinion of the Directors the market value of the land and

REPORT OF THE DIRECTORS – *continued*

buildings in aggregate has continued to increase during the year to 29th September, 2007 and is significantly greater than the book amount

Charitable and Political Donations

The Group supports a number of local organisations and initiatives and made charitable contributions totalling £11,036

During the period the Group made no political donations

Directors' and Officers' Indemnity Insurance

The Group has taken out insurance to indemnify the Directors and Officers in respect of third party proceedings against them whilst they are serving on the Board of any company within the Group These indemnity policies subsisted throughout the year and remain in place at the date of this report

Employees

The Group recognises the valuable contribution made by its employees to the smooth operation of its business Employees are kept informed of the Group's activities by way of regular newsletters and all members of staff are encouraged to discuss with management factors affecting the Group and any other matters about which they are concerned The Group always fully and fairly considers matters relating to employment regardless of race, sex, disability, religious belief or sexual orientation It is also the Group's policy to facilitate the ongoing development of staff through appropriate training and continued professional development The Group also endeavours to retain or retrain those employees who have become disabled during employment

Auditor

The Directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor Auditor with effect from 1st April, 2007, in accordance with the provisions of the Companies Act 1989 s26(5) Baker Tilly UK Audit LLP has indicated its willingness to continue in office and a resolution to re-appoint Baker Tilly UK Audit LLP as Auditor will be put to the members at the Annual General Meeting

Statement as to Disclosure of Information to Auditor

The Directors who were in office on the date of approval of these Financial Statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor

Registered Office
26 Old Cross
Hertford
SG14 1RD

By Order of the Board
C F BUTLER
Company Secretary

10th January, 2008

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Profit or Loss of the Group for that period In preparing those Financial Statements, the Directors are required to

a select suitable accounting policies and then apply them consistently,

b make judgements and estimates that are reasonable and prudent,

c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements,

d prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF McMULLEN & SONS, LIMITED

We have audited the Financial Statements on pages 11 to 23

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross-referenced from the Review of the Business section of the Directors' Report

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited Financial Statements This other information comprises only the Directors' Report and the Chairman's Statement We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements Our responsibilities do not extend to any other information

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Parent Company's affairs as at 29th September, 2007 and of the Group's profit for the period then ended, and have been properly prepared in accordance with the Company's Act 1985, and
- the information given in the Directors' Report is consistent with the Financial Statements

Baker Tilly UK Audit LLP

2 Bloomsbury Street
London
WC1B 3ST
28th January, 2008

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants

GROUP PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 29TH SEPTEMBER, 2007

		2007		2006	
	Note	£000	£000	£000	£000
TURNOVER	1c		55,151		52,109
Change in stocks of finished goods and work in progress			85		91
			55,236		52,200
Raw materials, consumables and excise duties		13,755		13,211	
Staff costs	3	16,507		14,829	
Depreciation and amounts written off tangible fixed assets	10a	2,990		3,184	
Other operating charges	2a	15,319		13,495	
			(48,571)		(44,719)
OPERATING PROFIT			6,665		7,481
Interest receivable	2b	448		204	
Net finance income in respect of pensions and healthcare	4,5	681		555	
		1,129		759	
Less interest payable and similar charges	2c	(416)		(779)	
Less preference dividends	8a	(76)		(76)	
			637		(96)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAXATION			7,302		7,385
Exceptional Items	9		15,511		2,812
PROFIT ON ORDINARY ACTIVITIES INCLUDING EXCEPTIONAL ITEMS AND BEFORE TAXATION			22,813		10,197
Taxation	7		(3,996)		(2,277)
PROFIT FOR THE PERIOD			18,817		7,920

The turnover and profit for the period arises from the Group's continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	2007 £000	2006 £000
Profit for the financial period		18,817	7,920
Actuarial gains/(losses) on defined benefit pension schemes	4	1,628	(1,186)
Actuarial loss on post-retirement healthcare	5	(80)	(22)
Tax on actuarial (gains)/losses		(410)	362
Total recognised gains relating to the period		19,955	7,074

The notes on pages 14 to 23 form part of these accounts

McMULLEN & SONS, LIMITED AND SUBSIDIARY UNDERTAKINGS

BALANCE SHEETS AS AT 29TH SEPTEMBER, 2007

	Note	*Group* 2007 £000	*Group* *2006* *£000*	*Company* 2007 £000	*Company* *2006* *£000*
Fixed Assets					
Tangible assets	10a	75,256	*67,856*	75,256	*67,856*
Investments	10b	–	–	59	*59*
		75,256	*67,856*	75,315	*67,915*
Current Assets					
Stocks	11	1,266	*1,186*	1,266	*1,186*
Debtors	12	2,660	*2,702*	2,660	*2,702*
Cash at bank and in hand		9,361	*6,415*	9,359	*6,408*
		13,287	*10,303*	13,285	*10,296*
Creditors amounts falling due within one year					
Trade and other creditors	13	7,210	*9,015*	8,705	*10,476*
Taxation		1,176	*1,344*	1,169	*1,336*
Preference dividends payable		38	*38*	38	*38*
		8,424	*10,397*	9,912	*11,850*
Net Current Assets/(Liabilities)		4,863	*(94)*	3,373	*(1,554)*
Total Assets Less Current Liabilities		80,119	*67,762*	78,688	*66,361*
Creditors amounts falling due after more than one year	14	4,807	*9,392*	4,675	*9,262*
Provisions for Liabilities	16	410	*1,040*	410	*1,040*
		5,217	*10,432*	5,085	*10,302*
Net Assets Before Pensions and Healthcare		74,902	*57,330*	73,603	*56,059*
Net pension assets	4	7,122	*5,819*	7,122	*5,819*
Net pension liabilities	4	(473)	*(699)*	–	–
Net post-retirement healthcare liabilities	5	(543)	*(444)*	(543)	*(444)*
		6,106	*4,676*	6,579	*5,375*
Net Assets After Pensions and Healthcare		81,008	*62,006*	80,182	*61,434*
Capital and Reserves					
Called up share capital	18	2,541	*2,541*	2,541	*2,541*
Capital redemption reserve	19	5,645	*5,645*	5,645	*5,645*
Profit and loss account	19	72,822	*53,820*	71,996	*53,248*
Shareholders' funds	20	81,008	*62,006*	80,182	*61,434*

The Financial Statements on pages 11 to 23 were approved by the Board of Directors and authorised for issue on 10th January, 2008 and are signed on its behalf by

C D Brims *Chairman*

J S Lythgoe *Director*

The notes on pages 14 to 23 form part of these accounts

GROUP CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 29TH SEPTEMBER, 2007

	Note	2007 £000	2007 £000	*2006 £000*	*2006 £000*
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities					
Operating profit			6,665		*7,481*
Profit on sale of tangible fixed assets			(111)		*(94)*
Depreciation charges			2,990		*3,184*
Increase in stocks			(80)		*(29)*
Decrease/(Increase) in debtors			55		*(1,002)*
Increase in creditors			251		*1,381*
Charges in respect of retirement benefits less contributions			377		*317*
			10,147		*11,238*
Cash Flow Statement					
Net cash inflow from operating activities			10,147		*11,238*
Returns on investments and servicing of finance					
Interest received		434		*204*	
Less Interest paid		(419)		*(760)*	
Preference dividends paid		(76)		*(48)*	
			(61)		*(604)*
Taxation			(4,782)		*(2,441)*
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(10,984)		*(2,608)*	
Receipts from sales of tangible fixed assets					
– Property		15,259		*3,311*	
– Other		320		*226*	
			4,595		*929*
			9,899		*9,122*
Equity dividends paid			(953)		*(908)*
			8,946		*8,214*
Management of Liquid Resources					
Decrease in short term deposits			1,087		*1,128*
Net cash flow before financing			10,033		*9,342*
Financing					
Loan repayments made			(6,000)		*(8,500)*
Increase in Cash			4,033		*842*
Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)					
Increase in cash in the period		4,033		*842*	
Net cash outflow from decrease in debt		6,000		*8,500*	
Cash inflow from decrease in liquid resources		(1,087)		*(1,128)*	
Movement in net debt in the period			8,946		*8,214*
Net debt at the beginning of period			(3,843)		*(12,057)*
Net funds/(debt) at end of period	21		5,103		*(3,843)*

The notes on pages 14 to 23 form part of these accounts

NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29TH SEPTEMBER, 2007

1 **Accounting Policies**

(a) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and are for a period of 52 weeks ended 29th September, 2007 The comparative figures are for a period of 52 weeks ended 30th September, 2006 The Financial Statements have been prepared in accordance with applicable accounting standards All accounting policies applied are consistent with those of prior periods

(b) Basis of Consolidation

The consolidated Financial Statements incorporate those of McMullen & Sons, Limited and all of its subsidiary undertakings made up to 29th September, 2007 McMullen & Sons, Limited is the holding company and it has not presented its own profit and loss account as provided by Section 230(3), Companies Act 1985

All Group companies are incorporated in Great Britain

McMullen & Sons, Limited and McMullen's of Hertford Limited operate in England

G B Christie Limited is dormant

(c) Turnover

This is stated exclusive of value added tax at net value of goods and services supplied to customers and rents within the Group's ordinary activities

(d) Retirement Benefits

The estimated income on the assets of the principal scheme and the managers' scheme as reduced by the interest on pension scheme liabilities are included in the profit and loss account, less any charges for the employer's current service cost, based on independent actuarial advice

The interest on pension scheme liabilities and the employer's current service cost for the healthcare scheme are charged directly to the profit and loss account, based on independent actuarial advice

Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Total Recognised Gains and Losses, rather than the profit and loss account

(e) Liquid Resources

The Group's liquid resources include short term bank deposits which are not required to finance the day to day trading activities of the Group

(f) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Transactions are recorded at the rate ruling at the date of the transaction All differences are taken to the profit and loss account

(g) Other Accounting Policies

These are disclosed in the following notes

2 **Profit on Ordinary Activities**

	2007 £000	*2006 £000*
(a) Other operating charges include		
Profit on sale of fixed assets	(111)	*(94)*
Depreciation of fixed assets	2,990	*3,184*
Remuneration of the Auditor		
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	60	*57*
Fees payable to the Company's Auditor and its associates for other services		
Audit of the Company's subsidiaries pursuant to such legislation	3	*2*
Other services relating to taxation	38	*66*
Other services	32	*4*
(b) Interest receivable		
On bank deposits	426	*202*
Other interest receivable	22	*2*
	448	*204*
(c) Interest payable		
On bank loan	382	*755*
Other interest payable	34	*24*
	416	*779*

NOTES TO THE ACCOUNTS – *continued*

3 STAFF COSTS

	2007	*2006*
	£000	*£000*
Staff costs during the period amounted to		
Wages and salaries	14,631	*13,164*
Social security costs	1,191	*1,064*
Other pension costs	685	*601*
	16,507	*14,829*
	Number	*Number*
Average number of employees during period		
Bar staff	728	*705*
Pub management	120	*119*
Head office	90	*90*
	938	*914*

(Part-time employees are included in the above figures on the basis of their full-time equivalents)

4 RETIREMENT BENEFITS

Pension schemes operated by the Group provide benefits based on final pensionable salary The assets of the schemes are held in separate trustee-nominated funds Contributions are paid to the schemes in accordance with the recommendations of independent actuarial advisors

The most recent full actuarial valuation of the principal scheme was undertaken as at 30th September, 2006 and updated for FRS17 purposes to 29th September, 2007 by a qualified independent actuary A valuation of the manager's scheme is being carried out at 29th September, 2007 by a qualified independent actuary As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method

The table below sets out the key FRS17 assumptions used for the Group's defined benefit schemes The table also sets out as at 29th September, 2007 a breakdown of the assets of the pension schemes into the main asset classes, the present value of the FRS17 liabilities of the pension schemes, the related deferred tax liability and the net pensions asset

	At 29 09 07 %	*At 30 09 06 %*	*At 01 10 05 %*
Rate of increase in salaries	5 9	*5 5*	*5 3*
Rate of increase in pensions in payment – principal scheme	3 4	*3 0*	*2 8*
Rate of increase in pensions in payment – managers' scheme	3 3	*3 0*	*2 6*
Discount rate	5 9	*5 1*	*5 0*
Inflation assumption	3 4	*3 0*	*2 8*

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 28 0 years (*2006 28 3 years*) Allowance is made for future improvements in life expectancy

The assets in the schemes and the expected rates of return were

	Long term rate of return expected at 29 09 07 %	Value at 29 09 07 £000	*Long term rate of return expected at 30 09 06 %*	*Value at 30 09 06 £000*	*Long-term rate of return expected at 01 10 05 %*	*Value at 01 10 05 £000*
With-profits fund	4 7	2,569	*4 2*	*2,463*	*4 3*	*2,263*
Equities	7 6	21,677	*7 2*	*19,980*	*7 0*	*14,640*
Gilts	4 7	4,359	*4 2*	*4,692*	*4 3*	*3,194*
Corporate bonds	5 9	3,741	*5 1*	*4,230*	*N/A*	–
Cash	5 1	123	*4 8*	*241*	*4 2*	*8,997*
Total market value of assets		32,469		*31,606*		*29,094*
FRS17 value of liabilities of schemes		(23,183)		*(24,292)*		*(20,864)*
Gross pension asset		9,286		*7,314*		*8,230*
Related deferred tax liability		(2,637)		*(2,194)*		*(2,469)*
Net pension asset		6,649		*5,120*		*5,761*

NOTES TO THE ACCOUNTS – *continued*

4 RETIREMENT BENEFITS – *continued*

The net pension asset of £6 649 million comprises an asset of £7 122 million in respect of the principal scheme and a liability of £0 473 million in respect of the managers' scheme The schemes are independent of each other and there is no facility for offset The schemes are represented on the balance sheet net of deferred tax as follows

	Group		*Company*	
	2007	*2006*	2007	*2006*
	£000	*£000*	£000	*£000*
Net pension assets	7,122	*5,819*	7,122	*5,819*
Net pension liabilities	(473)	*(699)*	–	–
	6,649	*5,120*	7,122	*5,819*

Over the year to 29th September, 2007, the Company made contributions to the principal scheme of £132,000 (*2006 £125,000*) and McMullen's of Hertford Limited, a subsidiary company, made contributions to the managers' scheme of £133,000 (*2006 £120,000*) Future contributions have been agreed at the rates of 5% of pensionable salaries to the principal scheme and 23 7% of pensionable salaries plus £54,000 per annum to the managers' scheme

Movement in schemes' surplus during the year	2007 £000	*2006 £000*
Surplus in schemes at beginning of year	7,314	*8,230*
Movement in year		
Current service cost (total)	(648)	*(574)*
Aggregate contributions	279	*260*
Other finance income	713	*584*
Actuarial gain/(loss) recognised in STRGL	1,628	*(1,186)*
Surplus in schemes at end of year	9,286	*7,314*

Analysis of the amount charged to operating profit	2007 £000	*2006 £000*
Employer's part of current service cost	634	*559*
Total operating charge	634	*559*

Analysis of the amount credited to other finance income	2007 £000	*2006 £000*
Expected return on pension scheme assets	1,939	*1,626*
Interest on pension scheme liabilities	(1,226)	*(1,042)*
Net return – credit	713	*584*

Analysis of amount recognised in STRGL

	2007 £000	*2006 £000*	*2005 £000*	*2004 £000*	*2003 £000*
Actual return less expected return on pension scheme assets	(217)	*1,274*	*1,873*	*867*	*994*
Percentage of scheme assets	(1%)	*4%*	*6%*	*3%*	*4%*
Experience gains and losses arising on the scheme liabilities	(73)	*481*	*46*	*90*	*(114)*
Percentage of scheme liabilities	(1%)	*2%*	*0%*	*0%*	*(1%)*
Changes in assumptions underlying the present value of scheme liabilities	1,918	*(2,941)*	*(1,527)*	*(1,158)*	*(740)*
Percentage of scheme liabilities	8%	*(12%)*	*(7%)*	*(7%)*	*(4%)*
Total amount recognised in STRGL	1,628	*(1,186)*	*392*	*(201)*	*140*
Percentage of scheme liabilities	7%	*(5%)*	*2%*	*(1%)*	*1%*

NOTES TO THE ACCOUNTS – *continued*

5 **Post-Retirement Healthcare**

The Company operates a post-retirement healthcare arrangement for certain senior employees This arrangement is not funded in advance Liabilities in respect of the arrangement are recognised in the accounts in accordance with FRS17

The key FRS17 assumptions are as follows	At 29 09 07 %	*At 30 09 06 %*	*At 01 10 05 %*
RPI Inflation	3 40	*3 00*	*2 80*
Healthcare Inflation (in excess of RPI)	2 50	*2 50*	*2 50*
Discount rate	5 90	*5 10*	*5 00*

The balance sheet reconciliation is as follows

	2007 £000	*2006 £000*	*2005 £000*
Gross liability	(754)	*(634)*	*(580)*
Related deferred tax asset	211	*190*	*174*
Net liability	(543)	*(444)*	*(406)*

The arrangement is represented on the balance sheet at 29th September, 2007 as a liability of £0 543 million net of deferred tax *(2006 £0 444 million)*

Over the year to 29th September, 2007 the Company made contributions of £21,000, being its share of healthcare premiums for retired members

Movement in scheme deficit during the year	2007 £000	*2006 £000*
Deficit in scheme at beginning of the year	(634)	*(580)*
Movement in year		
Current service cost (total)	(29)	*(21)*
Aggregate contributions	21	*18*
Other finance income	(32)	*(29)*
Actuarial loss recognised in STRGL	(80)	*(22)*
Deficit in scheme at end of the year	(754)	*(634)*

Analysis of the amount charged to operating profit	2007 £000	*2006 £000*
Employer's part of current service cost	29	*21*
Total operating charge	29	*21*

Analysis of the amount charged to other finance income	2007 £000	*2006 £000*
Interest on liabilities	(32)	*(29)*
Net return – charge	(32)	*(29)*

Analysis of amount recognised in STRGL

	2007 £000	*2006 £000*	*2005 £000*	*2004 £000*	*2003 £000*
Experience gains and (losses) arising on the liabilities	(170)	*82*	*3*	*45*	*(21)*
Percentage of year end liabilities	(23%)	*13%*	*1%*	*9%*	*(4%)*
Changes in assumptions underlying the present value of liabilities	90	*(104)*	*(26)*	*(42)*	*(26)*
Percentage of year end liabilities	12%	*(16%)*	*(4%)*	*(8%)*	*(5%)*
Total amount recognised in STRGL	(80)	*(22)*	*(23)*	*3*	*(47)*
Percentage of year end liabilities	(11%)	*(3%)*	*(4%)*	*1%*	*(9%)*

NOTES TO THE ACCOUNTS – *continued*

6 DIRECTORS' REMUNERATION

	2007 £000	*2006 £000*
Aggregate Directors' remuneration consisted of		
Fees	48	*44*
Other emoluments	822	*796*
	870	*840*
Company pension contributions to defined benefit schemes	31	*30*
	901	*870*

	2007 Number	*2006 Number*
Number of Directors accruing retirement benefits under the Company's principal defined benefit scheme	6	*6*

Remuneration of the highest paid Director consists of	2007 £000	*2006 £000*
Emoluments	177	*172*
Company pension contributions to defined benefit schemes	8	*7*
Accrued pension at end of year	15	*13*
Accrued lump sum at end of year	103	*89*

7 TAXATION

	2007 £000	2007 £000	*2006 £000*	*2006 £000*
(a) Analysis of charge in period				
Current Tax				
UK corporation tax on profits of the period	4,938		*2,481*	
Adjustments in respect of previous periods	(323)		*(147)*	
Total current tax (note 7(b))		4,615		*2,334*
Deferred Tax				
Origination and reversal of timing differences (note 16)	(630)		*(128)*	
Other recognised gains and losses	11		*71*	
Total deferred tax		(619)		*(57)*
Tax on profit on ordinary activities		3,996		*2,277*

Taxation of £1,707,605 has been provided on the exceptional items (*2006 £130,074*)

(b) Factors affecting the tax charge

The tax assessed for the period is lower (*2006 lower*) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £000	*2006 £000*
Profit on ordinary activities before tax	22,813	*10,197*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (*2006 30%*)	6,844	*3,059*
Effects of		
Expenses not deductible for tax purposes	174	*166*
Capital allowances for the period less than depreciation	1	*203*
Adjustments in respect of capital gains	(2,077)	*(713)*
Lower rate tax adjustment	(4)	*(5)*
Adjustment regarding change in accounting policy for rents	–	*(229)*
Adjustment in a respect of a previous period	(323)	*(147)*
Current tax charge for period (note 7(a))	4,615	*2,334*

NOTES TO THE ACCOUNTS – *continued*

7 TAXATION – *continued*

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on the sale of properties where potentially taxable gains have been rolled over into replacement assets Such tax would become payable only if the property were sold without it being possible to claim rollover relief The total amount unprovided is £1 2 million

8 DIVIDENDS

(a) Preference Dividends

	2007 £000	*2006 £000*
Preferred Ordinary Shares		
– paid	38	*38*
– accrued	38	*38*
	76	*76*

(b) Equity Dividends

The equity dividends paid in respect of the Ordinary and Preferred Ordinary Shares were as follows

	2007 pence per share	*2006 pence per share*	2007 £000	*2006 £000*
October	0 6750	*0 6430*	178	*170*
February	1 5190	*1 4460*	401	*382*
April	0 7090	*0 6750*	187	*178*
July	0 7090	*0 6750*	187	*178*
	3 6120	*3 4390*	953	*908*

In October 2007 a further dividend of 0 709 pence per share was paid in respect of the current year The Directors propose that a final dividend of 1 533 pence per share be paid in February 2008 and this dividend is subject to approval by the Shareholders at the Annual General Meeting As FRS21 has been adopted, neither the dividend paid in October 2007 nor the final proposed dividend is included as a liability in these Financial Statements

9 EXCEPTIONAL ITEMS

	2007 £000	*2006 £000*
Profit on sale of property	15,511	*2,812*

10 FIXED ASSETS

(a) Tangible Assets – Group and Company

	Land & buildings			*Payments*		*Fixtures,*	
		Leasehold		*on*	*Plant and*	*fittings, tools and*	
	Freehold £000	*Long £000*	*Short £000*	*account £000*	*machinery £000*	*equipment £000*	*Total £000*
Cost at 1st October, 2006	62,135	472	182	5	7,718	27,018	97,530
Additions	6,053	–	–	1,912	424	2,641	11,030
Transfers between categories	883	–	–	(1,811)	–	928	–
Disposals	(2,009)	–	–	–	(4,426)	(1,328)	(7,763)
At 29th September, 2007	67,062	472	182	106	3,716	29,259	100,797
Depreciation							
At 1st October, 2006	5,732	118	65	–	6,373	17,386	29,674
Charge for period	373	6	3	–	363	2,245	2,990
Disposals	(1,577)	–	–	–	(4,401)	(1,145)	(7,123)
At 29th September, 2007	4,528	124	68	–	2,335	18,486	25,541
NET BOOK VALUE							
At 29th September, 2007	62,534	348	114	106	1,381	10,773	75,256
NET BOOK VALUE							
At 1st October, 2006	56,403	354	117	5	1,345	9,632	67,856

Industrial and office buildings, plant and fixtures are depreciated over their estimated useful lives

NOTES TO THE ACCOUNTS – *continued*

10 FIXED ASSETS – *continued*

The following rates of depreciation have been adopted

Freehold industrial and office buildings	2% p a on cost
Long and short leasehold properties	equal instalments over the period of the lease
Plant and machinery, fixtures, fittings, tools and equipment	at varying rates between 5% and 33⅓% p a on cost

The Company has provided for depreciation on Freehold Licensed Premises and Domestic Property thus ensuring compliance with FRS15 published by the Accounting Standards Board Depreciation is provided at the rate of 2% on cost for the Freehold Licensed Premises assuming an 80% residual value Depreciation is provided at 2% on cost for Domestic Premises

Expenditure on major refurbishments is charged to Payments on Account and apportioned to the relevant category on completion and no depreciation is provided until that time

(b) Investments	Group 2007 £000	Group *2006 £000*	Company 2007 £000	Company *2006 £000*
At cost				
Subsidiary undertakings				
McMullen's of Hertford Limited	–	–	1	*1*
G B Christie Limited	–	–	58	*58*
	–	–	59	*59*

Details of the Company's investments in subsidiary undertakings are as follows

	Holding	Proportion of voting rights and shares held	Nature of business
McMullen's of Hertford Limited	Ordinary shares	100%	Supply of employment services
G B Christie Limited	Ordinary shares	100%	Dormant

11 STOCKS

	Group 2007 £000	Group *2006 £000*	Company 2007 £000	Company *2006 £000*
Raw materials and consumables	64	*124*	64	*124*
In process products	35	*51*	35	*51*
Finished goods and goods for resale	1,167	*1,011*	1,167	*1,011*
	1,266	*1,186*	1,266	*1,186*

These have been valued at the lower of cost or net realisable value

Raw materials and consumables and Finished goods and goods for resale	Cost of acquisition being the amounts charged by suppliers including any excise duties payable
In process products	Cost of production comprising raw material, labour and excise duties payable plus attributable brewery overheads based on normal levels of activity but excluding all selling and administration costs

12 DEBTORS

	Group 2007 £000	Group *2006 £000*	Company 2007 £000	Company *2006 £000*
Trade debtors	1,455	*1,474*	1,455	*1,474*
Other debtors	118	*83*	118	*83*
Prepayments and accrued income	1,087	*1,145*	1,087	*1,145*
	2,660	*2,702*	2,660	*2,702*

NOTES TO THE ACCOUNTS – *continued*

13 **Trade and Other Creditors**

	Group		Company	
	2007	*2006*	2007	*2006*
	£000	*£000*	£000	*£000*
Bank loan	–	*1,400*	–	*1,400*
Trade creditors	3,557	*3,826*	3,557	*3,826*
Amount owed to subsidiary undertaking	–	–	1,968	*1,891*
Other taxation and social security costs	1,604	*1,370*	1,291	*1,093*
Other creditors	256	*219*	99	*72*
Accruals and deferred income	1,793	*2,200*	1,790	*2,194*
	7,210	*9,015*	8,705	*10,476*

14 **Creditors – Amounts Falling Due After More Than One Year**

	Group		Company	
	2007	*2006*	2007	*2006*
	£000	*£000*	£000	*£000*
Bank loan	3,500	*8,100*	3,500	*8,100*
Preference shares	758	*758*	758	*758*
Other creditors	549	*534*	417	*404*
	4,807	*9,392*	4,675	*9,262*

15 **Maturity of Debt**

	Group		Company	
	2007	*2006*	2007	*2006*
	£000	*£000*	£000	*£000*
In one year or less	–	*1,400*	–	*1,400*
Between one and two years	–	*1,200*	–	*1,200*
Between two and five years	3,500	*6,900*	3,500	*6,900*
	3,500	*9,500*	3,500	*9,500*

The bank loan incurs interest at a rate of between 1% and 1 25% above LIBOR and is repayable in full by 12th November, 2009 The loan is unsecured but there is a solicitors' undertaking to hold property deeds valued at no less than £60 million

16 **Provisions for Liabilities**

Deferred Tax

Deferred tax is recognised in respect of all timing differences, other than rolled over gains as detailed in note 7(c), that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non discounted basis

Provision has been made as follows	Group		Company	
	2007	*2006*	2007	*2006*
	£000	*£000*	£000	*£000*
Accelerated capital allowances	1,046	*1,088*	1,046	*1,088*
Short term timing differences	(636)	*(48)*	(636)	*(48)*
	410	*1,040*	410	*1,040*

NOTES TO THE ACCOUNTS – *continued*

16 PROVISIONS FOR LIABILITIES – *continued*

The movements on the deferred taxation provision were

	Group		Company	
	2007	*2006*	2007	*2006*
	£000	*£000*	£000	*£000*
At 1st October, 2006	1,040	*1,168*	1,040	*1,168*
Charged to profit and loss account	(630)	*(128)*	(630)	*(128)*
At 29th September, 2007	410	*1,040*	410	*1,040*

17 CONTINGENT ASSET

Further consideration may be receivable in respect of the brewery site sold in the year, but the right to the additional consideration is contingent on certain events over which the Company has no control

18 SHARE CAPITAL

	Authorised			
	2007	*2006*	2007	*2006*
	Number	*Number*	£000	*£000*
6 5% Cumulative Preference Shares of £1 each	841,105	*841,105*	841	*841*
10 5% Cumulative Preference Shares of £1 each	2,690,950	*2,690,950*	2,691	*2,691*
Preferred Ordinary Shares of 12 5p each	21,650,000	*21,650,000*	2,706	*2,706*
Ordinary Shares of 12 5p each	10,825,000	*10,825,000*	1,353	*1,353*
Non-voting Ordinary Shares of 12 5p each	10,825,000	*10,825,000*	1,353	*1,353*
			8,944	*8,944*

	Issued & Fully Paid			
	2007	*2006*	2007	*2006*
	Number	*Number*	£000	*£000*
6 5% Cumulative Preference Shares of £1 each	–	–	–	–
10 5% Cumulative Preference Shares of £1 each	–	–	–	–
Preferred Ordinary Shares of 12 5p each	12,714,372	*12,714,372*	1,589	*1,589*
Less preferred element included as long-term creditor			(758)	*(758)*
			831	*831*
Ordinary Shares of 12 5p each	8,894,612	*8,894,612*	1,112	*1,112*
Non-voting Ordinary Shares of 12 5p each	4,781,015	*4,781,015*	598	*598*
			2,541	*2,541*

Brief Summary of Class Rights

Voting

The holders of the 6 5% and 10 5% Cumulative Preference Shares, the Preferred Ordinary Shares and Non-voting Ordinary Shares are not entitled to attend general meetings or to vote except when their dividends are in arrears or on a winding up or on a variation of class rights

Dividends

The 6 5% and 10 5% Cumulative Preference Shares carry rights to fixed preferential dividends in priority to other classes The Preferred Ordinary Shares are entitled as a class to a fixed preferential dividend of a relevant proportion of £106,085 per annum The Preferred Ordinary and the Ordinary Shares are entitled equally to the Ordinary dividends declared in proportion to the issued nominal amount of those classes of capital

Winding up

In a winding up, the 6 5% and 10 5% Cumulative Preference Shares are entitled to the greater of the capital paid up or a sum per share (in pounds) equal to 6 5%, or 10 5%, respectively, divided by the sum of (i) the yield on 3 5% War Loan government stock (expressed as a percentage) and (ii) 1 5% together with arrears of dividend

The Preferred Ordinary Shares as a class are entitled to the capital paid up, any arrears of dividend and a proportion of the sum remaining for distribution after the priority payments above, in proportion to the issued nominal amount of Preferred Ordinary and Ordinary Capital

Detailed Provisions

This is an abbreviated summary and reference should be made to the Company's Articles of Association for full details

NOTES TO THE ACCOUNTS – *continued*

19 RESERVES

	Capital Redemption Reserves 2007	Capital Redemption Reserves 2006	Profit & Loss Account 2007	Profit & Loss Account 2006
Group	£000	*£000*	£000	*£000*
At beginning of period	5,645	*5,645*	53,820	*47,654*
Profit for the period	–	–	18,817	*7,920*
Equity dividends paid	–	–	(953)	*(908)*
Amounts for pensions credited/(charged) to reserves	–	–	1,138	*(846)*
Balance at end of period	5,645	*5,645*	72,822	*53,820*

	Capital Redemption Reserves 2007	Capital Redemption Reserves 2006	Profit & Loss Account 2007	Profit & Loss Account 2006
Company	£000	*£000*	£000	*£000*
At beginning of period	5,645	*5,645*	53,248	*46,865*
Profit for the period	–	–	18,863	*7,880*
Equity dividends paid	–	–	(953)	*(908)*
Amounts for pensions credited/(charged) to reserves	–	–	838	*(589)*
Balance at end of period	5,645	*5,645*	71,996	*53,248*

20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2007	Group 2006	Company 2007	Company 2006
	£000	*£000*	£000	*£000*
Shareholders' funds at beginning of period	62,006	*55,840*	61,434	*55,051*
Movement for the period				
Profit for the period after taxation	18,817	*7,920*	18,863	*7,880*
Equity dividends paid	(953)	*(908)*	(953)	*(908)*
Amounts for pensions and healthcare charged to reserves	1,138	*(846)*	838	*(589)*
Net addition to shareholders' funds for the period	19,002	*6,166*	18,748	*6,383*
Shareholders' funds at end of period	81,008	*62,006*	80,182	*61,434*

21 ANALYSIS OF CHANGE IN NET FUNDS/(DEBT)

	At 01 10 06 £000	Cash flows £000	At 29 09 07 £000
Cash at bank and in hand	844	4,033	4,877
Debt due within one year	(1,400)	1,400	–
Debt due after one year	(8,858)	4,600	(4,258)
Current asset investments – bank term deposits	5,571	(1,087)	4,484
	(3,843)	8,946	5,103

GROUP FINANCIAL RECORD

		2007 £000	*2006 £000*
Assets Employed			
Fixed Assets		75,256	*67,856*
Trade Investments		–	–
Net Current Assets/(Liabilities)		4,863	*(94)*
Net pension and healthcare assets		6,106	*4,676*
	Total	86,225	*72,438*
Financed by			
Ordinary and Preferred Ordinary Shares		2,541	*2,541*
Reserves and Undistributed Profits		78,467	*59,465*
	Equity Interest	81,008	*62,006*
Preference Stock		–	–
Creditors falling due after more than one year		4,807	*9,392*
Provision for liabilities and charges		410	*1,040*
	Total	86,225	*72,438*
Turnover		55,151	*52,109*
Profits on Ordinary Activities before Exceptional Items and Taxation		7,302	*7,385*
Exceptional Items		15,511	*2,812*
Taxation		(3,996)	*(2,277)*
	Profit after Taxation	18,817	*7,920*
Dividends Declared			
Preferential – Net		76	*76*
Ordinary – Net		966	*935*
	Total	1,042	*1,011*
Retentions			
Retained Profit for the Period		19,002	*6,166*
Depreciation		2,990	*3,184*
	Total	21,992	*9,350*
Ordinary Dividend - pence per share (on a declared basis)		3 660	*3 544*
Earnings per Ordinary Share after taxation and before exceptional items - pence		19 31	*19 85*
Earnings per Ordinary Share after taxation and after exceptional items - pence		71 30	*30 01*

The 2006 Financial Statements were prepared in accordance with the change in accounting policies for FRS17, FRS21, FRS25 and rental income The Financial Statements for 2005 have been restated accordingly Periods prior to 2005, included in the table above, have not been restated

No adjustment has been made to prior year figures for the subdivision and capital reorganisation on 22nd January, 2004

* Calculated on the share capital in issue on 2nd October 2004 which is after the capitalisation issues and purchase by the Company of its own shares in January 2004 If the weighted average capital in issue during the year is applied the Earnings per Ordinary Share after taxation and before exceptional items is 13 95p and after exceptional items 41 55p

Restated 2005 £000	2004 £000	2003 £000	2002 £000	2001 £000	2000 £000	1999 £000	1998 £000
68,448	69,503	66,866	66,455	60,893	54,141	52,155	49,490
–	35	73	125	170	253	337	251
(140)	142	9,720	4,474	5,514	6,847	3,914	1,599
5,355	–	–	–	–	–	–	–
73,663	69,680	76,659	71,054	66,577	61,241	56,406	51,340
2,541	3,299	4,448	4,448	4,448	4,448	4,448	4,448
53,299	39,270	66,796	61,438	57,282	52,283	47,514	42,628
55,840	42,569	71,244	65,886	61,730	56,731	51,962	47,076
–	–	3,532	3,532	3,532	3,532	3,532	3,532
16,655	25,474	366	427	423	352	312	301
1,168	1,637	1,517	1,209	892	626	600	431
73,663	69,680	76,659	71,054	66,577	61,241	56,406	51,340
52,449	54,623	54,515	50,959	47,339	42,313	39,596	39,444
7,749	6,642	10,159	9,073	7,112	5,901	4,942	4,403
4,683	10,182	513	507	1,012	1,822	2,471	687
(2,987)	(4,484)	(3,661)	(3,225)	(2,474)	(2,314)	(1,893)	(1,451)
9,445	12,340	7,011	6,355	5,650	5,409	5,520	3,639
76	181	443	443	443	442	442	442
891	848	1,210	1,756	208	198	192	184
967	1,029	1,653	2,199	651	640	634	626
8,762	11,311	5,358	4,156	4,999	4,769	4,886	3,013
3,061	3,090	2,744	2,565	2,374	2,322	2,133	2,022
11,823	14,401	8,102	6,721	7,373	7,091	7,019	5,035
3 375	3 2146	6 8000	9 8688	1 168	1 116	1 068	1 0256
21 17	15 47*	35 04	31 01	24 82	19 20	15 90	14 44
35 79	46 08*	36 92	33 23	29 27	27 94	28 55	17 97