Bass Brewers Ltd

Financial Statements 26 September 1998
together with directors' report and report of the auditors

Registered number: 26018

Directors' report

For the 52 week period ended 26 September 1998

The directors present their annual report on the affairs of the Company, together with the financial statements and report of the auditors, for the 52 week period ended 26 September 1998.

Principal activities and business review

The principal activities of the Company consist of brewing, bottling and malting, and the supply of beer, wines and spirits and soft drinks to the tied and free trade.

The directors expect the general level of activity to continue to increase as a result of the companies constant development of new products and increased premiumisation within the product portfolio. Bass Brewers is characterised by its strength as a mature business reflected in the company's substantial operating cash flow.

Results and dividends

The profit of the Company for the period, after taxation, amounted to £73,579k (1997: £50,503k) . An interim dividend of £40,000k (1997: £60,000k) was paid on 23 September 1998. The directors do not recommend the payment of a final dividend.

Directors and their interests

The following served as directors of the Company during the period:

P S Swinburn
P Thomas
I J G Napier
M D Thomas
R T Winter
J S Holberry
C R Edger (Appointed 27 October 1997)
M R Hunter (Appointed 1 February 1998)
S P Macdonald (Appointed 9 April 1998)
S E McBride (Resigned 31 December 1997)
M Fisher (Resigned 7 August 1998)

Directors' report (continued)

The directors and their families had the following interests in the share capital of Bass PLC at 27 September 1997 and 26 September 1998.

Name of director		Fully paid (number of shares etc)				Under option (3) (number of shares etc)			
		1997 or date of appointment		1998		1997 or date of appointment	Granted during period	Exercised during period	1998
		Ordinary shares of 28p	'B' shares	Ordinary shares of 28p	'B' shares				
P S Swinburn	Ben (1)	8,302	-	1,504	-	52,121	19,523	(30,304)	41,340
	Bepss (2)	1,600	-	1,359	995	-	-	-	-
P Thomas	Ben (1)	-	-	2,820	-	31,420	14,400	(2,820)	43,000
	Bepss (2)	1,770	-	1,468	1,092	-	-	-	-
M D Thomas	Ben (1)	5,769	-	5,725	-	43,510	3,280	(704)	46,086
	Bepss (2)	1,509	-	1,261	915	-	-	-	-
R T Winter	Ben (1)	-	-	-	-	62,996	18,500	(23,148)	58,348
	Bepss (2)	-	-	598	-	-	-	-	-
J S Holberry	Ben (1)	-	-	2,820	-	24,775	11,600	(15,120)	21,255
	Bepss (2)	760	-	1,044	760	-	-	-	-
C R Edger	Ben (1)	-	-	194	-	-	11,100	-	11,100
	Bepss (2)	-	-	636	453	-	-	-	-
M R Hunter	Ben (1)	407	-	592	-	14,226	15,757	(7,309)	22,674
	Bepss (2)	-	-	838	594	-	-	-	-
S P MAcdonald	Ben (1)	2,270	-	2,750	-	13,300	-	-	13,300
	Bepss (2)	1,395	-	1,158	858	-	-	-	-
		23,782	-	24,767	5,667				

(1) Ben = Beneficial

(2) Bepss = Shares held by Trustees under the Bass Employee Profit Share Scheme

(3) Shares held under the Bass Executive Share Option Scheme and the Bass Employee Savings Share Scheme. Options are exercisable at prices between 400.00p and 1014.50p per ordinary shares on dates up to 2006.

The holding of Mr I J G Napier, who is also a director of Bass Plc, is reported in the Bass Plc financial statements.

Contracts and arrangements

No director was materially interested in any contract of significance to the Company's business, other than a service contract.

Fixed assets

Information relating to changes in fixed assets is given in notes 9 and 10 to the financial statements.

In the opinion of the directors there is no material difference between the book and the current value of interests in land and buildings.

Directors' report (continued)

Supplier Payment Policy

The Company agrees payment terms with all of its main suppliers and abides by these terms subject to satisfactory performance by the supplier. Amounts owed to other suppliers are settled on or before the end of the month following receipt of a valid invoice. At 26 September 1998, trade creditors outstanding represented approximately 36 days purchases from suppliers comprising trade creditors.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that all employees be given equal opportunities in respect of training, career development and promotion.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

In addition to widely established arrangements involving briefing group consultancy committees and the publication of Company newspapers, there has been an increasing use of video programmes as part of the general process of employee consultation.

The Group encourages the involvement of employees in the Group's success through share ownership.

All eligible employees are able to participate in the Bass Employee Share Ownership Scheme and the Bass Employee Savings Share Scheme.

It is Company policy that there shall be no discrimination in respect of sex, colour, religion, race, nationality or ethnic origin and that equal opportunity shall be given to all employees.

Year 2000 Compliance

The Company is working to ensure that its business operations and interests are as immune as they can reasonably be made with regard to the impact of the Year 2000 date change. Each Bass Group company (including Bass Brewers Limited) is represented on a working party that is addressing the problem internally and also the risk of failure in key third parties. Full details of this programme are included in the Bass PLC Annual Report 1998. The incremental cost to the Company is expected to be £9.4m in total of which £2.5m is capital.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Ernst & Young as auditors for the ensuing period.

137 High Street
Burton upon Trent
Staffordshire
DE14 1JZ

25 November 1998

By order of the Board,

S E McLaughlin
Secretary

Statement of Director's Responsibilities

in relation to financial statements

The following statement, which should be read in conjunction with the Report of the Auditors set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

Following discussions with the Auditors, the Directors consider that, in preparing the financial statements on pages 6 to 23 inclusive, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

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

Report of the auditors

For the 52 week period ended 26 September 1998

To the members of Bass Brewers Limited

We have audited the financial statements on pages 6 to 23, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the 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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 26 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
1 Colmore Row
Birmingham
B3 2DB

25 November 1998

Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period, is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets. They have been drawn up to comply with applicable accounting standards.

Group financial statements have not been prepared because the company is a wholly owned subsidiary undertaking of another UK company.

b) Government grants

Grants receivable relating to depreciable assets are credited to a deferred income account and released to revenue over the estimated useful lives of the relevant assets.

c) Investments

Fixed asset investments are stated individually at cost less any provision for permanent diminution in value.

d) Leases

Assets held under finance leases are capitalised in the balance sheet within tangible fixed assets and are depreciated at the appropriate rates. The capital element of future lease payments is included in borrowings. The interest element of the lease obligations is charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.(Further information is given in note 19).

e) Pensions

The Group principally operates two pension plans covering the majority of permanent full time UK employees, both of which are of the defined benefit type. The assets of the plans are held in separate trustee administered funds. The cost of providing these pension benefits, both regular pension cost and variations in regular pension cost, is charged to the profit and loss account over the average expected service lives of current employees. Differences between the amount charged in the profit and loss account and the payment made to the plans are treated as either provisions or prepayments in the balance sheet.

(Further information is given in note 3c).

f) Research and development

Expenditure on research and development is charged to the profit and loss account as incurred.

g) Stocks

Stocks are stated at the lower of cost, including an appropriate element of production overhead cost, and net realisable value.

h) Intangible fixed assets

Intangible fixed assets consist of purchased brands, valued at cost, less provision for permanent dimunition in value.

Accounting policies (continued)

i) Tangible fixed assets and depreciation

(i) Freehold and leasehold properties are stated at cost or valuation, less depreciation where relevant. All other fixed assets are stated at cost.

(ii) Surpluses arising from the professional valuations of properties are taken direct to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account 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 eliminated against any revaluation reserve in respect of that property with any excess being charged to the profit and loss account.

(iii) Freehold land is not depreciated

(iv) Freehold properties are written off over 50 years, from the later of the date of acquisition and latest valuation.

(v) Leasehold properties are written off over 50 years, from the later of the date of acquisition and latest valuation.

(vi) Cost of plant, machinery, fixtures, fittings, tools and equipment (owned or leased) is spread, by equal instalments, over the estimated useful lives of the relevant assets, namely:

Plant and machinery	4 - 20 years
Equipment in retail outlets	3 - 10 years
Information technology equipment	3 - 5 years
Vehicles	3 - 10 years

(vii) Interest payable in respect of certain major projects is capitalised to the extent that it relates to the period prior to the project becoming operational.

j) Taxation

(i) Advance corporation tax on dividends paid or proposed which is expected to be recovered in the future is incorporated in the deferred taxation balance.

(ii) Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future. Where this policy gives rise to a balance which will be offset against future taxation liabilities, this balance is carried forward as a debtor. No liability is considered to arise for deferred taxation in respect of UK industrial buildings allowances as the properties are expected to be used in the business for periods longer than that for which the allowances could be reclaimed on disposal. Similarly, no liability is considered to exist for taxation deferred by UK roll-over relief due to the level of continuing capital investment.

k) Turnover

Turnover represents sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services, net of discounts, provided in the normal course of business.

l) Cashflow statement

In accordance with FRS 1 (Revised) these financial statements do not include a cash flow statement as the Company is a wholly owned subsidiary undertaking of Bass PLC whose financial statements for the year to 30 September 1998 include a consolidated cash flow statement.

Profit and Loss Account

For the 52 week period ended 26 September 1998

	Notes	1998 £000	1997 £000
Turnover			
Continuing operation:	1	1,603,684	1,616,647
Costs and overheads, less other income	2	(1,475,739)	(1,486,331)
Operating profit			
Continuing operation:		127,945	130,316
Profit on sale of fixed assets	4	1,142	1,907
Exceptional costs	5	-	(23,179)
Profit on ordinary activities before interest		129,087	109,044
Other interest receivable and similar income		12	44
Interest payable and similar charges	6	(21,793)	(18,462)
Profit on ordinary activities before taxation		107,306	90,626
Tax on profit on ordinary activities	7	(33,727)	(40,123)
Profit on ordinary activities after taxation		73,579	50,503
Dividends	8	(40,000)	(60,000)
Retained profit/ (loss) for the period	18	33,579	(9,497)

Notes on pages 11 to 23 form an integral part of these financial statements.

Statement of Recognised Gains and Losses

The only recognised gain in the period is the profit after tax of £73,579k

Historical Cost Profits and Losses

There is no difference between the Historical Cost basis of accounting and that adopted in the accounts.

Reconciliation of Movement in Shareholders' Funds

For the 52 week period ended 26 September 1998

	1998 £000	1997 £000
Profit attributable to ordinary shareholders	**73,579**	**50,503**
Ordinary dividends	(40,000)	(60,000)
Net addition/ (deduction) to shareholders' funds	**33,579**	**(9,497)**
Opening shareholders' funds	599,220	608,717
Closing shareholders' funds	632,799	599,220

Balance Sheet

As at 26 September 1998

	Notes	1998 £000	1997 £000
Fixed assets			
Tangible assets	9	471,553	442,405
Investments	10	253,386	290,171
		724,939	732,576
Current assets			
Stocks	11	93,892	91,986
Debtors	12	418,671	459,511
Cash at bank and in hand		14,640	21,365
		527,203	572,862
Creditors: Amounts falling due within one year	13	(348,324)	(363,376)
Net current assets		178,879	209,486
Total assets less current liabilities		903,818	942,062
Creditors: Amounts falling due after more than one year	14	(258,921)	(326,318)
Provisions for liabilities and charges	16	(12,098)	(16,524)
		632,799	599,220
Capital and reserves			
Equity share capital	17	1,722	1,722
Share premium account	18	598,278	598,278
Profit and loss account	18	32,799	(780)
Shareholders Funds		632,799	599,220

Debtors include amounts recoverable after one year of £Nil (1997:£16m) - see note 11

Signed on behalf of the Board

P Thomas
Director

25 November 1998

Notes on pages 11 to 23 form an integral part of these financial statements

Notes to financial statements

1 Segment analysis

Turnover and profit before tax is all attributable to the provision of Branded Drinks through its brewing, bottling and malting, and supply business.

All of the company's business is performed in the United Kingdom.

2 Costs and overheads, less other income

	1998 £000	1997 £000
Raw materials and consumables	461,886	477,118
Excise duty on own products	554,496	566,943
Staff costs (note 3a)	112,380	117,358
Depreciation of tangible fixed assets		
- owned	64,393	62,691
- held under finance leases and hire purchase contracts	4,345	3,924
Maintenance and repairs	22,618	19,749
Advertising costs	21,820	23,124
Other external charges	238,903	210,570
Change in stocks of finished goods and work in progress	278	10,642
Income from fixed asset investments	(5,380)	(5,788)
	1,475,739	1,486,331

		1998 £000	1997 £000
The following amounts are included above:			
Hire of plant and machinery	- under operating leases	765	529
	- other	4,852	3,817
Other operating lease rentals		2,196	2,244
Auditors' remuneration	- audit work	173	160
	- non-audit work	30	11
Research and development expenditure		4,033	1,764

Notes to financial statements (continued)

3 Staff

a) Costs

	1998 £000	1997 £000
Employee costs during the period amounted to:		
Wages and salaries	99,063	95,751
Employee profit share scheme	2,064	4,361
Social security costs	8,848	7,385
Pensions	2,405	9,861
	112,380	117,358

b) Average number of employees

The average number of persons employed by the Company during the period including part time employees was as follows:

	1998 Number	1997 Number
Production	1,663	1,697
Sales	1,377	1,250
Administration	608	688
	3,648	3,635

c) Pensions

Retirement and death benefits are provided for eligible Group employees in the United Kingdom principally by the Bass Employees' Security Plan and the Bass Executive Pension Plan. Members of these plans are contracted out of the State Earnings Related Scheme. The plans are externally funded defined benefit schemes based upon final pay levels. The assets of these plans are mainly held in self-administered trust funds separated from the Group's assets.

The pension costs related to the two principal plans are assessed in accordance with the advice of independent qualified actuaries using the projected method. The latest actuarial valuations of the plans were made as at March 1997 but take into account the removal of tax credits announced subsequently.

As at March 1997, the market value of the combined assets of the plans was £1,692m and the actuarial value of the assets was sufficient to cover 109% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The regular pension cost for the period was £10,744k (1997:£9,861k) with variation from regular pension cost of £8,720k (1997:£nil).

Notes to financial statements (continued)

3 Staff (continued)

d) Directors' remuneration:

Directors' remuneration was paid in respect of directors of the company as follows:

	1998 £000	1997 £000
Fees as directors	723	629
Other emoluments	59	54
Bonuses	105	385
	887	1,068

The above figures do not include any amount for the value of share options granted to, or held by, the directors. In the period to 26 September 1998, 7 directors exercised share options. All of the directors are members of the Bass Executive Pension Scheme - a defined benefit scheme.

The directors' remuneration shown above included:

Remuneration of highest paid director:	1998 £000	1997 £000
Fees as directors	138	213
Accrued pension at year end	16	16

During the period, the highest paid director exercised nil (1997:54,800) options in Bass PLC resulting in a total gain of £Nil (1997:£175k).

4 Profit on sale of fixed assets

	1998 £000	1997 £000
Property	656	737
Other fixed assets	530	1,029
(Provision)/release for permanent diminution in value of assets for sale	(44)	141
	1,142	1,907

5 Exceptional costs

	1998 £000	1997 £000
Surplus on disposal of Carlsberg Tetley brands	-	(1,870)
Loss on termination of operations	-	25,049
	-	23,179

In 1997, following the regulatory block on the proposed merger with Carlsberg Tetley, Bass PLC Group was required to dispose of all of its interests in that company. The resulting disposal of Carlsberg Tetley brands by Bass Brewers Limited resulted in a net surplus of £1,870k.

Subsequent to the above transaction, the company agreed to acquire a brewery from Carlsberg Tetley and to restructure its brewing operations. The cost of this restructuring programme, which involves the closure of two of the company's existing breweries, is £25,049k.

6 Interest payable and similar charges

	1998 £000	1997 £000
Bank borrowings and other loans	21,793	2,503

Included in the above is the interest element of charges payable under finance leases (and hire purchase contracts) amounting to £102k (1997:£396k).

Included in the above is £19,161k (1997:£16,353k) payable to other Bass PLC Group undertakings.

7 Tax on profit on ordinary activities

	1998 £000	1997 £000
UK Corporation tax - current period at 31%(1997:32%)	33,866	41,365
UK deferred tax	-	(1,242)
	33,866	40,123
Over provision in prior years	(139)	-
	33,727	40,123

Had the Company been providing the full amount of potential deferred taxation, the charge for the period would have been increased as follows:

	1998 £000	1997 £000
Capital allowances	(92)	(4,958)
Other timing differences	1,240	(2,822)
	1,148	(7,780)

Notes to financial statements (continued)

8 Dividends paid and proposed

	1998 £000	1997 £000
Ordinary		
- interim paid of 23.23p (1997 - 34.85p) per share	40,000	60,000
	40,000	60,000

Notes to financial statements (continued)

9 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At 27 September 1997	92,609	405,565	332,751	830,925
Additions	12,467	39,555	48,050	100,072
Disposals	(14)	(995)	(6,708)	(7,717)
Transfers	-	-	70	70
At 26 September 1998	105,062	444,125	374,163	923,350
Depreciation				
At 27 September 1997	10,720	221,936	155,864	388,520
Provided in the period	2,854	27,271	38,613	68,738
Provided against provisions	4	-	-	4
Disposals	(14)	(665)	(4,830)	(5,509)
Transfers	-	-	44	44
At 26 September 1998	13,564	248,542	189,691	451,797
Net book value				
At 27 September 1997	81,889	183,629	176,887	442,405
At 26 September 1998	91,498	195,583	184,472	471,553
At 26 September 1998 the cost of depreciable assets included in the above was:	94,533	444,125	374,163	912,821
The net book value of assets held under finance leases included in the total above was:				
At 27 September 1997	-	-	8,702	8,702
At 26 September 1998	-	-	6,503	6,503

Analysis of properties

	Cost £000	Depreciation £000	Net Book Value £000
At 26 September 1998:			
Unlicensed properties	5,731	(581)	5,150
Freehold	97,677	(12,539)	85,138
Leasehold under 50 years	1,654	(444)	1,210
Total properties	105,062	(13,564)	91,498

Notes to financial statements (continued)

10 Fixed asset investments

	Subsidiary Undertakings £000	Associated Undertakings £000	Trade Loans and advances £000	Total £000
Cost:				
At 27 September 1997	3,714	495	315,653	319,862
Additions	-	-	26,996	26,996
Disposals	-	-	(63,682)	(63,682)
At 26 September 1998	3,714	495	278,967	283,176
Provision for diminution in value:				
At 27 September 1997	-	-	29,691	29,691
Provided for the period	-	-	6,619	6,619
Eliminated on disposals	-	-	(6,520)	(6,520)
At 26 September 1998	-	-	29,790	29,790
Net book value:				
At 27 September 1997	3,714	495	285,962	290,171
At 26 September 1998	3,714	495	249,177	253,386

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows :-

Name of Company	Country of Registration and Operation	Holding	Proportion of Voting Rights	Nature of Business
Subsidiary undertakings				
Bass and Tennent Sales Limited	England	Ordinary	100%	Dormant
International Beer Importers Limited	and	Ordinary	100%	Dormant
Premium Beer Company Limited	Wales	Ordinary	100%	Dormant
Associated Undertakings				
Grolsch UK Limited	England and Wales	Ordinary	49%	Supply of Beer

Notes to financial statements (continued)

11 Stocks

	1998 £000	1997 £000
Raw materials	28,708	29,614
Consumable stores	21,005	17,915
Work-in-progress	6,351	5,465
Finished goods	37,828	38,992
	93,892	91,986

The replacement cost of stocks approximates to the value above.

12 Debtors

	1998 £000	1997 £000
Amounts falling due within one year:		
Trade debtors	222,653	173,770
Amounts owed by group undertakings	177,894	239,092
Amounts owed by associated undertakings	1,020	2,557
Other debtors	10,761	20,106
Prepayments and accrued income	6,343	23,986
	418,671	459,511

Prepayments and accrued income of £Nil (1997:£15,719k) are due after more than one year.

13 Creditors: Amounts falling due within one year

	1998 £000	1997 £000
Obligations under finance leases and hire purchase contracts (note 15)	1,248	3,575
Borrowings (note 15)	823	888
Trade creditors	97,016	84,257
Amounts owed to group undertakings	5,357	33,185
Amounts owed to associated undertakings	1,181	2,037
Other creditors		
- UK corporation tax payable	33,488	26,365
- ACT payable	10,000	15,000
- other taxation and social security	76,570	71,907
- other creditors	12,439	14,904
Accruals and deferred income		
- Pension	-	8,211
- Other	110,202	103,047
	348,324	363,376

Notes to financial statements (continued)

14 Creditors: Amounts falling due after more than one year

	1998 £000	1997 £000
Obligations under finance leases and hire purchase contracts (note 15)	1,020	4,613
Borrowings (note 15)	12,964	16,833
Holding Company Loans	240,000	300,000
Amounts owed to group undertakings	3,714	3,714
Accruals and deferred income	1,223	1,158
	258,921	326,318

A holding company loan of £240,000k was issued on 24th August 1996 and is repayable in full in 20 years. Interest accrues quarterly at LIBOR + 0.45%.

15 Borrowings

a) Obligations under finance leases and hire purchase contracts

	1998 £000	1997 £000
Due within 1 year	1,248	3,575
Due within 1-2 years	1,020	4,613
	2,268	8,188

b) Analysis of borrowings by year of repayment

	1998 £000	1997 £000
Due within one year	823	888
Due: between one and two years	823	888
between two and five years	2,469	2,664
after five years, by instalment	9,672	13,281
Due after more than one year	12,964	16,833
Total borrowings	13,787	17,721
Total borrowings comprise:		
Other borrowings	13,787	17,721
	13,787	17,721
Amounts repayable by instalments part of which fall due after five years	13,787	17,721

Notes to financial statements (continued)

15 Borrowings (continued)
c) Analysis of borrowings

	1998		1997	
	Within one year £000	After one year £000	Within one year £000	After one year £000
Secured - other loans:				
Bank Interest Differential Scheme	-	476	-	499
Pub Purchase Plan	823	12,488	888	16,334
Total other loans	823	12,964	888	16,833

Bank Interest Differential Scheme Interest is paid at between 1% and 2.5% above bank base rates. Pub Purchase Plan interest is paid at 2.25% above bank base rates.

Individual loans under the Bank Interest Differential Scheme are guaranteed by the company as required. At 26 September 1998, the total amount guaranteed by the company was £213k (1997:£223k).

Pub Purchase Plan and Bank Interest Differential Scheme loans,made direct from banks to customers, are secured on the customer's property to which they relate. In the event of a default in relation to a Pub Purchase Plan loan, the company is liable for the excess of the loan outstanding over 70% of the bricks and mortar value of the pub.

No security is held over the assets of Bass Brewers Limited.

16 Provisions for liabilities and charges
Provisions for liabilities and charges comprise:

	1998 £000	1997 £000
Deferred taxation (note 16a)	-	-
Reorganisation provisions (note 16b)	10,915	15,000
Vacant Leasehold Properties Provision (note 16b)	1,183	1,524
	12,098	16,524

16 Provisions for liabilities and charges (continued)

a) Deferred taxation

Deferred taxation has been provided to the extent that the directors have concluded on the basis of reasonable assumptions and the intentions of management that it is probable that part of the liability will crystallise.

The movement on deferred taxation comprises:

	£000
At 27 September 1997 and 26 September 1998	-

The amounts of unprovided deferred taxation are as follows:

	1998 £000	1997 £000
Excess of tax allowances over book depreciation of fixed assets	65,831	65,616
Other timing differences related to		
- pensions	-	(2,545)
- current assets and liabilities	(4,418)	(1,500)
	61,413	61,571

b) Other provisions

The movement on other provisions comprises:

	Reorganisation provisions £000	Vacant Leasehold Property provisions £000	Total £000
At 27 September 1997	15,000	1,524	16,524
Profit and loss account	-	44	44
Expenditure	(4,085)	(385)	(4,470)
At 26 September 1998	10,915	1,183	12,098

Notes to financial statements (continued)

17 Called-up share capital

	1998 £000	1997 £000
Authorised,allotted, called-up and fully-paid		
1,721,600 ordinary shares of £1 each	1,722	1,722
100 US$ deferred shares of $1 each	-	-
	1,722	1,722

Movements in ordinary shares during the period:	Number of shares
At 27 September 1997 and 26 September 1998	1,721,600

18 Reserves

	Share premium account £000	Profit and loss account £000	Total £000
At 27 September 1997	598,278	(780)	597,498
Retained profit for the period	-	33,579	33,579
At 26 September 1998	598,278	32,799	631,077

19 Contingent liabilities and financial commitments

There are contingent liabilities not provided for in the accounts relating to:	1998 £000	1997 £000
Potential liability in respect of property disposal	75	200
	75	200

The Company has annual commitments under operating leases which expire as follows:

	Properties 1998 £000	Other 1998 £000	Properties 1997 £000	Other 1997 £000
Within 1 year	0	294	220	50
Between 1 and 5 years	71	492	93	479
After 5 years	3,206	3	3,242	-
	3,277	789	3,555	529

Notes to financial statements (continued)

20 Related Party Disclosure

The Company has taken advantage of the exemption in FRS 8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard.

21 Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Bass Holdings Limited incorporated in the United Kingdom and registered in England and Wales.

The only group in which the results of Bass Brewers Limited and subsidiary undertakings are consolidated is that headed by Bass PLC, incorporated in England and Wales. These accounts are available from Bass PLC registered office at 20 North Audley Street, London, W1Y 1WE.