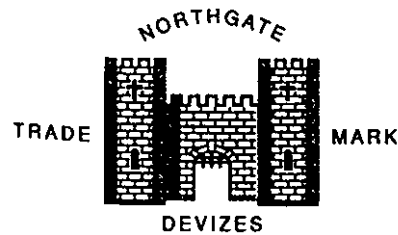


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**WADSWORTH**  
& CO. LTD.



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ANNUAL REPORT AND ACCOUNTS

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1997

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# WADWORTH AND COMPANY LTD.

## REPORT and ACCOUNTS 1997

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# WADWORTH AND COMPANY LTD.


## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred & Eighth Annual General Meeting of the Company will be held at the Northgate Brewery, Devizes, on Friday 19 December, 1997, 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, 1997, together with the Auditors' Report thereon.
2. To declare a final dividend of 13.4p on the Ordinary and 'A' Ordinary Shares.
3. To re-elect Mr. A. F. West and Mr. P.J. Butler 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 17th day of November, 1997.

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 Wednesday, 17 December, 1997.

## 1998 FINANCIAL DIARY

January 2	Final Dividend on Ordinary and 'A' Ordinary Shares.
April 1	Half-Yearly Dividend on 9¼% and 10% Preference Shares.
May 22	Announcement of interim results for half year to 31 March 1998. Interim Dividend on Ordinary and 'A' Ordinary Shares.
September 30	Half-Yearly Dividend on 9¼% and 10% Preference Shares.
November 25	Announcement of results for the year ended 30 September 1998
December 18	Annual General Meeting.

## **WADWORTH AND COMPANY LTD.**

### **STATEMENT BY THE CHAIRMAN**

A better second half has turned the fall in the half year results into increased profit for the full year. At £5,487,000 the profit on ordinary activities excluding exceptional items is up by 3%.

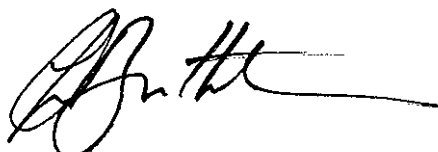
The benefit of the savings resulting from the distribution agreement with Whitbread, the contribution from a number of new houses, an increase in wholesale trade and improved margins on foreign beers have all moved us forward.

During the year we purchased 15 new houses, 11 managed and 4 tenanted and we sold 3 smaller tenanted houses. We invested £1.75 million in improvements to the estate and some excellent alterations in both Managed and Tenanted houses are already giving us good returns.

The Managed houses had a good year in all respects with overheads well controlled, like for like sales increasing by 3.5%, food sales up 7% and the new houses making a good contribution to the end result. We now have 62 houses under management. Tenancies again improved their contribution and, although beer sales were down, sales of wine have increased with improved food sales.

Our own beer sales are level against a total beer market down some 3% and a cask beer market that has fallen 14% year on year. 6X is now the fourth largest premium cask ale brand nationally and the second most widely distributed. Bottled 6X Export has been replaced by a new pint bottled 6X 4.3% ABV; we expect significant growth in this during the coming year and with sales of 6X in 500ml cans still growing, we are well represented in the take-home market. Sales of foreign beers and lagers have increased in our own estate and the better margins we now receive have enabled our Free Trade sales force to open new accounts and increase trade with existing customers. Wine sales are up 8% for the year and the contribution from both ciders and minerals has also improved.

So we are able to compete in a very competitive market. We have also invested heavily in the retail side and anticipate a further increase in the estate in the coming year. We have good licensees and I am grateful to them and our employees for their support over the past year. It is through their efforts that we have begun to grow again.



**C J E Bartholomew**  
**CHAIRMAN**

# WADWORTH AND COMPANY LTD.

## ONE HUNDRED AND EIGHTH ANNUAL REPORT

### Directors:

CHARLES J. E. BARTHOLOMEW, *Chairman and Managing Director*  
 JOHN C. BARTHOLOMEW  
 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, 1997.

#### Summary of Results:

	1997	1996
	£'000	£'000
Profit on ordinary activities before taxation ...	5,765	5,547
Extraordinary item ... ..	—	10,000
	<u>5,765</u>	<u>15,547</u>
Taxation ... ..	1,753	1,832
	<u>4,012</u>	<u>13,715</u>
Profit for this financial year ... ..		

The Directors recommend that this should be appropriated as follows:

Preference Dividends ... ..	369	369
Ordinary Dividends		
Interim 6.0p (5.6p) ... ..	237	221
Final 13.4p (12.5p) ... ..	<u>528</u>	<u>493</u>
	<u>1,134</u>	<u>1,083</u>
Retained Profits ... ..	<u>2,878</u>	<u>12,632</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 11 to the Accounts.

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

		30/9/97		30/9/96	
		Ordinary	'A'Ordinary	Ordinary	'A'Ordinary
C. J. E. Bartholomew	Beneficial	110,202	7,914	88,974	73,414
	As Trustee	47,178	154,519	47,178	149,519
J. C. Bartholomew	Beneficial	91,481	48,647	91,481	63,371
	As Trustee	109,102	290,592	109,102	290,592
A. F. West	Beneficial	17,000	3,000	10,000	11,000
R. A. J. Macdonald	Beneficial	—	—	—	—
T. Holmes	Beneficial	—	—	—	—
R. I. Gordon-Finlayson	Beneficial	24,096	45,647	23,792	46,507
P. J. Butler	Beneficial	61,625	59,634	59,625	59,634

**Directors' Other Holdings:**

		30/9/97				30/9/96			
		4% Mortgage Stock	4 1/2% Debenture Stock	10% Preference Shares	9 1/4% Preference Shares	4% Mortgage Stock	4 1/2% Debenture Stock	10% Preference Shares	9 1/4% Preference Shares
C. J. E. Bartholomew	Beneficial	—	—	91	—	—	—	91	—
	As Trustee	—	—	24,534	141,821	—	—	24,534	141,821
J. C. Bartholomew	Beneficial	441	565	17,744	77,261	441	565	17,744	77,261
	As Trustee	—	—	101,056	283,651	—	—	101,056	283,651
P. J. Butler	Beneficial	—	—	13,432	49,607	—	—	13,432	49,607

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

**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 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. A Profit Related Pay Scheme has been in operation since 1 October, 1996.

**Donations:**

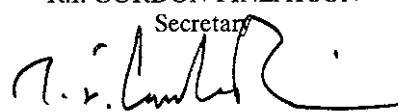
There were no political donations. Charitable donations amounted to £4,995. (1996 £10,997).

**Board of Directors:**

Mr A. F. West and Mr. P. J. Butler retire by rotation and, being eligible, offer themselves for re-election.

Northgate Brewery  
Devizes, Wilts.  
17 November, 1997

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



# WADWORTH AND COMPANY LTD.

## Profit and Loss Account for the year ended 30 September, 1997.

		1997		1996	
	Notes	£'000	£'000	£'000	£'000
TURNOVER... ..	(2)		35,975		34,651
Cost of sales ... ..			20,815		20,550
GROSS PROFIT ... ..			15,160		14,101
Other Operating Income ... ..	(2)		3,349		2,931
			18,509		17,032
Distribution costs... ..		5,581		5,095	
Administrative expenses ... ..		6,763		5,915	
			12,344		11,010
Operating profit ... ..			6,165		6,022
Exceptional items:-					
Profit on disposal of fixed assets ... ..			278		214
Share of results of associated company... ..			—		—
Profit on ordinary activities before interest ... ..			6,443		6,236
Interest payable less receivable ... ..			678		689
PROFIT ON ORDINARY ACTIVITIES					
BEFORE TAXATION ... ..	(4)		5,765		5,547
Extraordinary item ... ..	(5)		—		10,000
			5,765		15,547
TAXATION ... ..	(6)		1,753		1,832
PROFIT FOR THE FINANCIAL YEAR ... ..			4,012		13,715
Preference dividends... ..	(7)		369		369
Profit attributable to ordinary shareholders ... ..			3,643		13,346
Ordinary dividends ... ..	(7)		765		714
Profits Retained for the year ... ..			2,878		12,632
Earnings per £1 Ordinary Share	(8)				
(a) Before extraordinary item			92.46p		84.92p
(b) After extraordinary item			N/A		338.73p

All items dealt with in arriving at the operating profit for both 1997 and 1996 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.

# WADWORTH AND COMPANY LTD.

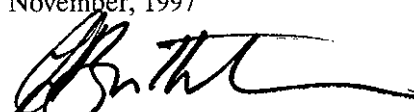
## Balance Sheet as at 30 September, 1997

	Notes	1997 £'000	1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets ... ..	(11)	55,015	45,933
Intangible assets ... ..	(9)	—	—
Investments ... ..	(10)	—	—
		<u>55,015</u>	<u>45,933</u>
<b>CURRENT ASSETS</b>			
Stocks ... ..	(12)	1,591	1,275
Debtors ... ..	(13)	2,187	2,263
Loans and unquoted investments ... ..	(14)	795	896
Cash at bank and in hand ... ..		93	3,957
		<u>4,666</u>	<u>8,391</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	(15)	<u>8,103</u>	<u>5,928</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>(3,437)</u>	<u>2,463</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		51,578	48,396
<b>CREDITORS:</b>			
Amounts falling due after more than one year:			
Loan capital and term finance ... ..	(16)	6,061	6,061
Provision for deferred taxation ... ..	(16)	1,058	754
		<u>7,119</u>	<u>6,815</u>
<b>NET ASSETS</b>		<u>44,459</u>	<u>41,581</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital ... ..	(17)	7,857	7,857
Profit and Loss Account ... ..	(18)	36,602	33,724
		<u>44,459</u>	<u>41,581</u>

Approved by the Board and signed on 17 November, 1997

C. J. E. Bartholomew, Director

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, 1997

	1997	1996
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,589	8,039
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received ... ..	145	251
Interest paid ... ..	(815)	(943)
Dividends paid ... ..	<u>(1,098)</u>	<u>(1,039)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,768)	(1,731)
TAXATION		
Corporation tax paid ... ..	(1,645)	(2,000)
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(10,288)	(6,536)
Receipts from sales of tangible fixed assets	461	595
Receipt from sale of marketing agreement	—	10,000
Receipt from sale of investments	<u>2</u>	<u>—</u>
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(9,825)	4,059
	<u>(5,649)</u>	<u>8,367</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(5,649)</u>	<u>8,367</u>

Reconciliations and analyses can be found in Section 23 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 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

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 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 equipment	-	30% per annum on the reducing balance.
Motor vehicles	-	30% per annum on the reducing balance.

#### (c) Stocks

Stocks are stated at the lower of cost or 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) 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.

#### (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 head office 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.

#### (g) 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.

### 2. TURNOVER

Turnover comprises:

	1997 £'000	1996 £'000
Sales of beers, wines, spirits, ciders and minerals	35,823	34,503
Sundries	152	148
	<u>35,975</u>	<u>34,651</u>
Exports amounted to	<u>NIL</u>	<u>6</u>

	1997	1996
<b>3. STAFF NUMBERS AND COST</b>		
The average number of persons employed by the company was 478 (1996 435), split into the following categories:-		
Manufacture	41	46
Sales and Distribution	397	351
Administration	40	38
	<u>478</u>	<u>435</u>
In addition, seasonal part-time employees numbering up to 250 are employed at various managed houses.		
The aggregate payroll costs of these persons were as follows:-	£'000	£'000
Wages and salaries	6,492	5,856
Social Security costs	489	449
Other pension costs	291	327
	<u>7,272</u>	<u>6,632</u>
The aggregate emoluments of the directors were	585,271	582,671
The number of directors who are members of a defined benefit scheme	5	5
Emoluments of the highest paid director	119,779	116,910
At 30 September 1997 the amount of the accrued pension of the highest paid director was £39,869 p.a. and the accrued lump sum was £89,705		
There were no transactions with the directors during the year other than the payment of their emoluments.		
<b>4. PROFIT BEFORE TAXATION</b>		
This is stated after charging or crediting the following:-	£'000	£'000
Interest received	145	252
Rent income	2,337	2,265
Interest on bank overdraft and other loans repayable within five years	54	173
Interest on loans repayable in more than five years	768	768
Depreciation of tangible fixed assets	1,022	1,208
Auditors' remuneration - audit services	30	30
- other services	12	10
Directors' emoluments	585	583
Operating lease rentals - plant and machinery	13	13
- land and buildings	316	290
<b>5. EXTRAORDINARY ITEM</b>		
This comprises:-		
Proceeds from sale of marketing agreement with Whitbread	-	10,000
<b>6. TAXATION</b>		
(a) Corporation tax on the assessable profit for the year at 32% (1996 33%)	1,450	1,640
Deferred taxation provision	303	192
	<u>1,753</u>	<u>1,832</u>
(b) The provision for taxation included in creditors is:		
Amounts falling due within one year	<u>1,231</u>	<u>1,426</u>

		1997 £'000	1996 £'000
<b>7. DIVIDENDS</b>			
Preference Dividends			
on 10% Shares		92	92
on 9¼% Shares		277	277
		<u>369</u>	<u>369</u>
Ordinary Dividends			
Interim of 6.0p (1996 5.6p)		237	221
Final of 13.4p (1996 12.5p)		528	493
		<u>765</u>	<u>714</u>

**8. EARNINGS PER SHARE**

This has been calculated as follows:

Profit attributable to ordinary shareholders		
(a) before extraordinary item	3,643	3,346
(b) after extraordinary item	N/A	13,346
Number of ordinary shares issued (thousands)	3,940	3,940
Earnings per ordinary share		
(a) before extraordinary item	92.46p	84.92p
(b) after extraordinary item	N/A	338.73p

**9. INTANGIBLE FIXED ASSETS**

A nominal value for goodwill of £1 is included

**10. 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, Moulsoford, 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.

**11. TANGIBLE FIXED ASSETS**

(in £'000)

	Freehold Property	Leasehold Property	Plant Machinery & Motor Vehicles	Total
At cost or valuation				
Opening balance	35,830	3,344	15,513	54,687
Additions	6,554	109	3,625	10,288
Disposals	(35)	-	(205)	(240)
Transfers	285	(285)	-	-
Closing balance	<u>42,634</u>	<u>3,168</u>	<u>18,933</u>	<u>64,735</u>
Depreciation				
Opening balance	-	444	8,310	8,754
Charge for the year	-	83	939	1,022
Withdrawn on disposals	-	-	(56)	(56)
Closing balance	<u>-</u>	<u>527</u>	<u>9,193</u>	<u>9,720</u>
Net Book Value				
1997	42,634	2,641	9,740	55,015
1996	<u>35,830</u>	<u>2,900</u>	<u>7,203</u>	<u>45,933</u>

Freehold properties included at valuation made in 1970 of £601,000 had an historic cost of £245,000. There has been a change in the rates of depreciation to reflect more accurately the useful lives of the Plant, Machinery and Motor Vehicles. Fixtures and equipment at Licensed Houses are now depreciated at 10% p.a. on the reducing balance (previously 15%) while Computer Equipment and Motor Vehicles are depreciated at 30% p.a. on the reducing balance (previously 25%)

	1997 £'000	1996 £'000
Leasehold properties comprised		
Long-lease (over 50 years)	1,625	1,898
Short-lease (under 50 years)	1,016	1,092
	<u>2,641</u>	<u>2,900</u>
At 30 September 1997, capital commitments contracted for but not provided for in the accounts were:	<u>601</u>	<u>933</u>
<b>12. STOCKS</b>		
Brewing materials, beers and consumables	617	578
Minerals and ciders	145	119
Wines and spirits	312	187
Stocks at licensed houses and shops	508	381
Horses	9	10
	<u>1,591</u>	<u>1,275</u>
<b>13. DEBTORS</b>		
Trade debtors, all receivable within one year	2,134	2,127
Prepayments and accrued income	53	136
	<u>2,187</u>	<u>2,263</u>
<b>14. LOANS AND UNQUOTED INVESTMENTS</b>		
These include:		
Loans to directors made prior to appointment	30	33
Loans to employees	91	59
<b>15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank borrowings	1,785	-
Trade creditors	3,113	2,638
Corporation tax	1,231	1,426
Social Security and other taxes	836	869
Tenants' deposits	610	502
Proposed dividend	528	493
	<u>8,103</u>	<u>5,928</u>
The tenants' deposits are repayable when the licensee relinquishes his tenancy.		
<b>16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
(a) Loan capital and term finance		
4 1/2% Debenture Stock	23	23
4% Mortgage Stock	38	38
12 3/4% 1st Mortgage Debenture Stock 2015	6,000	6,000
	<u>6,061</u>	<u>6,061</u>

The 4 1/2% Debenture Stock and 4% Mortgage Stock are redeemable at the Company's option, while the 12 3/4% Debenture Stock is redeemable by 31 March, 2015. Various freehold properties provide security for the Debenture and Mortgage Stock.

	1997 £'000	1996 £'000
(b) Provision for deferred taxation		
Opening balance	754	562
Provision for the year	304	192
Closing balance	<u>1,058</u>	<u>754</u>

Full provision is made for corporation tax at 31% on the difference between the book value of qualifying fixed assets and the tax written down value.

17. SHARE CAPITAL	1997		1996	
	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	-	2,129	-
	<u>10,000</u>	<u>7,857</u>	<u>10,000</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 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.

18. PROFIT AND LOSS ACCOUNT	1997 £'000	1996 £'000
Opening balance	33,724	21,092
Retained profits	2,878	12,632
	<u>36,602</u>	<u>33,724</u>

**19. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS**

Profit for the financial year after taxation	4,012	13,715
Dividends	(1,134)	(1,083)
Net addition to shareholders funds	<u>2,878</u>	<u>12,632</u>
Shareholders funds at 1996	41,581	28,949
Shareholders funds at 1997	<u>44,459</u>	<u>41,581</u>

**20. OPERATING LEASE COMMITMENTS**

At 30 September, 1997 the Company was committed to making the following payments during the next year in respect of operating leases

	Land and Buildings	Plant and Machinery
<b>Leases which expire:</b>		
Within one year	-	-
Between one and five years	42	13
After five years	280	-

## 21. PENSION COMMITMENTS

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

The defined benefit non-contributory scheme for the senior staff is a managed fund administered by Schroder Investment Management Ltd. 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 10 year control period. The main assumptions are that salaries will increase at 7% per annum during the control period, the yield on future contributions will be 9%, pensions in payment will increase by 5% per annum compound in respect of pension accrued after 1 May 1991, dividends and rental income will increase at the rate of 4.5% per annum and that members will retire on reaching age 65. The total value of assets under management by Schroder Investment Management Ltd. at 30 September 1997 was £2,596,454.

The most recent actuarial valuation was on 1 May 1996, when it was the actuary's opinion that the Scheme's existing assets fully covered its accrued liabilities.

The Sun Life scheme is open to all head office employees who are not members of the scheme managed by Schroder Investment Management Ltd., 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.

## 22. 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.

## 23. NOTES TO THE CASH FLOW STATEMENT

	1997 £'000	1996 £'000
<b>A Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities.</b>		
Operating Profit	6,165	6,022
Depreciation Charges	1,022	1,208
(Increase)/Decrease in stocks	(316)	85
(Increase)/Decrease in debtors	176	878
Increase/(Decrease) in creditors	542	(154)
Net cash inflow from operating activities	<u>7,589</u>	<u>8,039</u>
<b>B Analysis of changes in cash and cash equivalents during the year</b>		
Opening balance	3,957	(4,410)
Net cash inflow/(outflow)	<u>(5,649)</u>	<u>8,367</u>
Closing balance	<u>(1,692)</u>	<u>3,957</u>
<b>C Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet</b>		<b>Change in Year</b>
	<u>1997</u>	<u>1996</u>
Cash at Bank and in hand	93	3,957
Bank Borrowings	(1,785)	—
	<u>(1,692)</u>	<u>(3,957)</u>
		<u>(5,649)</u>

## **WADWORTH AND COMPANY LTD.**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

#### **IN RESPECT OF THE ACCOUNTS**

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.

#### **GOING CONCERN**

On the basis of current financial projections and facilities available, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly consider that it is appropriate to adopt the going concern basis in preparing accounts.

### **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.

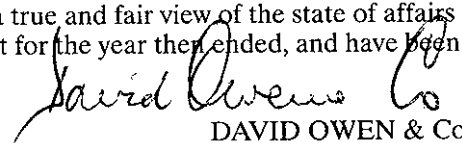
#### **Basis of opinion:**

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, 1997, 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.*



# WADWORTH AND COMPANY LTD

## STATISTICAL REVIEW

Profit and Loss	1993	1994	1995	1996	1997
Turnover and Other Operating Income	36,380	37,910	38,369	37,582	39,324
Operating profit	6,122	6,734	7,282	6,022	6,165
Net interest payable	(909)	(853)	(979)	(689)	(678)
Profit before tax	5,213	5,881	6,303	5,333	5,487
Taxation	(1,717)	(1,948)	(2,090)	(1,832)	(1,753)
Preference dividends	(296)	(396)	(369)	(369)	(369)
Exceptional/extraordinary profit	59	380	73	10,214	278
Attributable to ordinary shareholders	3,259	3,944	3,917	13,346	3,643
Ordinary dividends	485	542	650	714	765
Amount retained	2,774	3,402	3,267	12,632	2,878
Earnings per Ordinary Share	82.71p	100.09p	99.42p	338.73p	92.46p
Dividends per Ordinary Share	12.3p	13.75p	16.5p	18.1p	19.4p
Assets Employed					
Fixed Assets	31,903	37,074	40,988	45,933	55,015
Current Assets	5,663	5,475	5,611	8,391	4,666
	37,566	42,549	46,599	54,324	59,681
Current Liabilities	(8,368)	(9,876)	(11,027)	(5,928)	(8,103)
	29,198	32,673	35,572	48,396	51,578
Long term finance	(6,411)	(6,411)	(6,061)	(6,061)	(6,061)
Deferred taxation	(379)	(452)	(562)	(754)	(1,058)
Net Assets	22,408	25,810	28,949	41,581	44,459
Gross Capital Expenditure	3,786	6,413	5,400	6,536	10,288
Average number of employees (excluding seasonal staff)	317	365	381	435	478