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WADWORTH

THE BREWERS OF TASTE

WADWORTH AND COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS

1994



WADWORTH AND COMPANY LTD.

REPORT and ACCOUNTS 1994

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WADWORTH AND COMPANY LTD.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred & Fifth Annual General Meeting of the Company will be held at the Northgate Brewery, Devizes, on Friday 16 December, 1994, at 12.00 noon for the following purposes.

Ordinary Business

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 30 September, 1994, together with the Auditors' Report thereon.
2. To declare a final dividend of 9.5p on the Ordinary and 'A' Ordinary Shares.
3. To re-elect Mr. P. J. Butler and Mr. A. F. West as Directors of the Company.
4. To re-elect David Owen & Co. as Auditors.
5. To transact any other ordinary business of the Company.

By order of the Board
R. I. GORDON-FINLAYSON
Secretary.

Dated this 15 day of November, 1994.

A MEMBER entitled to attend and vote may appoint a proxy to attend and vote on his behalf. The person so appointed need not be a member of the Company. Any instrument appointing a proxy must be lodged at the Company's Registered Office, Northgate Brewery, Devizes, not later than 12.30 p.m. on Tuesday, 13 December, 1994.

WADWORTH AND COMPANY LTD.

STATEMENT BY THE CHAIRMAN

The brewing trade has never been more competitive than it has been during the past twelve months. Despite this, thanks to the fullness and distinct palate of our beers our turnover has been good, particularly in trading with other brewers throughout the country.

Trade in our own licensed houses was disappointing, despite a good summer, although the food aspect contributed. Pub food is good value for money. Our policy of having a different guest beer available each fortnight in our pubs proved very popular and ensured our customers had choice, whilst still appreciating our own Wadworth Draught beers. Our summer beer "Summersault", being a novel one-off beer, was a quick sell-out.

We now have 203 licensed houses - 169 tenanted and 34 under management, and seven shops. Our managed houses, thanks to efficient handling and efficient staff, showed a good return on money invested. We purchased the following houses, mostly in developing areas: The Coach House, Bristol (previously leasehold); The Riverside, Saltford, Bristol; The Bakers Arms, Salisbury; The New Inn, Bath; The Farmhouse, Southwick, Trowbridge; Tailors Eating House, Cheltenham; The White Hart, Castle Combe and the Cross Keys, Wanborough, Nr Swindon. Since the end of the year we have purchased The Bartons Mill at Old Basing, a house in a most attractive setting on the River Loddon and adjoining Basingstoke.

Once again a very large sum has been spent on upgrading our houses, with emphasis on retaining the old atmosphere. Outside our pub signs are attractive and welcoming.

Sales of 6X in cans showed a 20% increase this year with national distribution including British Rail On-Board Services.

The Free Trade continues to be a difficult market, with the large brewers discounting heavily. In addition large quantities of beer and wine are coming into the country from Europe due to the ridiculous disparity in duty rates following the introduction of the Single Market.

The sales of our beers have been achieved with comparatively low-cost advertising. However, we did launch out in this respect with sponsoring a prestigious event - The Wadworth 6X Western Golf Tournament at Bowood which was an unqualified success from every aspect, and full advantage was taken to publicise the company beers in front of a very large crowd on a day of continuous sunshine. This event will be repeated next summer.

Our wine, spirit and mineral businesses showed a useful contribution to the profits and there are signs coming through that this side of our business is at last beginning to recover from the rather flat trade in past years.

In the Brewery itself, once again very heavy capital expenditure has been incurred and the following have been installed:

Two new 300-barrel conical fermenting vessels; ten new conditioning tanks for canned beer and a new cask washer, new finings injection plant and new racking heads for draught beer filling. A new laboratory was opened in January which shows our continuing commitment to maintaining quality beers.

In conclusion, I would say that once again we have not diverted into running businesses that we know nothing about; that we have stuck to brewing traditional beer and running traditional licensed houses and I am grateful to our staff for their enthusiastic co-operation in driving the Company forward and for their dedicated hard work.

J. C. BARTHOLOMEW



WADWORTH AND COMPANY LTD.

ONE HUNDRED AND FIFTH ANNUAL REPORT

Directors:

JOHN C. BARTHOLOMEW, *Chairman*
 CHARLES J. E. BARTHOLOMEW, *Managing Director*
 A. F. WEST
 R. A. J. MACDONALD
 T. HOLMES
 R. I. GORDON-FINLAYSON
 P. J. BUTLER, CBE, *(non-executive)*

DIRECTORS' REPORT

The Directors present their Report and the Accounts for the year ended 30 September, 1994.

Summary of Results:						1994	1993
						£,000	£,000
Profit on ordinary activities							
before taxation	...	...	...	...	...	6,261	5,272
Taxation	...	...	...	...	...	1,948	1,717
Profit for this financial year	...	...	...	...	...	4,313	3,555

The Directors recommend that this should be appropriated as follows:

Preference Dividends	...	...	...	...	369	296
Ordinary Dividends						
Interim 4.25p (3.8p)	...	...	...	...	168	150
Final 9.5p (8.5p)	...	...	...	...	374	335
					<u>911</u>	<u>781</u>
Retained Profits	...	...	...	...	3,402	2,774

Principal Activities:

The principal activities of the Company continued to be that of brewing and packaging of beers, trading in beers, ciders, wines, spirits and mineral waters, and licensed property management.

Movement in Fixed Assets:

The movement in fixed assets during the year is set out in note 10 to the accounts.

Directors' Interests:**Directors' Ordinary Share Holdings:**

		30/9/94		30/9/93	
		Ordinary	'A' Ordinary	Ordinary	'A' Ordinary
J. C. Bartholomew	Beneficial	91,166	62,796	112,496	120,378
	As Trustee	109,102	290,592	109,102	290,592
C. J. E. Bartholomew	Beneficial	37,096	137,699	37,086	130,672
	As Trustee	47,178	149,519	25,848	125,862
A. F. West	Beneficial	1,000	11,000	1,000	10,000
R. A. J. Macdonald	Beneficial	-	-	-	-
T. Holmes	Beneficial	-	-	-	-
R. I. Gordon-Finlayson	Beneficial	23,792	52,082	23,792	52,802
P. J. Butler	Beneficial	59,625	159,634	Not Applicable	

Directors' Other Holdings:

		30/9/94				30/9/93			
		4%	4 1/2%	10%	9 1/4%	4%	4 1/2%	10%	9 1/4%
		Mortgage	Debenture	Preference	Preference	Mortgage	Debenture	Preference	Preference
		Stock	Stock	Shares	Shares	Stock	Stock	Shares	Shares
J. C. Bartholomew	Beneficial	441	565	17,744	91,165	441	565	35,874	164,954
	As Trustee	—	—	101,056	283,651	267	1,250	101,056	283,651
C. J. E. Bartholomew	Beneficial	—	—	89	7,581	—	—	87	33,551
	As Trustee	—	—	24,534	141,821	—	—	6,404	81,032
A. F. West	Beneficial	—	—	—	—	—	—	—	2,200
R. I. Gordon-Finlayson	Beneficial	—	—	—	8,026	—	—	—	32,262
P. J. Butler	Beneficial	—	—	13,432	92,081	Not applicable			

No transfers have been notified between the year end and the date of this report.

Current Valuation of Land and Buildings:

The directors consider that the freehold properties have a current market value in excess of their book value. No recent independent valuation has been undertaken.

Disabled Employees:

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities 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 given. It is the policy of the Company that the training, career development, and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee Consultation:

The Company places considerable value on the involvement of its employees, and has continued its previous practice of keeping them informed on matters about the Company and those issues affecting them as employees, through formal and informal meetings.

Donations:

There were no political donations. Charitable donations amounted to £5,000.

Board of Directors:

Mr. P. J. Butler was appointed to the Board on 1 January, 1994 and offers himself for re-election. Mr. A. F. West retires by rotation and, being eligible, offers himself for re-election.

Northgate Brewery
Devizes, Wilts.
15 November, 1994

By order of the Board
R. I. GORDON-FINLAYSON
Secretary





WADWORTH AND COMPANY LTD.

Profit and Loss Account for the year ended 30 September, 1994

							1994		1993	
							Notes	£'000	£'000	£'000
							(2)			
TURNOVER	...	...	...	...	...	...		37,910	36,380	
Cost of Sales	...	...	...	...	...	...		21,386	21,486	
GROSS PROFIT	...	...	...	...	...	...		16,524	14,894	
Distribution Costs	...	...	...	...	...	...		3,986	3,687	
Administrative Expenses	...	...	...	...	...	...		5,804	5,085	
								9,790	8,772	
Operating Profit	...	...	...	...	...	...		6,734	6,122	
Exceptional items:-										
Profit on disposal of fixed assets	...	...	...	...	...	...		380	59	
Share of results of associated company	...	...	...	...	...	...
Profit on ordinary activities before interest	...	...	...	...	...	...		7,114	6,181	
Interest payable less receivable	...	...	...	...	...	...		853	909	
PROFIT ON ORDINARY ACTIVITIES										
BEFORE TAXATION	...	...	...	...	...	...	(4)	6,261	5,272	
TAX on profit on ordinary activities	...	...	...	...	...	...	(5)	1,948	1,717	
PROFIT FOR THE FINANCIAL YEAR	...	...	...	...	...	...		4,313	3,555	
Preference Dividends	...	...	...	...	...	...	(6)	369	296	
Attributable to ordinary shareholders	...	...	...	...	...	...		3,944	3,259	
Ordinary dividends	...	...	...	...	...	...	(6)	542	485	
Retained profits for the year	...	...	...	...	...	...		3,402	2,774	
Earnings per £1 Ordinary Share							(7)	100.09 p	82.71 p	

All items dealt with in arriving at the operating profit for both 1994 and 1993 relate to continuing operations.

There were no recognised gains and losses during the year other than as above.

The notes on pages 11 to 16 form part of these accounts.



WADSWORTH AND COMPANY LTD.

Balance Sheet as at 30 September, 1994

	Notes	1994 £'000	1993 £'000
FIXED ASSETS			
Tangible Assets	(10)	37,074	31,903
Intangible Assets	(8)	—	—
Investments	(9)	—	—
		<u>37,074</u>	<u>31,903</u>
CURRENT ASSETS			
Stocks	(11)	1,146	990
Debtors	(12)	3,094	3,492
Loans and Unquoted Investments	(13)	1,064	1,046
Cash at Bank and in hand		171	135
		<u>5,475</u>	<u>5,663</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(14)	9,876	8,368
NET CURRENT ASSETS/(LIABILITIES)		<u>(4,401)</u>	<u>(2705)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,673</u>	<u>29,198</u>
CREDITORS:			
Amounts falling due after more than one year	(15)		
Loan capital and term finance		6,411	6,411
Provision for deferred taxation		452	379
		<u>6,863</u>	<u>6,790</u>
NET ASSETS		<u>25,810</u>	<u>22,408</u>
CAPITAL AND RESERVES			
Called up share capital	(16)	7,857	7,857
Profit and loss account	(17)	17,953	14,551
		<u>25,810</u>	<u>22,408</u>

Approved by the Board and signed on 15 November, 1994

J. C. Bartholomew

C. J. E. Bartholomew

Directors

The notes on pages 11 to 16 form part of these accounts



WADWORTH AND COMPANY LTD.

Cash Flow Statement for the year ended 30 September, 1994

	1994	1993
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,692	7,798
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	62	71
Interest paid	(918)	(970)
Dividends paid	(871)	(745)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,727)	(1,644)
TAXATION		
Corporation tax paid (including Advance Corporation Tax)	(1,718)	(1,439)
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(6,413)	(4,506)
Receipts from sales of tangible fixed assets	664	354
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(5,749)	(4,152)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	(1502)	563
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1502)	563

Reconciliations and analyses can be found in Section 22 of the
Notes to the Accounts.



WADWORTH AND COMPANY LTD.

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, except for the revaluation of certain freehold properties, and there has been no change in the basis of accounting.

(a) Turnover

Turnover represents the amounts derived from the provision of goods and services during the year, after the deduction of trade discounts and value added tax.

(b) Depreciation

No depreciation is provided on freehold buildings since it is the directors' opinion that expenditure on maintenance counters any depreciation which would otherwise have taken place.

Depreciation of other fixed assets is at the following rates:-

Leasehold Property	-	by equal annual instalments over the life of the lease. Leases of more than 100 years are not depreciated until the final 100 years.
Plant and Machinery	-	15% per annum on the reducing balance.
Fixtures and Fittings	-	15% per annum on the reducing balance.
Motor Vehicles	-	25% per annum on the reducing balance.

(c) Stocks

Stocks are stated at the lower of cost or net realisable value. The cost of finished goods and work-in-progress comprises materials, excise duty where applicable, labour and attributable production overheads.

(d) Investments

Investments in associated undertakings are stated at the Company's share of the fair value of the underlying net assets less provisions. Current asset investments are stated at cost less provision for any permanent diminution in value. For listed investments, market value is based on the closing middle market price on a recognised stock exchange.

(e) Deferred taxation

Full provision is made for the tax effect arising from timing differences due to accelerated claims for capital allowances.

(f) Pensions

The company operates pension schemes covering the majority of its staff. The funds are administered by trustees and are independent of the Company's finances. The schemes are fully funded and contributions are paid in accordance with the recommendations of independent actuaries. The Company's contributions are charged against profits in the year in which they are made.

2. TURNOVER

	1994 £'000	1993 £'000
Turnover comprises:		
Sales of beers, wines, spirits and mineral waters	35,942	34,516
Rents	1,968	1,864
	<u>37,910</u>	<u>36,380</u>
Exports amounted to	<u>3</u>	<u>14</u>

	1994 £'000	1993 £'000
3. STAFF NUMBERS AND COST		
The average number of persons employed by the company was 365 (1993 317), split into the following categories:-		
Manufacture	53	51
Sales and Distribution	273	231
Administration	39	35
	<u>365</u>	<u>317</u>
In addition, seasonal part-time employees numbering up to 200 are employed at various managed houses.		
The aggregate payroll costs of these persons were as follows:- (in £'000)		
Wages and salaries	4,632	4,170
Social Security costs	380	336
Other pension costs	162	275
	<u>5,174</u>	<u>4,781</u>
Excluding pension contributions, the emoluments of the Chairman were £34,966 (1993 £33,460). The highest paid Director's emoluments were £102,712. The emoluments of the other Directors were in the following ranges:-		
Up to £5,000	1	-
£55,001 - £60,000	-	2
£65,001 - £70,000	2	1
£75,001 - £80,000	1	1
£90,001 - £95,000	1	-
4. PROFIT BEFORE TAXATION		
This is stated after charging or crediting the following (in £'000):-		
Interest received	62	68
Rent income	1,968	1,864
Interest on bank overdraft and other loans repayable within five years	110	172
Interest on loans repayable in more than five years	805	805
Depreciation of tangible fixed assets	957	795
Auditors' remuneration - audit services	27	26
- other services	7	8
Directors' Emoluments	467	442
Operating lease rentals - plant and machinery	18	9
- land and buildings	181	169
5. TAXATION		
(a) Corporation tax on the assessable profit for the year	1,875	1,660
Adjustment of prior years	-	(2)
Deferred taxation provision	73	59
	<u>1,948</u>	<u>1,717</u>
(b) The provision for taxation included in creditors is:		
Amounts falling due within one year	<u>1,660</u>	<u>1,503</u>
6. DIVIDENDS		
Preference Dividends		
on 10% Shares	92	92
on 9 1/4% Shares	277	204
	<u>369</u>	<u>296</u>
Ordinary Dividends		
Interim of 4.25p (1993 3.8p)	168	150
Final of 9.5p (1993 8.5p)	374	335
	<u>542</u>	<u>485</u>

	1994 £'000	1993 £'000		
7. EARNINGS PER SHARE				
This has been calculated as follows:				
Profit attributable to ordinary shareholders	3,944	3,259		
Number of ordinary shares issued	3,940	3,940		
Earnings per ordinary share	100.09 p	82.71 p		
8. INTANGIBLE FIXED ASSETS				
A nominal value for goodwill of £1 is included				
9. INVESTMENTS				
The Company has a holding of 70 'B' Ordinary shares of 50p each in Smith Giddings Ltd., representing 35% of the issued capital. This company operates the Beetle & Wedge Hotel, Moultsford, Oxford, and in view of the depletion in its reserves caused by trading losses, and the uncertainty of the value of the investment, the book value has been written off in previous years.				
10. TANGIBLE FIXED ASSETS (in £'000)				
	Freehold Property	Leasehold Property	Plant Machinery & Motor Vehicles	Total
At cost or valuation				
Opening balance	25,684	2,332	8,287	36,303
Additions	3,755	213	2,445	6,413
Disposals	(89)		(353)	(442)
Closing balance	29,350	2,545	10,379	42,274
Depreciation				
Opening balance	-	274	4,126	4,400
Charge for the year		46	911	957
Withdrawn on disposals			(157)	(157)
Closing balance	-	320	4,880	5,200
Net Book Value				
1994	29,350	2,225	5,499	37,074
1993	25,684	2,057	4,161	31,903
Freehold properties included at valuation of £613 had an historic cost of £257				
	1994 £'000	1993 £'000		
Leasehold properties comprised				
Long-lease (over 50 years)	1,618	1,751		
Short-lease (under 50 years)	607	306		
	2,225	2,057		
At 30 September 1994 capital commitments were as follows:				
Contracted but not provided for in the accounts	2,011	566		
Authorised by the directors but not contracted for	348	855		
	2,359	1,421		
11. STOCKS				
Brewing materials, beer and consumables	537	437		
Mineral waters and cider	109	91		
Wines and spirits	247	244		
Licensed houses and shops	247	209		
Horses	6	9		
	1,146	990		

	1994 £'000	1993 £'000
12. DEBTORS		
Trade debtors, all receivable within one year	3,023	3,437
Prepayments	71	55
	<u>3,094</u>	<u>3,492</u>
13. LOANS AND UNQUOTED INVESTMENTS		
These include:		
Loans to directors	40	42
Loans to employees	101	109
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank Overdraft	2,882	1,343
Trade Creditors	4,006	3,499
Corporation Tax	1,660	1,503
Social Security and other taxes	511	1,294
Tenants' deposits	443	394
Proposed dividend	374	335
	<u>9,876</u>	<u>8,368</u>

The tenants' deposits are repayable when the licensee relinquishes his tenancy.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(a) Loan capital and term finance		
4½% Debenture Stock	23	23
4% Mortgage Stock	38	38
10¾% 1st Mortgage Debenture Stock 1995/2000	350	350
12¾% 1st Mortgage Debenture Stock 2015	6,000	6,000
	<u>6,411</u>	<u>6,411</u>

The 4½% Debenture Stock and 4% Mortgage Stock are redeemable at the Company's option. The 10¾% Debenture Stock is redeemable by 30 April, 2000, while the 12¾% Debenture Stock is redeemable by 31 March, 2015.

(b) Provision for deferred taxation		
Arising in respect of accelerated claim for Capital allowances, at 33% (1993 33%)	452	379

16. SHARE CAPITAL

	1994		1993	
	Authorised	Issued	Authorised	Issued
Ordinary Shares of £1 each	1,065	1,051	1,065	1,051
'A' Ordinary Shares of £1 each	2,889	2,889	2,889	2,889
10% Cumulative Preference Shares of £1 each	923	923	923	923
9¼% Cumulative Preference Shares of £1 each	2,994	2,994	2,994	2,994
Unclassified Shares of £1 each.	2,129	-	129	-
	<u>10,000</u>	<u>7,857</u>	<u>8,000</u>	<u>7,857</u>

VOTING POWERS: On a show of hands every member who is present in person at a general meeting of the company shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every £1 nominal amount of Ordinary Shares of which he is the holder and one vote for every £4 nominal amount of 'A' Ordinary Shares of which he is the holder. In addition the Preference Share holders shall be entitled to vote at a general meeting if the dividend or any part thereof is six months in arrears.

17. PROFIT AND LOSS ACCOUNT	1994	1993
	£000	£'000
Opening balance	14,551	12,565
Retained profits	3,402	2,774
	<u>17,953</u>	<u>15,339</u>
Applied in scrip issue of 9 1/4% Preference Shares	-	788
	<u>17,953</u>	<u>14,551</u>
 18. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS		
Profit on ordinary activities after taxation	4,313	3,555
Dividends	911	781
	<u>3,402</u>	<u>2,774</u>
Net addition to shareholders funds	22,408	19,634
Shareholders funds at 1993	<u>25,810</u>	<u>22,408</u>
Shareholders funds at 1994	<u>25,810</u>	<u>22,408</u>
 19. OPERATING LEASE COMMITMENTS		
At 30 September, 1994 the Company was committed to making the following payments during the next year in respect of operating leases		
	Land and Buildings	Plant and Machinery
Leases which expire:		
Within one year	-	-
Between one and five years	16	18
After five years	155	-

20. PENSION COMMITMENTS

The Company operates two pension schemes, both of which are funded by the payment of contributions to separately administered trust funds.

The Commercial Union scheme is a defined benefit non-contributory scheme for the senior staff. The funding to achieve the set targets is determined with the advice of an independent qualified actuary on the basis of triennial valuations using the current unit method with a 20 year control period. The most recent valuation was 1 May 1993. The main assumptions were that salaries would increase at 8 1/2% per annum during the control period, the yield on future contributions would be 9 1/2% and that, at retirement, pensions would be provided by purchasing immediate annuities on rates calculated on the basis of 9 1/2% p.a. interest. The policy value at 30 April 1994 was £1,033,887, valued on an ongoing basis.

It was the opinion of the actuary that the scheme's assets existing as at 1 May 1993 fully covered its liabilities, including liabilities arising in respect of the service of pensioners and deferred pensioners prior to that date, and on the basis that the service of active members terminated on that date. However, because interest rates at the present time are much lower than the long term rate of interest assumed for the purpose of valuing the scheme on an ongoing basis, it was likely that the funding rates would have to be increased in the future if the targeted pensions for the members were to be achieved.

On 20 October 1994 the trustees of the scheme, on the recommendation of their professional advisors, decided to move from the insured fund with Commercial Union to a managed fund administered by Schroder Investment Management Ltd. This should give a better return for the fund's long term investments, as it will be more equity-based and less insurance-policy based, thus resulting in a lower required funding rate to secure the defined benefits.

The Sun Life scheme is open to all head office employees who are not members of the Commercial Union scheme and who have worked for the Company for at least one year as at 1 June each year. The scheme is a money-purchase scheme, with contributions from both employer and employee set at 5% of gross wages.

21. SUBSIDIARIES

The Company has the following wholly-owned subsidiary:-
Wadworth & Co. (Burford) Ltd. Brewers and distributors of beers.
This company has not traded during the year.

22. NOTES TO THE CASH FLOW STATEMENT

NOTES TO THE CASH FLOW STATEMENT		1994 £'000	1993 £'000
A	Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities.		
	Operating Profit	6,734	6,122
	Depreciation Charges	957	795
	(Increase)/Decrease in stocks	(155)	719
	(Increase)/Decrease in debtors	381	(165)
	Increase/(Decrease) in creditors	(225)	327
	Net cash inflow from operating activities	<u>7,692</u>	<u>7,798</u>
B	Analysis of changes in cash and cash equivalents during the year		
	Opening balance	(1,209)	(1,772)
	Net cash inflow/(outflow)	(1,502)	563
	Closing balance	<u>(2,711)</u>	<u>(1,209)</u>
C	Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet		
		<u>1994</u>	<u>1993</u>
	Cash at Bank and in hand	171	135
	Bank Overdrafts	(2,882)	(1,344)
		<u>(2,711)</u>	<u>(1,209)</u>
			<u>Change in Year</u>
			36
			(1538)
			<u>1,502</u>

WADWORTH AND COMPANY LTD.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements 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 that year. They are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

In preparing the financial statements on a going concern basis, the Directors believe that reasonable and prudent judgements and estimates have been made. In line with their responsibilities, the Directors confirm that they believe that suitable accounting policies have been consistently applied and that applicable accounting standards have been followed, with the exception of the depreciation of freehold buildings as explained in the accounting policies.

REPORT OF THE AUDITORS TO THE MEMBERS OF

WADWORTH AND COMPANY LTD.

We have audited the financial statements on pages 8 to 16 which have been prepared on the basis of the accounting policies set out on page 11.

Respective responsibilities of Directors and Auditors:

As described above the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based upon our audit, on these statements and to report our opinion to you.

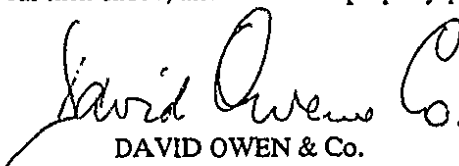
Basis of opinion:

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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion:

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 September, 1994, and of the Company's profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



DAVID OWEN & Co.

*Chartered Accountants
Registered Auditors.*

17 MARKET PLACE
DEVIZES, WILTS.
15 NOVEMBER, 1994

WADWORTH AND COMPANY LTD.

STATISTICAL REVIEW

	1990	1991	1992	1993	1994
Profit and Loss					
Turnover	<u>26,356</u>	<u>30,430</u>	<u>33,845</u>	<u>36,380</u>	<u>37,910</u>
Operating Profit	3,588	4,396	5,366	6,122	6,734
Net interest payable	<u>(301)</u>	<u>(577)</u>	<u>(911)</u>	<u>(909)</u>	<u>(853)</u>
Profit before tax	3,287	3,819	4,455	5,213	5,881
Taxation	<u>(1,138)</u>	<u>(1,248)</u>	<u>(1,471)</u>	<u>(1,717)</u>	<u>(1,948)</u>
Preference dividends	<u>(238)</u>	<u>(284)</u>	<u>(296)</u>	<u>(296)</u>	<u>(369)</u>
Share of results of associated company	<u>(39)</u>	<u>16</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Exceptional profit	<u>504</u>	<u>116</u>	<u>19</u>	<u>59</u>	<u>380</u>
Attributable to ordinary shareholders	2,376	2,419	2,700	3,259	3,944
Ordinary dividends	<u>342</u>	<u>382</u>	<u>434</u>	<u>485</u>	<u>542</u>
Amount retained	<u>2,034</u>	<u>2,037</u>	<u>2,266</u>	<u>2,774</u>	<u>3,402</u>
Earnings per Ordinary Share	60.30p	61.42p	68.52p	82.71p	100.09p
Dividends per Ordinary Share	8.68p	9.7p	11.0p	12.3p	13.75p
Assets Employed					
Fixed Assets	18,237	25,025	29,196	31,903	37,074
Current Assets	<u>8,325</u>	<u>6,015</u>	<u>6,225</u>	<u>5,663</u>	<u>5,475</u>
	26,562	31,040	35,421	37,566	42,549
Current Liabilities	<u>(4,242)</u>	<u>(6,706)</u>	<u>(8,977)</u>	<u>(8,368)</u>	<u>(9,876)</u>
	22,320	24,334	26,444	29,198	32,673
Long term finance	<u>(6,470)</u>	<u>(6,436)</u>	<u>(6,411)</u>	<u>(6,411)</u>	<u>(6,411)</u>
Deferred taxation	<u>(343)</u>	<u>(354)</u>	<u>(399)</u>	<u>(379)</u>	<u>(452)</u>
Net Assets	<u>15,507</u>	<u>17,544</u>	<u>19,634</u>	<u>22,408</u>	<u>25,810</u>
Gross Capital Expenditure	3,365	7,486	5,281	3,786	6,413
Average number of employees (excluding seasonal staff)	251	272	294	317	365