

52412

Directors, Officers and Advisers

Directors

R. W. D. Hanson, T.D. (*Chairman & Managing Director*)
P. T. Helps, B.Sc.
J. D. Harrison, F.C.A.
N. J. Forman Hardy, D.L.
T. E. Bonham

Secretary and Registered Office

J. D. Harrison, F.C.A.
Kimberley Brewery, Nottingham NG16 2NS

Auditors

Robt. A. Page Kirk Cree Jepson
Chartered Accountants and Registered Auditor
Sherwood House, 7 Gregory Boulevard
Nottingham, NG7 6LB

Bankers and Trustees for the Debenture Stockholders

Lloyds Bank Plc

Registrars

IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Subsidiary Company (wholly owned)

Hansons Limited (non-trading)



Chairman's Statement

I am pleased to report that our profit on ordinary activities before taxation for the 52 weeks ending 3rd October 1997 increased to £8,481,000 compared with £8,272,000 for the 53 weeks period last year, an estimated increase of approximately 5% if allowance is made for the shorter period this year. Turnover increased by 5.6%, also after adjusting for the 53rd week, and income from fixed asset investments and other interest received remained broadly similar, in line with the sums on deposit.

These results have enabled the board to propose a final dividend of 7.2p per ordinary share, subject to approval at the annual general meeting to be held on 17th February 1998; it compares with a final dividend last year of 6.8p and, with the inclusion of the 4.2p interim dividend already paid (3.8p last year), the total dividends for the period will be 11.4p per ordinary share, which is an increase of 7.5% on last year's total of 10.6p. We have also been pleased to increase the allocation to the employees' share scheme by £3,000 to £167,000 and, on behalf of the board, it is very appropriate to thank once again all our employees, whether based at Kimberley or at our retail premises, for all their efforts and co-operation throughout the period.

At the company's last two annual general meetings, in February 1996 and 1997, shareholders gave authority for the company to purchase its irredeemable first mortgage debenture stock with a view, in due course, to all the stock being cancelled. Your board continues to believe that the disadvantages of the time and expense involved in the administration of the stock, together with the restrictions which the debenture stock trust deed imposes on the company's flexibility to deal with its properties, outweigh any benefits to shareholders of the stock remaining outstanding. Accordingly, the directors are again seeking authority to purchase the stock but on the basis that the maximum price which may be paid for £1 nominal of stock is an amount equal to 105 per cent of the average of the middle market quotations for the stock as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase. This authority is more flexible than previously as the maximum price to be paid is no longer to be set at a fixed price to apply until the next annual general meeting. The authority for the company to purchase its stock is contained in resolution 6 in the notice of annual general meeting set out on page 22.

During the year the board has carried out a detailed review of its plans for the future and, as part of that review, has determined to remain as an integrated brewer with high quality managed and tenanted public houses and Kimberley brewed beers. As part of that objective, a number of measures were taken during the year to improve the effectiveness and competitiveness of all departments. In the brewery, a rescheduling of the production programme to even out the work load resulted in three redundancies and other substantial savings. We remain well placed to produce high quality beers without the need for any significant capital expenditure in the near future. For example, in June we launched our 'Kimberley Cool' smooth bitter which has been very well received by both our public houses and free trade customers and which has been successful in giving some incremental growth in overall bitter sales. Our 'Cellarman's Cask' range of seasonal cask conditioned beers has continued to have widespread support and we were delighted that one of these, 'Guzzling Goose', won the gold medal in 'The Beauty of Hops, British Beer Awards' competition for an aromatic ale brewed with English hops.

In our retail estate and as part of the review referred to earlier, we are approximately half-way through the transfer of 15 managed houses to tenancies and we have also contracted out the stocktaking function, which two measures will result in a total of 18 redundancies. Our estate will then consist of 255 public houses of which 185 will be tenanted and 70 will be

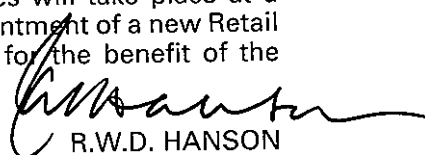
Chairman's Statement (continued)

managed, the latter comprising nine large pub-restaurants, 16 taverns/tavern venues (of which nine will also be company-catering) and 45 up-graded or standard community public houses all of which have now been segmented into groups controlled by trading style rather than into geographical areas. During the year, we opened in November 1996, the King & Miller at Sutton, near Mansfield, a large public house/restaurant with approximately 150 covers and, in August 1997, the Counting House at Leicester, a tavern venue outlet; the former has made a significant contribution to our profits as the latter should in the future. We also purchased the Farmhouse in Coventry, which will shortly be closed for about two months whilst refurbishments take place starting in January 1998. We have started to build another new public house/restaurant, at Gamston near Nottingham, which should open next June; other similar developments, each costing in the region of £2m, will start at Crystal Peaks, Sheffield and at Chellaston, near Derby with planned opening dates of November 1998 and March 1999 respectively. We were less successful at a site at Blaby near Leicester where we failed to obtain planning consent on appeal. The increasing number of catering outlets has resulted in the appointment, in October 1997, of a catering development manager to assist our catering operations manager. In addition, we are close to appointing a full time acquisitions manager in order to identify and purchase more new sites and public houses, this being a vital part of our expansion strategy.

We have continued to up-date our existing public houses and during the year substantial improvements and alterations were completed at the Lord Clyde, Kimberley, the Meadow Covert, Nottingham, the Peacock, Lincoln, the Shepley Spitfire, Sheffield and, finally, at Ye Olde Trip to Jerusalem in Nottingham. The latter has been a great success and the oldest inn in England is now something of which we can be very proud, a view happily shared by the Nottingham Civic Society, who presented us with a Commendation, and all the local media who generously applauded our success in retaining the unique atmosphere of this inn after much local concern had been expressed during the planning and development stages.

Our trading performance during the first quarter of the current financial year has been ahead of last year, helped in some part by a more focused and competitive policy in the Free Trade, where discounting has remained at a high level; happily, amusement with prizes machines also continue to perform well. These improvements together with the cost savings referred to earlier and, particularly, the availability of Kimberley Cool throughout the year should provide a significant contribution to our trading performance for the current financial period.

Finally, and on a personal note, I have decided that, at the age of 62, it is time for me to take a less active part in the company's affairs. I am pleased to report that the board has agreed that the roles of Chairman and Managing Director should be split and that a Vice-Chairman should be designated. The result is that I will continue as Chairman, Mr. P. T. Helps, who will continue as Production Director, will be designated Vice-Chairman and Mr. T. E. Bonham will be appointed as Managing Director. Mr. Bonham, aged 45, joined the company as Retail Director in 1990, after 19 years previous experience with two national brewery companies, and is the company's most experienced retailer. These changes will take place at a date yet to be decided but which will follow the appointment of a new Retail Director. I am confident that they will prove to be for the benefit of the company and its shareholders.


R.W.D. HANSON
Chairman

Report of the Directors

The directors have pleasure in submitting the financial statements for the 52 weeks ended 3rd October 1997, which were approved on 12th December 1997, and may be found between pages 10 and 21. The comparative figures for 1996 cover a 53 week period.

Results and Dividends

After the allocation to the employees' share scheme of £167,000 (£164,000 in 1996), the operating profit increased by 1.6% from £7,257,000 to £7,375,000 and net investment income increased from £1,053,000 to £1,082,000. The profit before tax was £8,481,000 compared with £8,272,000. After providing for corporation tax at the rate of 32%, the profit after tax was £5,775,000 compared with £5,499,000.

Interim dividends were paid on 4th August 1997, on the ordinary and deferred ordinary shares of 4.2 pence per share and 4.025 pence per share respectively.

The directors recommend a final dividend of 7.2 pence per share on both the ordinary and deferred ordinary shares which, if approved, will be paid on 2nd March 1998.

Review of the Business and Future Developments

Information under this heading is included in the Chairman's statement on pages 2 and 3.

Activities

The principal activities of the company consist of the brewing of beer, the wholesaling and retailing of beer, wines and spirits and soft drinks, the retailing of food and the ownership and management of public houses.

Fixed Assets

The company's freehold and leasehold properties were professionally revalued as at 30th September 1994. The directors are of the opinion that there has been no material change in the value since the 1994 revaluation.

There have been no significant changes in the fixed assets during the financial period except in the ordinary course of the business.

A statement of movements in fixed assets during the period is included within the notes to the financial statements.

Donations and Subscriptions

During the period the company contributed £4,500 for charitable purposes and £2,000 to the East Midlands Industrial Council.

Employee Involvement

The company maintains close communication with employees through the management structure on a day to day basis. This regular contact is supplemented by periodic briefings by the directors separately with their own staff, at which information on matters which concern them as members of staff is presented. At these briefings provision is made for employees themselves to make suggestions or raise matters which are of concern to them.

Financial statements published half-yearly to shareholders are also made available to employees. The well established share scheme for employees provides encouragement to staff to contribute to the success of the business and thereby achieve a direct share of profits which is measured against the overall performance of the company.

Report of the Directors (continued)

Employment of Disabled Persons

The company supports the 'Code of Good Practice on the Employment of Disabled People' and as such is committed to the following actions wherever practicable:

- To ensure that all key employees are aware of the needs of the disabled and of the company's obligations.
- To ensure that disabled persons are not disadvantaged during any recruitment process.
- To ensure that for training, development and promotion, disabled persons are treated the same as other employees.
- To make every effort when an employee becomes disabled to ensure the continuation of his or her employment with the company. In appropriate cases re-training or a transfer may be arranged.
- To review the position annually to check that these commitments are being met and to consider ways of improving on them.

Directors

The directors are named on page 1 of the annual report.

Mr. P. T. Helps and Mr. T. E. Bonham are the directors retiring in rotation order and, being eligible, offer themselves for re-election. Mr. Helps and Mr. Bonham have service agreements which entitle them to six months and two years notice by the company, respectively.

Mr. N. J. Forman Hardy's appointment extends for a period of two years. Mr. Forman Hardy, who is aged 49, joined the board on 1st March 1987 as a non-executive director. He is also a director of Hardy Hanson Holdings Limited and Forman Hardy Holdings Limited.

The directors' interests in the shares of the company are set out on page 19 in note 19 to the financial statements.

Arrangements

No arrangement to which the company was a party subsisted at the end of the financial period or at any time during that period whose objects enabled the directors to acquire benefits by means of the acquisition of or right to subscribe for shares in, or debentures of, the company or any body corporate, other than as participants in the employees' share scheme.

Corporate Governance

The board of directors has considered the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance.

The board, which meets regularly, consists of four full-time executive directors and one independent non-executive director; the latter is also the recognised senior member. There is an agreed procedure for directors to take independent professional advice.

A formal schedule of matters is specifically reserved for the decision of the board; these include the approval of overall company strategy and major capital expenditure, investments, acquisitions, disposals and major alterations and improvements.

The company complied with those provisions of the Code which do not require a minimum of three non executive directors. Your board doubts the need for as many as three non-executive directors, with the extra costs involved. There is, therefore, no separate remuneration committee but for many years it has been the board's practice to base the remuneration of directors on the recommendations of a wholly independent firm of management consultants, who report annually to the chairman and non-executive director. For the same reason, there is no separate audit committee; the responsibility for reviewing accounting procedures and controls and for the publication of the company's financial statements is the joint responsibility of all directors. The external auditor attends the board meeting when the annual financial statements are considered and approved and, at a later date, attends a meeting with the directors and senior management, when the financial statements and any matters arising from the audit are discussed in detail. As a result of the situation described above, the company has not complied with paragraphs 1.3, 3.3 and 4.3 of the code.

Report of the Directors (continued)

Directors' Remuneration

As explained under the Corporate Governance heading, there is no remuneration committee and, therefore, the company has not complied with Section A of the best practice provisions annexed to the Stock Exchange Listing Rules.

The policy of the company with regard to directors' remuneration is in line with that applied to all employees, namely, to be competitive enough to attract, retain and motivate people with the required skills and aptitude.

The Board has given consideration to and conformed with the provisions of Section B of the best practice provisions annexed to the Stock Exchange Listing Rules.

The elements of the executive directors' remuneration packages are basic salary, share allocations under the employees' share scheme, benefits in kind of which the value attached to the provision of a company car is by far the largest constituent and contributions to the pension scheme. Details of the disclosures required by paragraph 12.43 (x) (iii), (iv) & (v), of the Listing Rules are shown on page 16 in note 7.

All executive directors are members of the employees' share scheme which is open to eligible employees who have achieved at least two years' service. In any year in which an allocation of profit is made to the share scheme the independent scheme trustees acquire ordinary shares of the company in the market. Allocations of shares are made to individual members in proportion to basic salary and such shares are held by the Trustees on behalf of the members. Shares held by the Trustees on behalf of the directors are included in their beneficial holdings shown on page 19 in note 19.

The company does not grant bonuses or share options or offer any other long term incentives to the directors.

Contracts

None of the directors has, or had during the period, an interest in any contract with the company, other than in connection with service agreements.

Internal Control

The directors have overall responsibility for the company's systems of internal financial control and, having reviewed the related procedures, they consider that the systems in operation provide a reasonable, though not absolute, assurance against material misstatement or loss.

The company has an executive management structure through which day to day control is maintained. Significant expenditure and investment of surplus funds are sanctioned by the board after careful appraisal and consideration of the anticipated rate of return. A regular review of the principal financial controls is carried out to complement the external audit function.

Going Concern

Having made appropriate enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Supplier Payment Policy

In most instances payment is made by the end of the month following the receipt of an invoice for the supply of goods or services provided the supply has been satisfactorily completed. In the remaining cases payment is made on the basis of terms agreed in advance with individual suppliers. Trade creditor days of the company, based on the ratio of company trade creditors at the end of the period to the amounts invoiced during the period by trade creditors, were 25 days, being 18 working days.

Auditors

Robt. A. Page & Co merged their practice with Kirk Cree & Jepson on 1 July 1997 and now practice in the name of Robt. A. Page Kirk Cree Jepson. Accordingly they have signed their audit report in their new name. Robt. A. Page Kirk Cree Jepson have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

Report of the Directors (continued)

Close Company

The Board is of the opinion that the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Capital Gains Tax

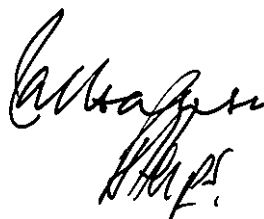
Official Stock Exchange prices:

| | | 6th April 1965 | 31st March 1982 |
|------|-----------------------------------|----------------|-----------------|
| 5p | Ordinary shares | £0.11563 | £0.726 |
| £1 | 3.5% net First preference shares | £0.7125 | £0.325 |
| £1 | 4.2% net Second preference shares | £0.8625 | £0.345 |
| £100 | 4% First mortgage debenture stock | £57.50 | £26.25 |

Special Business at the annual general meeting

It will be noted that a special resolution will be proposed at the annual general meeting which seeks to renew, for a further year, the authority given at last year's meeting allowing the company to purchase any of its outstanding irredeemable first mortgage debenture stock. This subject is referred to more fully in the Chairman's Statement.

Kimberley Brewery
Nottingham
12th December 1997

 By Order of the Board
R. W. D. HANSON
P. T. HELPS
Directors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the company's affairs and of its profit or loss for that 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 in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company 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 company and enable them to ensure that the 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 or other irregularities.

Report of the Auditors to the Shareholders of Hardys & Hansons p.l.c.

We have audited the financial statements on pages 10 to 21 which have been prepared under the accounting policies set out on page 14.

Respective responsibilities of directors and auditors

As described on page 7 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 3rd October 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBT. A. PAGE KIRK CREE JEPSON
*Chartered Accountants
and Registered Auditor*

Nottingham
12th December 1997

Report of the Auditors to Hardys & Hansons p.l.c. on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 5 and 6 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to undisclosed non-compliance with listing rules 12.43 (j) and 12.43 (v).

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the company to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on page 6, in our opinion the directors have provided the disclosures required by the listing rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statements on pages 5 and 6 appropriately reflect the company's compliance with the other paragraphs of the Code specified for our review by the listing rules.



ROBT. A. PAGE KIRK CREE JEPSON
Chartered Accountants

Nottingham
12th December 1997

Profit and Loss Account

for the 52 weeks ended 3rd October 1997

| | Notes | 1997 | | 1996 | |
|---|-------|---------|----------|---------|----------|
| | | £000 | £000 | £000 | £000 |
| Turnover | 2 | | 35,721 | | 34,493 |
| Change in stocks of finished goods and work-in-progress | | | 46 | | (42) |
| | | | 35,767 | | 34,451 |
| Raw materials, consumables and duty | | | (13,230) | | (13,068) |
| | | | 22,537 | | 21,383 |
| Staff costs | 3 | (7,178) | | (6,740) | |
| Depreciation | | (1,447) | | (1,269) | |
| Other operating costs | | (6,537) | | (6,117) | |
| | | | (15,162) | | (14,126) |
| Operating profit | | | 7,375 | | 7,257 |
| Disposal of fixed assets | 4 | | 24 | | (38) |
| | | | 7,399 | | 7,219 |
| Income from fixed asset investments | | 166 | | 158 | |
| Other interest receivable | | 929 | | 908 | |
| | | | 1,095 | | 1,066 |
| | | | 8,494 | | 8,285 |
| Interest payable | 5 | | (13) | | (13) |
| Profit on ordinary activities before taxation | 6 | | 8,481 | | 8,272 |
| Tax on profit on ordinary activities | 8 | | (2,706) | | (2,773) |
| Profit on ordinary activities after taxation | | | 5,775 | | 5,499 |
| Non-equity dividends | 9 | | (16) | | (16) |
| Profit attributable to the equity shareholders | | | 5,759 | | 5,483 |
| Equity dividends | 9 | | (2,841) | | (2,641) |
| Retained profit for the period | | | 2,918 | | 2,842 |
| Retained profit brought forward | | | 103 | | 103 |
| | | | 3,021 | | 2,945 |
| Proposed transfers—General reserve | | (2,895) | | (2,880) | |
| Capital reserve | | (274) | | 106 | |
| Revaluation reserve | | 250 | | (68) | |
| | | | (2,919) | | (2,842) |
| Retained profit carried forward | | | 102 | | 103 |
| Earnings per share | 10 | | | | |
| Ordinary shares of 5p each | | | 23.071p | | 21.967p |
| Deferred ordinary shares of 5p each | | | 22.896p | | 21.792p |

Statement of Total Recognised Gains and Losses

for the 52 weeks ended 3rd October 1997

There were no recognised gains and losses in 1997 or 1996 other than those recognised in the profit and loss account.

Note of Historical Cost Profits

for the 52 weeks ended 3rd October 1997

| | 1997 £000 | 1996 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before taxation | 8,481 | 8,272 |
| Realisation of property revaluation gains (losses) of prior years | 250 | (68) |
| Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 30 | 32 |
| Historical cost profit on ordinary activities before taxation | 8,761 | 8,236 |
| Historical cost profit for year retained after taxation and dividends | 3,198 | 2,806 |

Reconciliation of Movements in Total Shareholders' Funds

for the 52 weeks ended 3rd October 1997

| | 1997 £000 | 1996 £000 |
|---|--------------|--------------|
| Profit for the financial period | 5,759 | 5,483 |
| Equity dividends | (2,841) | (2,641) |
| Net additions to shareholders' funds | 2,918 | 2,842 |
| Shareholders' funds at 4th October 1996 | 82,502 | 79,660 |
| Shareholders' funds at 3rd October 1997 | 85,420 | 82,502 |

Balance Sheet

3rd October 1997

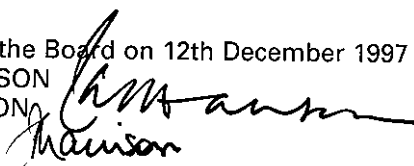
| | Notes | 1997 £000 | 1996 £000 |
|--|-------|---------------|---------------|
| Fixed Assets | | | |
| Tangible assets | 11 | 73,317 | 70,920 |
| Investments | 12 | 1,692 | 1,933 |
| Shares in Hansons Limited less amounts due | 13 | — | — |
| | | <u>75,009</u> | <u>72,853</u> |
| Current Assets | | | |
| Stocks | 14 | 1,042 | 1,002 |
| Debtors | 15 | 2,479 | 2,379 |
| Cash at bank and in hand | | 15,778 | 15,797 |
| | | <u>19,299</u> | <u>19,178</u> |
| Creditors | | | |
| Amounts falling due within one year | 16 | (7,993) | (8,613) |
| Net current assets | | <u>11,306</u> | <u>10,565</u> |
| Total assets less current liabilities | | 86,315 | 83,418 |
| Creditors | | | |
| Amounts falling due after more than one year | 17 | (200) | (200) |
| Provisions for liabilities and charges | 18 | (695) | (716) |
| | | <u>(895)</u> | <u>(916)</u> |
| Net assets | | <u>85,420</u> | <u>82,502</u> |
| Capital and reserves | | | |
| Equity share capital | | 1,250 | 1,250 |
| Non-equity share capital | | 425 | 425 |
| Called-up share capital | 19 | 1,675 | 1,675 |
| Equity reserves | | | |
| Revaluation reserve | 20 | 41,387 | 41,667 |
| Other reserves | 21 | 42,256 | 39,057 |
| Profit and loss account | | 102 | 103 |
| Total Shareholders' Funds | | <u>85,420</u> | <u>82,502</u> |

Approved by the Board on 12th December 1997

R. W. D. HANSON

J. D. HARRISON

Directors



Cash Flow Statement

for the 52 weeks ended 3rd October 1997

| | Notes | 1997 | | 1996 | |
|---|-------|---------|---------|---------|---------|
| | | £000 | £000 | £000 | £000 |
| Net cash inflow from operating activities | 24 | | 8,190 | | 9,277 |
| Returns on investments and servicing of finance | | | | | |
| Income from fixed asset investments | | 166 | | 158 | |
| Other interest receivable | | 929 | | 908 | |
| Interest payable | | (13) | | (13) | |
| Non-equity dividends paid | | (16) | | (16) | |
| | | | 1,066 | | 1,037 |
| Taxation | | | | | |
| Corporation tax paid (including advance corporation tax) | | | (2,955) | | (2,738) |
| Capital Expenditure | | | | | |
| Payments to acquire tangible fixed assets | | (4,245) | | (3,794) | |
| Receipts from sales of tangible fixed assets | | 414 | | 184 | |
| Payment to acquire investments | | (52) | | (47) | |
| Receipts from sales of investments | | 52 | | 47 | |
| Decrease/(increase) in loans to customers and others | | 252 | | (171) | |
| | | | (3,579) | | (3,781) |
| Equity dividends paid | | | (2,741) | | (2,545) |
| (Decrease)/increase in net funds | | | (19) | | 1,250 |
| Management of liquid resources | | | | | |
| Increase in short term bank deposits | | | (558) | | (292) |
| (Decrease)/increase in cash in the period | | | (577) | | 958 |
| Reconciliation of net cash flow to movement in net funds | 25 | | | | |
| (Decrease)/increase in cash in the period | | | (577) | | 958 |
| Cash used to increase liquid resources | | | 558 | | 292 |
| (Decrease)/increase in net funds | | | (19) | | 1,250 |
| Net funds 4th October 1996 | | | 15,797 | | 14,547 |
| Net funds 3rd October 1997 | | | 15,778 | | 15,797 |

Liquid resources comprise term deposits of less than one year.

Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of properties and land, and follow the form prescribed by the Companies Act 1985. They are made up to the Friday nearest to 1st October. Periodically this results in a 53 week financial period.

Valuations

Surpluses arising from the professional valuation of properties are taken direct to the revaluation reserve. Valuation surpluses realised on sale are transferred to the capital reserve. Any deficit arising from the professional valuation of properties is taken direct to the revaluation reserve to the extent that such deficit is regarded as temporary. Where a permanent diminution in value of an individual property is identified, the deficit is firstly eliminated against any revaluation reserve in respect of that property with any excess being charged to the profit and loss account.

Sales of properties and investments

Profits and losses on the sale of properties and investments are reflected in the profit and loss account based on the net carrying amount, and are transferred to capital reserve.

Depreciation

Freehold brewery premises, plant, motors, containers and fixtures are depreciated at varying rates to write off the cost of the assets over their estimated useful lives in equal annual instalments.

The rates used are:

| | | | |
|---------------------------|-----|------------------------------|-----|
| Freehold brewery premises | 2% | Computer equipment | 14% |
| Plant - fixed | 5% | Motor vehicles | 20% |
| other | 10% | Free trade fixtures, bottles | 25% |
| Casks, cases, fixtures | 10% | | |

No depreciation has been provided on the licensed and unlicensed freehold properties as it is the company's policy to maintain such properties in a continual state of sound repair, the cost being written off to profit and loss account as incurred. The directors believe that, as a result of this policy, the lives of the properties are substantial and their depreciation is not significant enough to warrant a provision for depreciation being made against the profits. No depreciation is provided on leaseholds with an unexpired term exceeding 100 years. The cost of other leasehold properties is amortised on a straight line basis over the period of the lease.

Goodwill

Purchased goodwill is written off against reserves in the year of acquisition.

Maintenance and improvement of properties

Additions to and major refurbishment of premises are capitalised; minor capital projects are charged against profits.

Stocks

Stocks are valued as follows:

- Raw materials and bought-in goods at cost plus overheads.
- Work-in-progress and finished stocks at the cost of materials, duty (where applicable) and labour and overheads.

Deferred taxation

Deferred taxation is provided at 31% using the liability method on those timing differences which are expected to reverse in the future.

No provision has been made for gains "rolled over" on the sale and replacement of licensed properties. No provision has been made for the potential liability to tax on capital gains which might arise from any possible future disposals of premises at the valuation in the balance sheet, since the directors are of the opinion that the likelihood of any material liability arising in this respect is remote.

In accounting for the deferred tax implications of pensions, the full provision basis has been used.

Pensions

The company operates contributory defined benefit pension schemes available to all full-time employees over the age of 20 years. The schemes are funded at rates determined by professionally qualified actuaries every three years. These contributions are invested separately from the company's assets. Contributions are charged against profits so as to spread the cost of providing the expected benefits over the members' anticipated service lives with the company.

Notes to the Financial Statements (continued)

2 Turnover

Turnover represents net sales to outside customers, rents receivable and commission, excluding value added tax. There were no exports during the period. Turnover is attributable to one activity.

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:

| | 1997 | 1996 |
|--------------------------------------|--------------|--------------|
| Management, administration and sales | 61 | 60 |
| Production and distribution | 79 | 81 |
| Managed houses | 1,008 | 970 |
| | <u>1,148</u> | <u>1,111</u> |

The above totals include 885 (858) part-time staff, mainly employed at managed houses, who were approximately equivalent to 356 (325) full-timers.

The aggregate payroll costs of the employees were as follows:

| | £000 | £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 6,586 | 6,194 |
| Social security costs | 398 | 377 |
| Pension schemes | 194 | 169 |
| | <u>7,178</u> | <u>6,740</u> |

4 Disposal of fixed assets

| | | |
|---|-----------|-------------|
| Surplus/(deficit) on sale of properties | 13 | (22) |
| Profit/(loss) on sale of investments | 11 | (16) |
| | <u>24</u> | <u>(38)</u> |

5 Interest payable

| | | |
|---|-----------|-----------|
| On deposits repayable within five years | 5 | 5 |
| On debenture stock | 8 | 8 |
| | <u>13</u> | <u>13</u> |

6 Profit on ordinary activities before taxation

Profit before taxation is attributable to one activity and is stated after crediting or charging the following:

| | | |
|--------------------------------|-----|-----|
| Income from listed investments | 138 | 127 |
|--------------------------------|-----|-----|

Directors' remuneration

| | | |
|------------------------------------|-----|-----|
| Fees | 10 | 9 |
| Managerial services | 297 | 282 |
| Pension premiums | 65 | 45 |
| Past director's pension | — | 6 |
| Employees' share scheme allocation | 14 | 14 |

Maintenance and improvement of properties

| | | |
|---|--------------|--------------|
| Fees payable to the auditors: as auditors | 1,618 | 1,517 |
| for other services | 30 | 29 |
| | <u>39</u> | <u>37</u> |
| | <u>2,073</u> | <u>1,939</u> |

Notes to the Financial Statements (continued)

| 7 Directors | Basic salary/fee ¹ | | Value of shares allocation ² | | Cash value of benefits in kind ³ | | TOTAL | |
|-----------------------------|-------------------------------|--------------|---|--------------|---|--------------|--------------|--------------|
| | 1997 £000 | 1996 £000 | 1997 £000 | 1996 £000 | 1997 £000 | 1996 £000 | 1997 £000 | 1996 £000 |
| R.W.D. Hanson | 82 | 79 | 4 | 4 | 7 | 6 | 93 | 89 |
| P.T. Helps | 63 | 61 | 4 | 4 | 7 | 4 | 74 | 69 |
| J.D. Harrison | 63 | 61 | 3 | 3 | 6 | 5 | 72 | 69 |
| N.J. Forman Hardy | 10 | 9 | — | — | — | — | 10 | 9 |
| T.E. Bonham | 63 | 61 | 3 | 3 | 6 | 5 | 72 | 69 |
| | <u>281</u> | <u>271</u> | <u>14</u> | <u>14</u> | <u>26</u> | <u>20</u> | <u>321</u> | <u>305</u> |
| Total pension contributions | | | | | | | 65 | 45 |
| Total emoluments | | | | | | | <u>386</u> | <u>350</u> |

Pension benefit entitlements of the directors⁴

| | Increase in accrued pension during the period ⁵ 1997 £000 | Transfer value of increase ⁶ 1997 £000 | Accumulated Total accrued pensions 1997 £000 |
|-----------------|--|---|--|
| R. W. D. Hanson | 2 | 17 | 51 |
| P. T. Helps | 1 | 10 | 30 |
| J. D. Harrison | 1 | 15 | 32 |
| T.E. Bonham | 1 | 6 | 8 |

Notes:

- Further information on basic salaries is given on pages 5 and 6.
- The value of shares allocation results from membership of the Employees' Share Scheme
- The cash value of benefits in kind mainly reflects the provision of a company car to executive directors
- The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the period.
- The increase in accrued pension during the year excludes any increase for inflation, based on the October 1997 RPI figure of 3.7% for the year.
- The transfer value has been calculated on the basis of actuarial advice, with reference to the minimum funding requirement basis, and in accordance with Actuarial Guidance Note GNII.

8 Taxation

Corporation tax based on the profits at the rate of 32% (33%)
Tax on franked investment income
Taxation adjustment earlier years
Deferred taxation

| | £000 | £000 |
|--------|--------------|--------------|
| 2.7.19 | 2,734 | 2,904 |
| | 28 | 26 |
| | (1) | (1) |
| | (40) | (156) |
| 2.7.06 | <u>2,721</u> | <u>2,773</u> |

9 Dividends

Dividends paid or provided:

Non-equity

| | pence per share | | | |
|--------------------------|-----------------|-----|-----------|-----------|
| First preference shares | 3.5 | 3.5 | 8 | 8 |
| Second preference shares | 4.2 | 4.2 | 8 | 8 |
| | | | <u>16</u> | <u>16</u> |

Equity

| | | | | |
|---|-------|-------|--------------|--------------|
| Ordinary shares interim | 4.2 | 3.8 | 840 | 760 |
| Ordinary shares proposed final | 7.2 | 6.8 | 1,440 | 1,360 |
| Deferred ordinary shares interim | 4.025 | 3.625 | 201 | 181 |
| Deferred ordinary shares proposed final | 7.2 | 6.8 | 360 | 340 |
| | | | <u>2,841</u> | <u>2,641</u> |

10 Earnings per share

Earnings per share are calculated on 20 million ordinary shares and 5 million deferred ordinary shares, using the profit for the period after taxation, less preference dividends, amounting to £5,759,000 (£5,483,000). The profits resolved to be distributed as ordinary dividends in any year are applied first in the payment of 0.175 pence per share to the ordinary shareholders and the balance rateably among the holders of the ordinary and deferred ordinary shares.

Notes to the Financial Statements (continued)

11 Tangible fixed assets

| | Freehold £000 | Properties Long leasehold £000 | Plant, machinery and motor vehicles £000 | Containers and fixtures £000 | Total £000 |
|---|------------------|---|--|---------------------------------------|---------------|
| Cost or valuation | | | | | |
| 4th October 1996 | 63,409 | 1,079 | 5,159 | 11,783 | 81,430 |
| Additions | 1,618 | 691 | 156 | 1,780 | 4,245 |
| Disposals | (179) | (130) | (65) | (94) | (468) |
| 3rd October 1997 | 64,848 | 1,640 | 5,250 | 13,469 | 85,207 |
| At cost | 3,292 | 1,550 | 5,250 | 13,469 | 23,561 |
| At valuation 1994 | 61,556 | 90 | — | — | 61,646 |
| | 64,848 | 1,640 | 5,250 | 13,469 | 85,207 |
| Less depreciation | | | | | |
| 4th October 1996 | 82 | 4 | 3,476 | 6,948 | 10,510 |
| Charge for the period | 41 | — | 311 | 1,118 | 1,470 |
| Disposals | — | (4) | (49) | (37) | (90) |
| 3rd October 1997 | 123 | — | 3,738 | 8,029 | 11,890 |
| Net book value | | | | | |
| 3rd October 1997 | 64,725 | 1,640 | 1,512 | 5,440 | 73,317 |
| 4th October 1996 | 63,327 | 1,075 | 1,683 | 4,835 | 70,920 |
| The comparable amounts determined under historical cost accounting are: | | | | | |
| Cost | 23,224 | 1,667 | 5,250 | 13,469 | 43,610 |
| Depreciation | (228) | (1) | (3,738) | (8,029) | (11,996) |
| Net book value | | | | | |
| 3rd October 1997 | 22,996 | 1,666 | 1,512 | 5,440 | 31,614 |
| 4th October 1996 | 21,371 | 1,012 | 1,683 | 4,835 | 28,901 |

12 Investments

| | Listed £000 | Loans to customers and others £000 | Total £000 |
|--------------------------|----------------|---|---------------|
| Cost 4th October 1996 | 727 | 1,206 | 1,933 |
| Additions | 52 | 258 | 310 |
| Disposals and repayments | (41) | (510) | (551) |
| Cost 3rd October 1997 | 738 | 954 | 1,692 |

At 3rd October 1997 the market value of listed investments, which are all dealt with on a recognised stock exchange was £3,851,000 (£2,891,000).

13 Shares in Hansons Limited

| | 1997 £000 | 1996 £000 |
|------------------|--------------|--------------|
| Ordinary shares | 175 | 175 |
| Less amounts due | 175 | 175 |
| | — | — |

Hansons Limited is a wholly owned non-trading subsidiary.

Notes to the Financial Statements (continued)

| | 1997 £000 | 1996 £000 |
|---|--------------|--------------|
| 14 Stocks | | |
| Raw materials | 118 | 107 |
| Consumable stores | 94 | 111 |
| Beer in process | 44 | 48 |
| Finished products | 786 | 736 |
| | <u>1,042</u> | <u>1,002</u> |
| 15 Debtors | | |
| Trade debtors | 1,397 | 1,229 |
| Other debtors | 478 | 421 |
| Prepayments and accrued income | 604 | 729 |
| | <u>2,479</u> | <u>2,379</u> |
| 16 Creditors: amounts falling due within one year | | |
| Trade creditors | 1,785 | 2,277 |
| Taxation | 2,748 | 2,932 |
| Other taxes and social security costs | 767 | 634 |
| Other creditors | 626 | 834 |
| Accruals | 263 | 232 |
| Ordinary shares proposed final dividend | 1,440 | 1,360 |
| Deferred ordinary shares proposed final dividend | 360 | 340 |
| Preference dividend | 4 | 4 |
| | <u>7,993</u> | <u>8,613</u> |
| 17 Creditors: amounts falling due after more than one year | | |
| 4% Irredeemable first mortgage debenture stock secured on certain properties and by a general charge on the undertaking | 200 | 200 |
| | <u>200</u> | <u>200</u> |
| 18 Provisions for liabilities and charges | | |
| Pensions — Balance 4th October 1996 | 555 | 488 |
| Charge for the period | 44 | 67 |
| | <u>599</u> | <u>555</u> |
| Balance 3rd October 1997 | 599 | 555 |
| Deferred taxation | 96 | 161 |
| | <u>695</u> | <u>716</u> |
| Deferred taxation | | |
| Provided at 31% in respect of: | | |
| Accelerated capital allowances | 700 | 776 |
| Short-term timing differences | (153) | (189) |
| | <u>547</u> | <u>587</u> |
| Less advance corporation tax recoverable on dividends proposed, for relief on taxation payable 2nd July 1999 | 451 | (426) |
| | <u>96</u> | <u>161</u> |
| Movement in provision | | |
| Balance 4th October 1996 | 587 | 743 |
| (Release) for the period | (4) | (156) |
| Change of rate | (36) | — |
| | <u>547</u> | <u>587</u> |
| Balance 3rd October 1997 | 547 | 587 |
| If full provision had been made at 31% the amount would have been: | | |
| Accelerated capital allowances | 1,354 | 1,413 |
| Short-term timing differences | (153) | (189) |
| Tax on gains subject to roll-over relief | 457 | 468 |
| | <u>1,658</u> | <u>1,692</u> |

Notes to the Financial Statements (continued)

| 19 Share capital | Authorised 1997 and 1996 £000 | Allotted, called-up and fully paid 1997 £000 | 1996 £000 |
|---|--|---|--------------|
| Non-equity Capital | | | |
| 3.5% net First cumulative preference shares of £1 each | 225 | 225 | 225 |
| 4.2% net Second cumulative preference shares of £1 each | 250 | 200 | 200 |
| Equity Capital | | | |
| Ordinary shares of 5p each | 1,000 | 1,000 | 1,000 |
| Deferred ordinary shares of 5p each | 250 | 250 | 250 |
| | <u>1,725</u> | <u>1,675</u> | <u>1,675</u> |

The 3.5% net first cumulative preference shareholders are entitled to a fixed cumulative preferential dividend at that rate and, subject thereto, the 4.2% net second cumulative preference shareholders are entitled to a fixed preferential dividend at that rate. These shares have, respectively, a first and second entitlement to amounts receivable on a winding-up, not exceeding the amounts paid up on these shares plus any arrears of dividends. Voting rights attach to these shares if dividends are in arrear by more than one month and six months respectively and in certain other circumstances.

After payment of the two cumulative preference dividends above, the profits resolved to be distributed as ordinary dividends in any financial period are applied first in the payment of a non-cumulative 0.175 pence per share to the ordinary shareholders and the balance rateably among the holders of the ordinary and deferred ordinary shares.

Each ordinary share carries one vote and each deferred ordinary share carries four votes.

| Directors' interests | 3rd October 1997 | | 4th October 1996 | |
|-------------------------------|------------------|----------------|------------------|----------------|
| | Beneficial | Non-beneficial | Beneficial | Non-beneficial |
| R. W. D. Hanson | | | | |
| Second preference | 2,923 | — | 2,923 | — |
| 5p Ordinary | 179,165 | 225,165 | 177,734 | 36,390 |
| Hardy Hanson Holdings Limited | 4,175 | 2,000 | 4,175 | — |
| P. T. Helps | | | | |
| First preference | 240 | 165 | 240 | — |
| Second preference | 403 | 688 | 403 | — |
| 5p Ordinary | 61,344 | 1,157,846 | 60,243 | 1,177,171 |
| Hardy Hanson Holdings Limited | 5,737 | 25,249 | 5,737 | 25,249 |
| J. D. Harrison | | | | |
| First preference | 100 | — | 100 | — |
| Second preference | 600 | — | 600 | — |
| 5p Ordinary | 18,314 | — | 17,213 | — |
| Debenture stock | £500 | — | £500 | — |
| N. J. Forman Hardy | | | | |
| 5p Ordinary | 1,359,520 | — | 1,359,520 | — |
| Hardy Hanson Holdings Limited | 65,513 | 42,375 | 65,513 | 42,375 |
| T.E. Bonham | | | | |
| First preference | 100 | — | 100 | — |
| 5p Ordinary | 5,929 | — | 4,828 | — |

Notes to the Financial Statements (continued)

19 Share Capital (continued)

Substantial holdings

The undermentioned members of the company hold, or are interested in, 3% or more of the called-up ordinary share capital:

| | | |
|---|-----------|--------|
| Britannic Assurance Public Limited Company | 2,111,500 | 10.55% |
| Prudential Corporation | 1,465,500 | 7.32% |
| Royal and Sun Alliance Insurance Group plc | 1,112,000 | 5.56% |
| Trustees of the Lloyds Bank Pension Scheme | 1,000,000 | 5.00% |
| Forman Hardy Holdings Limited | 777,515 | 3.88% |
| (also included in the beneficial interests of Mr. N. J. Forman Hardy) | | |

So far as the directors are aware, there is no other member holding a substantial part of the called-up share capital.

Hardy Hanson Holdings Limited with 300,000 shares in issue owns the whole of the deferred ordinary shares in Hardys & Hansons p.l.c. and therefore controls 50% of the equity shareholders' voting rights.

The following changes, under the headings of Directors' interests and Substantial holdings, occurred between the financial year end and 22nd December 1997. Mr. P. T. Helps, a director, disposed of 24,300 ordinary shares from his non-beneficial holdings relating to an interest as an executor. Under Substantial holdings, Britannic Assurance Public Limited Company has acquired a further 475,000 ordinary shares bringing the total holding to 2,586,500 shares (12.93%).

20 Revaluation reserve

| | 1997 £000 | 1996 £000 |
|---|---------------|---------------|
| Balance 4th October 1996 | 41,667 | 41,631 |
| Profit and loss account, re properties sold | (250) | 68 |
| Transfer to general reserve | (30) | (32) |
| | <u>41,387</u> | <u>41,667</u> |

21 Other reserves

Capital reserve

| | | |
|--|--------------|--------------|
| Balance 4th October 1996 | 4,651 | 4,757 |
| Proposed transfers from profit and loss account: | | |
| Disposal of fixed assets (note 4) | 24 | (38) |
| Revaluation reserve, re properties sold | 250 | (68) |
| | <u>274</u> | <u>(106)</u> |
| | <u>4,925</u> | <u>4,651</u> |

General reserve

| | | |
|--|---------------|---------------|
| Balance 4th October 1996 | 34,406 | 31,494 |
| Proposed transfer from profit and loss account | 2,895 | 2,880 |
| Transfer from revaluation reserve | 30 | 32 |
| | <u>37,331</u> | <u>34,406</u> |
| | <u>42,256</u> | <u>39,057</u> |

22 Capital commitments

| | | |
|-----------------------|----|-----|
| Outstanding contracts | 30 | 452 |
|-----------------------|----|-----|

Notes to the Financial Statements (continued)

23 Pension schemes

The company operates two pension schemes both of which are of the defined benefit type, with assets held in separate insured funds.

The main scheme was valued by the professional actuaries of Prudential Financial Services as at 1st May 1995 using the projected unit credit method with a fifteen year control period. The principal actuarial assumption adopted in that valuation was that, over the long term, the annual rate of return on investments would be 2.5% higher than the annual increase in total pensionable remuneration. The actuarial value of the assets represented 163% of the benefits that had accrued to members, and the market value as at the date of valuation was £5,572,000. The company's current rate of funding is 8.0% and the current regular cost, adjusted for spreading variations over a fifteen year period, is 6.2%.

The subsidiary scheme was valued by the professional actuaries of G. A. Life as at 31st January 1996, using the attained age method. The principal actuarial assumption adopted in that valuation was that, over the long term, the annual rate of return on investments would be 2% higher than the annual increase in total pensionable remuneration. The actuarial value of the assets represented 110% of the benefits that had accrued to members and the market value as at the date of valuation was £847,000. The company's current rate of funding is 27.7% and the current regular cost, adjusted for spreading variations over the estimated remaining working lives of the members, is 26.9%.

The total pension charge was £194,000 (£169,000). This included £43,000 (£34,000) in respect of the amortisation of surpluses that are being recognised over the control periods of the schemes. Prepaid contributions amounted to £102,000 (£39,000).

24 Reconciliation of operating profit to net cash inflow from operating activities

| | 1997 £000 | 1996 £000 |
|---|--------------|--------------|
| Operating profit | 7,375 | 7,257 |
| Depreciation charge | 1,447 | 1,269 |
| (Increase)/decrease in stock | (40) | 18 |
| (Increase) in debtors | (100) | (336) |
| (Decrease)/increase in creditors | (492) | 1,069 |
| Net cash inflow from operating activities | 8,190 | 9,277 |

25 Analysis of changes in net funds

| | At 4th Oct 1996 £000 | Cash flows £000 | At 3rd Oct 1997 £000 |
|--------------------------|----------------------------|-----------------------|----------------------------|
| Cash in hand, at bank | 1,707 | (577) | 1,130 |
| Short term bank deposits | 14,090 | 558 | 14,648 |
| Total | 15,797 | (19) | 15,778 |

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the one hundredth annual general meeting of the company will be held at the registered office, Kimberley Brewery, Nottingham, on Tuesday, the 17th day of February 1998 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the fifty-two weeks ended 3rd October 1997 and the reports of the directors and auditors.
2. To declare final dividends on the ordinary shares and the deferred ordinary shares.
3. To re-elect Mr. P. T. Helps, who is retiring in accordance with the articles of association of the company, as a director.
4. To re-elect Mr. T. E. Bonham, who is retiring in accordance with the articles of association of the company, as a director.
5. To re-appoint Robt. A. Page Kirk Cree Jepson as auditors and to authorise the directors to set their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, which will be proposed as a special resolution:-

6. THAT the company (or a subsidiary of it) be and is hereby generally and unconditionally authorised to make purchases (whether market or off market) of all or any of the outstanding irredeemable first mortgage debenture stock of the company ("Stock") provided that the maximum price which may be paid for £1 nominal of stock purchased is an amount equal to 105 per cent of the average of the middle market quotation for £1 nominal of Stock as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Stock is contracted to be purchased (exclusive of expenses) and the authority hereby granted shall expire at the conclusion of the annual general meeting of the company in 1999, provided that a contract may be made before such expiry which will or may be executed wholly or partly thereafter and a purchase of stock may be made in pursuance of any such contract.

Registered Office
Kimberley Brewery
Nottingham
NG16 2NS

By Order of the Board


J. D. HARRISON
Secretary

22nd January 1998

Financial Calendar

| | |
|--|---------------------|
| | 1998 |
| Annual General Meeting | 17th February |
| Payment of final dividend for 1996/97 | 2nd March |
| Interim Results for 1997/98: | |
| Preliminary announcement of results and amount of interim dividend | End June |
| Interim Statement to Shareholders and Debentureholders | End June/early July |
| Payment of interim dividend for 1997/98 | Early August |
| Full year preliminary announcement of results and proposed final dividend for 1997/98 | Mid December |