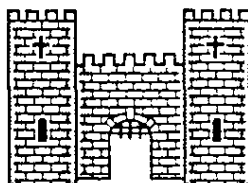


WADSWORTH

NORTHGATE

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ANNUAL REPORT AND ACCOUNTS

2007

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WADWORTH AND COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
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WADWORTH AND COMPANY LIMITED
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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred & Eighteenth Annual General Meeting of the Company will be held at the Northgate Brewery, Devizes, on Monday 17th December 2007, at 11 30 a m 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 2007, together with the Auditors' Report thereon
- 2 To declare a final dividend of 13 50p on the Ordinary and 'A' Ordinary Shares
- 3 To re-elect Mr R I Gordon-Finlayson as a Director of the Company
- 4 To re-elect Mr L J Stephens as a Director of the Company
- 5 To re-elect David Owen & Co as Auditors
- 6 To transact any other ordinary business of the Company

By order of the Board
R I GORDON-FINLAYSON
Secretary

Dated this 21st day of November 2007

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 Thursday 13th December 2007

2008 FINANCIAL DIARY

January 10	Final Dividend on Ordinary and 'A' Ordinary Shares
March 31	Half-Yearly Dividend on 9½% and 10¼% Preference Shares
May 23	Announcement of interim results for half year to 31 March 2008 Interim Dividend on Ordinary and 'A' Ordinary Shares
September 30	Half-Yearly Dividend on 9½% and 10¼% Preference Shares
November 25	Announcement of results for the year ended 30 September 2008
December 19	Annual General Meeting



CHAIRMAN'S STATEMENT

Operating profit for the year was similar to last year, but after interest and before disposal of assets normalised profit fell by 1.9% to £7,714,000 from £7,869,000. So the second half was virtually level with last year without managing to recover the small drop in the first half.

The start of the summer with April was excellent but June and July were very wet compared to a very hot period last year and ended with the floods which closed 14 of our pubs for various amounts of time. Although our houses in Cheltenham and Gloucester were closed for only a few days as the main water pumping station was flooded and could not provide clean drinking water, they could not sell food for three weeks. The Haw Bridge Inn on the Severn will not be open until December, and The Berkeley Arms in Tewkesbury was closed for three weeks. However our licensees did very well in difficult circumstances and traded whenever it was possible.

Tenanted contributions increased by 4.8% with our own beer sales going ahead well up just under 4% for the year. Lager suffered during the poor summer but wine showed a 4% increase. We bought three pubs during the year, all of which are country pubs with good food potential near to towns, and we sold four. During the year we invested over £3.8 million on capital projects. We have taken two pubs from management to tenancy and transferred one to management and now have 217 tenancies.

Managed Houses ended the year slightly down, mainly due to increased overheads and the very poor weather in June and July, nevertheless we had some good results, particularly where our food houses have shown the way and we are now in a good position to go forward. The Barge at Seend, The Bush at Ovington, The Millstone in Basingstoke and The Red Shoot in the New Forest all did exceptionally well and food sales in the estate grew by over 11%. Sales of our own beers were up over 4%, which was an excellent result, and wine grew by 6%, which reflects not only the increase in food sales but also our concentration on quality and standards. Accommodation was 13% ahead. We invested £2 million in the Managed House estate and have 39 Managed Houses.

National sales have stabilised during the second half with 6X still our main seller but we are seeing more growth in our other draught beers. Take-home trade in 6X was slightly down. The Free Trade have had a more difficult time but encouragingly sales of our own draught beers are in growth, and it is good to see our Free Trade customers regularly stocking more than one of our draught beers. The last three months have really begun to show the benefit of combining the two sales teams with much more positive results coming through.

The Brewery has had a good year and been busy with brewing up by over 10%. George and the Dragon, our new ale for St George's Day, was a great success with sales of over 700 barrels. During the summer we launched Horizon, a new beer for the year round, which is 4% ABV, golden and hoppy and an excellent beer to go with food and is going very well. All our draught beers are now in bottle except for IPA, and any house which cannot take more than two or three cask beers is encouraged to stock the others in bottle as there is an increasing interest in selling bottled beers to accompany food. Bishop's Tipple in bottle was a gold medallist in the International Beer Challenge and 6X won The Daily Telegraph Best of British award for Wales and the West Country. We now have a range of beers for all tastes.

We have increased our marketing expenditure this year and focused more on our pubs and our range of beers, rather than just 6X. In the past we have concentrated on the 6X brand whilst we now are confident in marketing Wadworth as a brand in everything we do, be it beers, brewery pubs training, visitor centre or any other part of Wadworth. We have a stronger message to sell about the whole business.

The smoking ban has now come into effect, and to date there has not been an obvious detrimental reaction as customers have been able to smoke outside the premises. However we are now getting into the colder weather so we may yet see a downturn in liquor trade. We also seem to be getting many more positive comments about the smoke-free environment, particularly in the food-led pubs and this is definitely where the opportunity lies.

As reported in last year's accounts, we have closed our final salary pension scheme to further accrual of benefits but protecting those benefits that have been earned, and we have replaced this with a new scheme providing benefits on a money purchase basis. The result of this and a special contribution of £1,250,000 to the scheme by the Company is that the deficit, which stood at nearly £4.2 million is now negligible, much less volatile and clearly more manageable for the long term.

Our new visitor centre in a part of the warehouse next to the brewery will be opened in December. It will feature a shop selling our merchandise and bottled beers, a heritage area with history about Wadworth, coopering and our shire horses and a tasting area. It is a very exciting project for the Company and will become a major tourist attraction for both Wadworth and Devizes.

Trevor Holmes retired at the end of March, having been with the Company for over 25 years and Brewing Director since 1989. In that time he steadily improved the brewing, production and distribution side of the business which has been reflected in the quality and consistency of our beers. He has been a great help to me, and I thank him for his tremendous contribution to the success of Wadworth over these years and wish him a very happy retirement.

The reorganisation of the past two years has resulted in a better structure and we now have strong teams in place in all parts of the business. With marketing at a level which will support and strengthen those teams we can move forward positively.

In the last year when we have had a lot of changes I would like to thank all our employees and licensees for their support in our business.

C J E BARTHOLOMEW
Chairman



WADWORTH AND COMPANY LIMITED
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ONE HUNDRED AND EIGHTEENTH ANNUAL REPORT

Directors

CHARLES J E BARTHOLOMEW, *Chairman and Managing Director*

JOHN C BARTHOLOMEW

A F WEST

R I GORDON-FINLAYSON

L J STEPHENS

Sir JAMES BUTLER CBE (*non-executive*)

DIRECTORS' REPORT

The Directors present their Report and the Accounts for the year ended 30 September 2007

Summary of Results:

	2007	2006
	£'000	£'000
Turnover	<u>50,150</u>	<u>48,963</u>
Operating profit per profit and loss account	9,328	9,335
Adjustment for FRS 17 pension scheme	(55)	(76)
Net interest payable	(1,559)	(1,390)
Normalised profit	<u>7,714</u>	<u>7,869</u>
Profit on disposal of fixed assets	776	804
Adjustments to pension scheme (net)	1,531	-
FRS 17 pension scheme and interest adjustments	<u>55</u>	<u>76</u>
Profit on ordinary activities before taxation	<u>10,076</u>	<u>8,749</u>
Taxation	<u>(1,898)</u>	<u>(1,869)</u>
Profit for the financial year	8,178	6,880

The Directors recommend that this should be appropriated as follows

Preference Dividends	469	469
Ordinary Dividends		
Interim 6 25p (2006 6 00p)	475	456
Final 13 50p (2006 13 00p)	<u>1,025</u>	<u>987</u>
	1,969	1,912
Surplus after appropriation of dividends	<u>6,209</u>	<u>4,968</u>

Principal Activities:

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

Movement in Fixed Assets:

The movement in fixed assets during the year is set out in note 9 to the Accounts

Company Status:

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988

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 to that of other employees.

Employee Consultations.

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 £29,617 (2006 £17,591).

Board of Directors:

Mr R I Gordon-Finlayson and Mr L J Stephens retire by rotation and, being eligible, offer themselves for re-election. Details of the directors' interests in the shares of the Company are set out in note 16.

Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 and other irregularities.

Directors' Statement as to Disclosure of Information to Auditors

The directors who were members of the Board at the time of approving the Directors' Report are listed on page 6. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Northgate Brewery
Devizes
21st November 2007



By order of the Board
R I GORDON-FINLAYSON
Secretary



WADWORTH AND COMPANY LIMITED
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Profit and Loss Account for the year ended 30 September 2007.

		2007		2006	
	Notes	£'000	£'000	£'000	£'000
TURNOVER	(2)		50,150		48,963
Cost of sales			<u>21,404</u>		<u>21,414</u>
GROSS PROFIT			28,746		27,549
Distribution and selling costs	(2)	15,733		14,958	
Administration expenses		<u>3,685</u>		<u>3,256</u>	
			<u>19,418</u>		<u>18,214</u>
Operating profit			9,328		9,335
Exceptional items -					
Profit on disposal of fixed assets			776		804
Special contribution to pension scheme		(1,250)		—	
Gain on curtailment of pension scheme		<u>2,781</u>		<u>—</u>	
			<u>1,531</u>		<u>—</u>
Profit on ordinary activities before interest			11,635		10,139
Interest receivable and similar income			29		22
Interest payable and similar charges			(1,697)		(1,479)
Interest/return on pension deficit			109		67
			<u>—</u>		<u>—</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(4)		10,076		8,749
TAXATION	(5)		1,898		1,869
PROFIT FOR THE FINANCIAL YEAR			<u>8,178</u>		<u>6,880</u>

Statement of Total Recognised Gains and Losses for the year ended 30 September 2007.

		2007	2006
	Notes	£'000	£'000
Profit for the financial year		8,178	6,880
Actuarial gain/(loss) on pension scheme	(20)	1,226	(2,289)
Movement on deferred tax relating to pension liability	(20)	(1,221)	687
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		8,183	5,278
Prior year adjustment - pension scheme deficit	(20)	—	(1,357)
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>8,183</u>	<u>3,921</u>

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 11 to 17 form part of these accounts

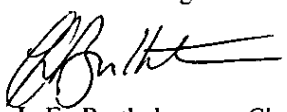


WADWORTH AND COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
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Balance Sheet as at 30 September 2007.

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	(8)		126		8
Tangible assets	(9)		101,468		94,991
			<u>101,594</u>		<u>94,999</u>
CURRENT ASSETS					
Stocks	(10)	1,777		1,858	
Debtors	(11)	3,934		3,645	
Loans and unquoted investments	(12)	479		484	
Cash at bank and in hand		482		369	
		<u>6,672</u>		<u>6,356</u>	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	(13)	14,936		16,360	
NET CURRENT LIABILITIES			<u>(8,264)</u>		<u>(10,004)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			93,330		84,995
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(14)	16,000		11,000	
PROVISION FOR LIABILITIES AND CHARGES	(15)	2,732		2,807	
			<u>(18,732)</u>		<u>(13,807)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			74,598		71,188
PENSION LIABILITY	(20)		(64)		(2,906)
NET ASSETS			<u>74,534</u>		<u>68,282</u>
CAPITAL AND RESERVES					
Called up share capital	(16)	12,460		12,460	
Profit and Loss Account	(17)	62,074		55,822	
		<u>74,534</u>		<u>68,282</u>	

Approved by the Board and signed on 21 November 2007


 C J E Bartholomew, *Chairman*

The notes on pages 11 to 17 form part of these accounts



WADWORTH AND COMPANY LIMITED
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Cash Flow Statement for the year ended 30 September 2007.

	2007	2006
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	10,743	11,141
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Preference dividends paid	(469)	(469)
Interest received	29	22
Interest paid	<u>(1,684)</u>	<u>(1,481)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(2,124)	(1,928)
TAXATION		
Corporation tax paid	(2,348)	(1,508)
CAPITAL EXPENDITURE		
Payments to acquire intangible fixed assets	(155)	—
Payments to acquire tangible fixed assets	(10,036)	(9,398)
Receipts from sale of tangible fixed assets	<u>2,078</u>	<u>1,900</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(8,113)	(7,498)
EQUITY DIVIDENDS PAID	<u>(1,462)</u>	<u>(1,417)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u><u>(3,304)</u></u>	<u><u>(1,210)</u></u>

Reconciliations and analyses can be found in Note 22



WADWORTH AND COMPANY LIMITED
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NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

(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 and Amortisation

Goodwill arising on acquisitions is amortised in equal instalments over three years

Depreciation is provided on the buildings element of freehold properties so as to write them down to their estimated residual value over 50 years

Depreciation of other fixed assets is applied over their estimated useful lives as follows -

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	~ On the basis of annual valuation
Fixtures and fittings	~ 10% per annum on the reducing balance
Computer and cellar service equipment	~ 20% per annum on the straight line basis
Motor vehicles	~ 30% per annum on the reducing balance

(c) Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of stocks produced by the Company comprises materials and directly attributable production costs, stocks of bought-in goods are valued at their purchase costs with no further overhead additions

(d) Deferred Taxation

Full provision is made for the tax effect arising from timing differences due to accelerated claims for capital allowances. The results have not been affected by the implementation of FRS 19 (Deferred Taxation) as the Company has always adopted a prudent approach and provided in full for any such liabilities arising

(e) Pensions

The Company closed its defined benefit (final salary) pension scheme to new members and future service accrual on 30th November 2006. The funds continue to be administered by trustees and are independent of the Company's finances. The scheme is fully funded and contributions are paid in accordance with the recommendations of an independent actuary, but the Company decided this year to make a voluntary special contribution to the scheme as part of the process of transferring to a new, defined contribution scheme under which payments are made to members' personal policies (see also note 20)

(f) Leasing

Finance leases of items of plant and machinery are capitalised and depreciated in accordance with the Company's depreciation policy. The capital element of future lease payments is included under borrowings. Operating lease rentals are charged to the profit and loss account when incurred

(g) Foreign Currencies

Transactions denominated in foreign currencies are recorded at a pre-determined exchange rate. Settlements in respect of such transactions are recorded at the rate of exchange ruling at the date of payment with the resulting exchange differences being dealt with in the determination of profit for the financial year

	2007 £'000	2006 £'000
2. TURNOVER		
Turnover comprises		
Sales of beers, wines, spirits, ciders and minerals	42,971	42,396
Other operating income	7,179	6,567
	<u>50,150</u>	<u>48,963</u>

Other operating income includes mainly tenancy rents, fruit machine income and accommodation income

DISTRIBUTION AND SELLING COSTS

Wholesale trade selling costs	3,706	3,394
Retail trade selling costs	10,381	9,926
Transport and storage costs	1,646	1,638
	<u>15,733</u>	<u>14,958</u>

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company was 549 (2006 549), split into the following categories -

Manufacture	35	36
Sales and Distribution	470	468
Administration	44	45
	<u>549</u>	<u>549</u>

In addition, seasonal part-time employees numbering up to 400 are employed at various managed houses

The aggregate payroll costs of these persons were as follows -

Wages and salaries	9,437	9,099
Social security costs	852	827
Other pension costs	379	416
	<u>10,668</u>	<u>10,342</u>

The aggregate emoluments of the directors, including pension contributions, were

758,755 922,953

The number of directors who are members of a defined benefit scheme

4 5

Emoluments of the highest paid director, excluding pension contributions

196,721 183,245

At 30 September 2007 the amount of the accrued pension of the highest paid director was £88,041 p a (2006 £87,377)

There were no transactions with the directors during the year other than the payment of their emoluments

4. PROFIT BEFORE TAXATION

This is stated after charging/(crediting) the following -

Interest received	(29)	(22)
Rent income	(4,968)	(4,713)
Interest on bank overdraft and other loans repayable within five years	932	714
Interest on loans repayable in more than five years	765	765
Depreciation of tangible assets	2,253	2,142
Amortisation of goodwill	37	12
Auditors' remuneration ~ audit services	39	37
~ other services	17	18
Directors' emoluments	759	923
Operating lease rentals ~ plant and machinery	25	24
~ land and buildings	461	485

	2007 £'000	2006 £'000		
5. TAXATION				
Analysis of tax charge in the year				
UK Corporation tax on income for the year	1,973	2,302		
UK Corporation tax overprovided in previous years	<u>-</u>	<u>(474)</u>		
	1,973	1,828		
Deferred taxation charge re capital allowances	128	18		
Deferred taxation (credit)/charge re pension scheme	<u>(203)</u>	<u>23</u>		
	1,898	1,869		
Reconciliation of tax charge				
Profit on ordinary activities before tax	<u>10,076</u>	<u>8,749</u>		
Profit on ordinary activities multiplied by standard rate of Corporation tax of 30%	3,023	2,625		
Effect of				
Expenses not deductible for tax purposes	13	21		
Capital allowances in excess of depreciation	(182)	(80)		
Pension scheme curtailment	(851)	-		
Pension scheme special contribution adjustment	203	(23)		
Overprovision in previous years	-	(474)		
Capital gains rolled over	<u>(233)</u>	<u>(241)</u>		
Corporation tax charge for the year	<u>1,973</u>	<u>1,828</u>		
6. DIVIDENDS DECLARED AND PAID DURING THE YEAR				
Preference Dividends on 10¼% shares	94	94		
on 9½% shares	375	375		
	<u>469</u>	<u>469</u>		
Ordinary Dividends - Final dividend for 2006 13 00p (2005 12 40p)	987	942		
Interim dividend for 2007 6 25p (2006 6 00p)	<u>475</u>	<u>456</u>		
	<u>1,462</u>	<u>1,398</u>		
7. EARNINGS PER SHARE				
This has been calculated before exceptional pension scheme adjustments and after deducting preference dividends paid, as follows				
Profit attributable to ordinary shareholders	6,178	6,411		
Number of ordinary shares issued	7,593,886	7,593,886		
Earnings per ordinary share	81 35p	84 42p		
8. INTANGIBLE FIXED ASSETS				
Properties acquired during the year ended 30th September 2007 gave rise to the purchase of £155,000 of goodwill, which is being amortised over three years				
9. TANGIBLE FIXED ASSETS (in £'000)				
	Freehold Property	Leasehold Property	Plant, Machinery & Motor Vehicles	Total
At cost				
Opening balance	78,020	3,407	36,719	118,146
Additions	6,289	603	3,143	10,035
Disposals	<u>(940)</u>	<u>-</u>	<u>(886)</u>	<u>(1,826)</u>
Closing balance	<u>83,369</u>	<u>4,010</u>	<u>38,976</u>	<u>126,355</u>
Depreciation				
Opening balance	1,069	1,018	21,068	23,155
Charge for the year	209	99	1,945	2,253
Withdrawn on disposals	<u>(9)</u>	<u>-</u>	<u>(512)</u>	<u>(521)</u>
Closing balance	<u>1,269</u>	<u>1,117</u>	<u>22,501</u>	<u>24,887</u>
Net Book Value				
2007	<u>82,100</u>	<u>2,893</u>	<u>16,475</u>	<u>101,468</u>
2006	<u>76,951</u>	<u>2,389</u>	<u>15,651</u>	<u>94,991</u>
Leasehold properties comprised				
Long-lease (over 50 years)			1,592	1,453
Short-lease (under 50 years)			<u>1,301</u>	<u>936</u>
			<u>2,893</u>	<u>2,389</u>

	2007 £'000	2006 £'000
10. STOCKS		
Brewing materials, beers and consumables	674	799
Minerals and ciders	124	142
Wines and spirits	485	448
Stocks at licensed houses and shop	477	454
Horses	17	15
	<u>1,777</u>	<u>1,858</u>
11. DEBTORS		
Trade debtors, all receivable within one year	3,425	3,218
Prepayments and accrued income	509	427
	<u>3,934</u>	<u>3,645</u>
12. LOANS AND UNQUOTED INVESTMENTS		
These include		
Loans to employees	<u>16</u>	<u>40</u>
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank borrowings	7,333	8,916
Trade creditors	4,198	3,704
Corporation tax	797	1,172
Social Security and other taxes	1,244	1,224
Tenants' deposits	1,364	1,344
	<u>14,936</u>	<u>16,360</u>
The tenants' deposits are repayable when the licensee relinquishes his tenancy		
14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
(a) Mortgage and debenture stock		
12¾% 1st Mortgage Debenture Stock 2015	6,000	6,000
The above Debenture Stock is redeemable by 31st March 2015 and is secured by a floating charge over the Company's assets		
(b) Bank borrowing	10,000	5,000
The Company has a revolving unsecured bank facility, which can be withdrawn at 367 days notice and carries an interest rate of 0.70% over London Inter Bank Offer Rate		
	<u>16,000</u>	<u>11,000</u>
15. PROVISION FOR LIABILITIES AND CHARGES		
Provision for deferred taxation		
Opening balance	2,807	2,789
Charge/(credit) for the year	(75)	18
Closing balance	<u>2,732</u>	<u>2,807</u>
Full provision is made for corporation tax at 28% (2006 30%) on the difference between the book value of qualifying fixed assets and the tax written down value		

16. SHARE CAPITAL

	2007		2006	
	Authorised £'000	Issued £'000	Authorised £'000	Issued £'000
Ordinary Shares of £1 each	2,165	2,092	2,165	2,092
'A' Ordinary Shares of £1 each	5,789	5,502	5,789	5,502
10¼% Cum Preference Shares of £1 each	923	923	923	923
9½% Cum Preference Shares of £1 each	3,994	3,943	3,994	3,943
Unclassified Shares of £1 each	2,129	—	2,129	—
	<u>15,000</u>	<u>12,460</u>	<u>15,000</u>	<u>12,460</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 held and one vote for every £4 nominal amount of 'A' Ordinary Shares held. 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.

Directors' interests:

		30th September 2007				30th September 2006			
		Ordinary	A Ord	10¼%Pref	9½%Pref	Ordinary	A Ord	10¼%Pref	9½%Pref
C J I Bartholomew	Beneficial	237 734	1 832	791	17 941	237 534	—	791	17 941
	As Trustee	114 166	325 906	6 404	192 966	114 166	325 906	6 404	192 966
J C Bartholomew	Beneficial	185 092	40 638	—	71 236	185 092	46 134	—	71 236
	As Trustee	21 600	59 400	9 330	51 705	21 600	59 400	9 330	51 705
A I West	Beneficial	63 960	400	11 332	134 575	63 960	400	11 332	134 575
R I Gordon Finlayson	Beneficial	18 185	9 786	14 895	57 160	17 685	9 036	10 885	56 668
	As Trustee	163 864	367 061	49 260	204 768	163 864	377 266	49 260	204 768
L J Stephens	Beneficial	200	—	—	—	200	—	—	—
Sir James Butler	Beneficial	127 050	119 268	13 432	80 396	127 050	119 268	13 432	80 396

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

17. PROFIT AND LOSS ACCOUNT

	2007 £'000
At 1st October 2006	55,822
Profit after taxation for year to 30th September 2007	8,178
Dividends paid	(1,931)
Actuarial gain on pension scheme	1,226
Movement on deferred tax relating to pension scheme	(1,221)
At 30th September 2007 including pension liability	62,074
Pension deficit	64
At 30th September 2007 excluding pension liability	<u>62,138</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Shareholders' funds at 30th September 2006	68,282
Profit after taxation for year to 30th September 2007	8,178
Dividends paid	(1,931)
Actuarial gain on pension scheme	1,226
Movement on deferred tax relating to pension scheme	(1,221)
Shareholders' funds at 30th September 2007	<u>74,534</u>

19. OPERATING LEASES AND CAPITAL COMMITMENTS

At 30th September 2007 the Company was committed to making the following payments during the next year in respect of operating leases

Leases which expire:

	Land and Buildings	Plant and Machinery
Between one and five years	—	6
After five years	461	—

Capital commitments amounting to £550,000 in respect of the visitor centre were outstanding as at 30th September 2007 (2006 £nil)

20. PENSION COMMITMENTS

During the year the Company operated a contributory, defined benefit scheme, which, however, was closed to new members and to future service accrual on 30th November 2006. A full actuarial valuation was carried out on the scheme as at 1st June 2004 and, using the assumptions below, was adjusted and rolled forward for the purpose of FRS 17 by a qualified independent actuary. A further full actuarial valuation is currently being carried out on the scheme as at 1st June 2007. The Company agreed with the trustees of the scheme, following a consultation process with members, to close the scheme to future accrual for all active members. Since 30th November 2006 no further benefits have accrued in the scheme, and members' benefits will be calculated as if they left service at that date. As a result of this change (which means that members' benefits will be calculated based upon salary at closure rather than at subsequently leaving service or retirement) there has been a significant reduction in the liabilities. The Company intends continuing to fund the scheme appropriately, and, during the year a one-off payment of £1,250,000 was made. The balance sheet deficit at 30th September 2007 has decreased to £64,638.

The major financial assumptions used by the actuary were

	At 30/9/07 % per annum	At 30/9/06 % per annum	At 30/9/05 % per annum
Discount rate	6.00%	5.00%	5.10%
Rate of increase in salaries	n/a	4.15%	3.25%
Rate of increase in pensions in payment	3.10%	2.90%	2.70%
Inflation assumption	3.25%	2.90%	2.70%

The assets of the scheme and the expected rates of return as at each 30th September were

	Long term rate of return expected at 30/9/07	Value at 30/9/07 £	Long term rate of return expected at 30/9/06	Value at 30/9/06 £	Long term rate of return expected at 30/9/05	Value at 30/9/05 £
Equities	8.00%	9,348,885	7.90%	8,330,366	8.00%	6,867,905
Bonds	5.00%	2,002,185	4.50%	1,816,780	4.30%	1,328,674
Cash	6.00%	467,522	4.90%	232,759	4.00%	720,784
Average	7.40%		7.20%		7.10%	
Total market value of assets		11,818,592		10,379,905		8,917,363
Present value of scheme's liabilities		(11,908,367)		14,531,301		(10,855,894)
Deficit in scheme		(89,775)		(4,151,396)		(1,938,531)
Related deferred tax asset		25,137		1,245,419		581,559
Net pension liability		<u>(64,638)</u>		<u>(2,905,977)</u>		<u>(1,356,972)</u>

The amount that has been charged to operating profit in respect of current service was £109,361 (2006 £406,393) and the analysis of the amount that has been charged to other financial costs was

	2007 £	2006 £
Expected return on pension scheme assets	762,786	641,645
Interest on pension scheme liabilities	(653,618)	(574,498)
Net return	<u>109,168</u>	<u>67,147</u>

The analysis of amounts that have been recognised in the statement of total recognised gains and losses is as follows

	2007 £	2006 £
Actual return less expected return on scheme assets	237,585	576,935
Experience gains and losses arising on scheme liabilities	(222,101)	125,890
Changes in assumptions underlying the present value of the scheme liabilities	1,210,560	(2,992,029)
Actuarial gain/(loss)	<u>1,226,044</u>	<u>(2,289,204)</u>
	£	£
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(4,151,396)	(1,938,531)
Movement in the year		
Current service cost	(109,361)	(406,393)
Contributions	1,305,034	415,586
Curtailments and settlements	1,530,736	—
Other financial income	109,168	67,147
Actuarial gain/(loss)	<u>1,226,044</u>	<u>(2,289,204)</u>
Deficit in scheme at end of year	<u>(89,775)</u>	<u>(4,151,396)</u>

The valuation as at 30th September 2007 showed a decrease in the deficit from £4,151,396 to £89,775

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

1. Reconciliation of operating profit to net cash inflow from operating activities

	2007 £'000	2006 £'000
Operating profit	9,328	9,335
Depreciation charges & goodwill	2,290	2,154
Loss/(profit) on disposal of non property fixed assets	4	(4)
Earnings before interest, tax, depreciation and amortisation	<u>11,622</u>	<u>11,485</u>
Difference between pension charge and cash contributions	54	(9)
Special contribution to pension scheme	(1,250)	—
Decrease/(increase) in stock	81	24
(Increase)/decrease in debtors	(284)	(220)
Increase/(decrease) in creditors	520	(139)
Net cash inflow from operating activities	<u>10,743</u>	<u>11,141</u>

2. Reconciliation of net cash flow to movement in net debt

Net cash outflow for the year	(3,304)	(1,210)
Net debt at 1st October 2006	(19,547)	(18,337)
Net debt at 30th September 2007	<u>(22,851)</u>	<u>(19,547)</u>

3. Analysis of changes in net debt

	At 1 10 2006	Cash Flows	At 30 9 2007
Cash at bank	369	113	482
Overdrafts	(8,916)	1,583	(7,333)
		<u>1,696</u>	
Debt due after one year			
Debentures	(6,000)	—	(6,000)
Loan	(5,000)	(5,000)	(10,000)
Total	<u>(19,547)</u>	<u>(3,304)</u>	<u>(22,851)</u>



WADWORTH AND COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
2007

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF WADWORTH AND COMPANY LIMITED**

We have audited the the Company's financial statements for the year ended 30th September 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profit and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Directors and Auditors.

The Directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all of the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

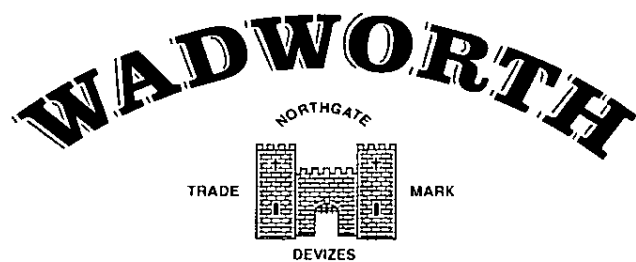
In our opinion -

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30th September 2007 and of its profit for the year then ended. The financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Director's Report is consistent with the financial statements.

17 MARKET PLACE
DEVIZES, WILTSHIRE SN10 1BA

21 NOVEMBER 2007

DAVID OWEN & Co
Chartered Accountants and
Registered Auditors



WADWORTH AND COMPANY LIMITED

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