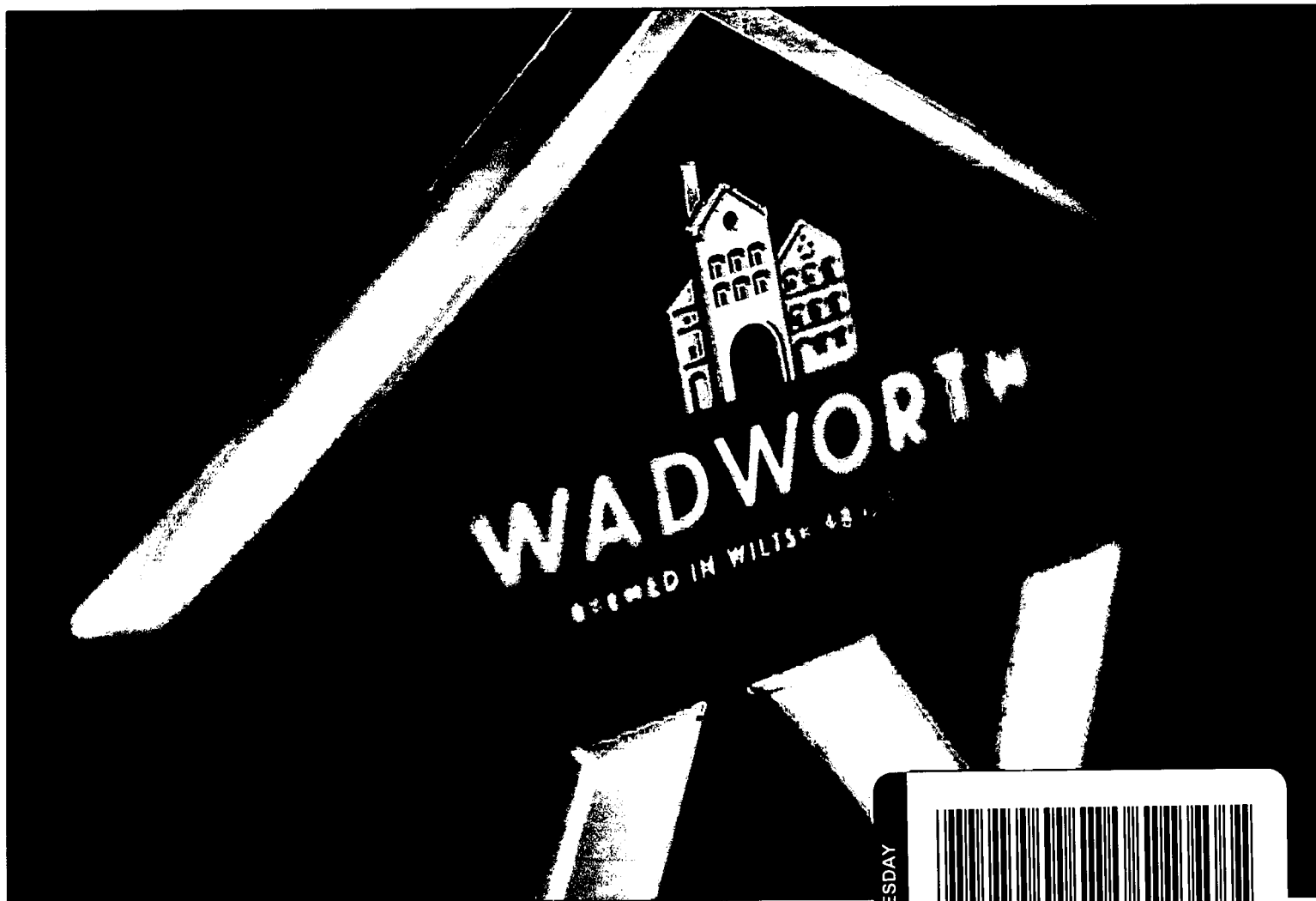


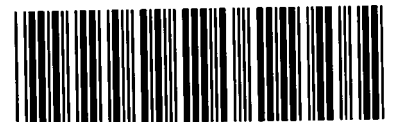
WADWORTH
AND COMPANY LIMITED
SINCE 1875

Annual Report 2018



Registered Company Number: 00030177

TUESDAY



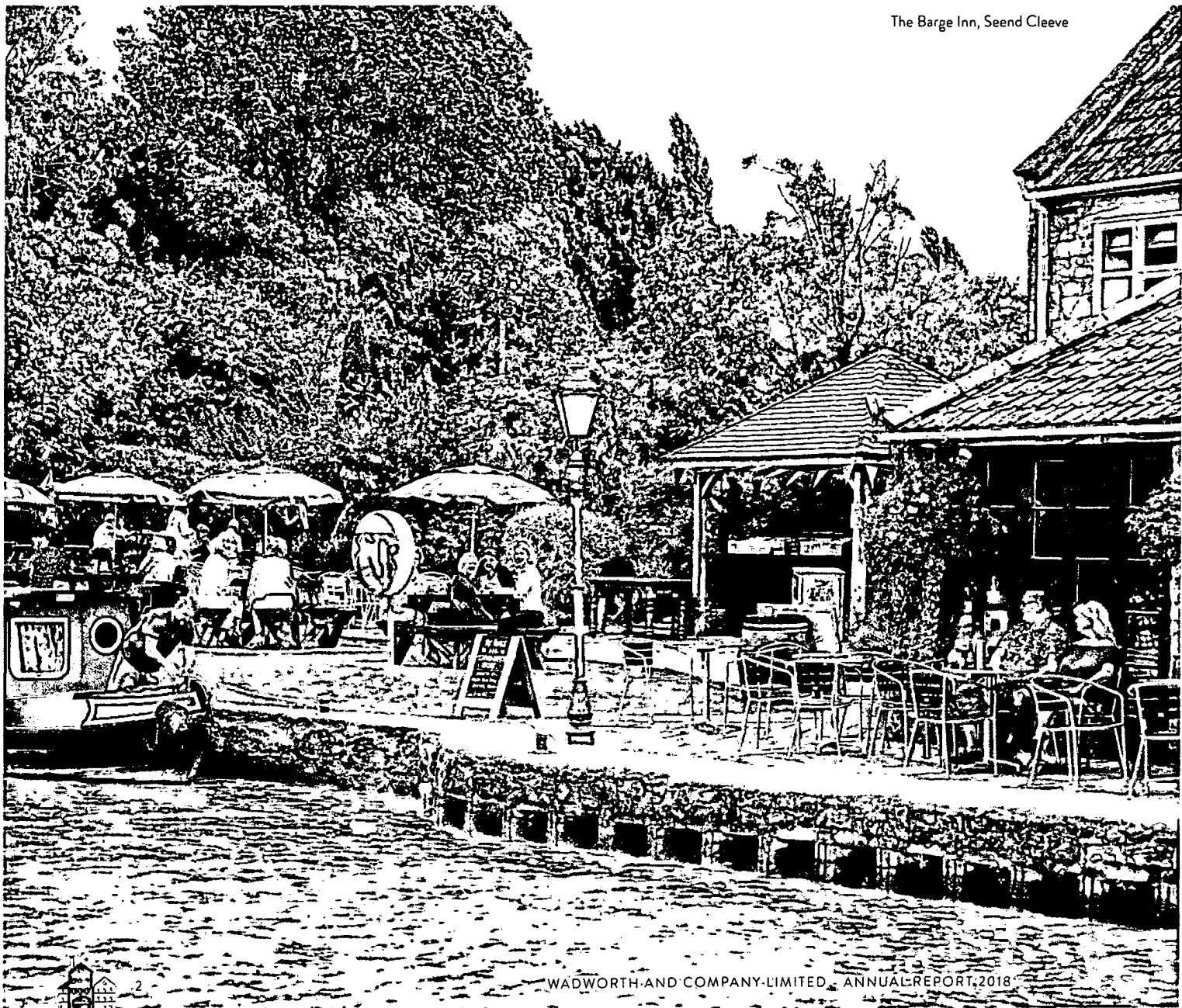
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COMPANIES HOUSE

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The Barge Inn, Seend Cleeve



Chairman's Statement

C J E BARTHOLOMEW
Chairman



Operational Review

This has been a challenging year. We have seen short term profit decline as a result of key strategic decisions taken in the best long term interests of the Company. The Board has also taken a much more robust and prudent approach to accounting policy on capitalisation and provisions. This renewed rigour has resulted in accounting adjustments for this year and also a restatement of last year's profit.

As expected, total profits have been impacted by the sale of 12 pubs last year and the disposal of our Regional Free Trade business in September 2017. Managed Houses had a very good year again, growing by 9% in contribution. Average contribution per pub increased by 7%. Like for like Managed sales were up 2.3% for the full year. Tenanted contribution declined by 3% due to the pub sales but like for like contribution was

up 2.2%. Summer trading was very strong across a number of weeks of hot weather and the World Cup also helped the more wet led pubs. This offset some of the declines we saw in the first half of the year when snow impacted us at peak trading times.

Proceeds from the sale of Tenanted pubs and Regional Free Trade have been reinvested in the business for the long term. The restructure completed this year has helped us to become more cost effective in terms of central overheads. We have tackled a number of important projects head on including an upgrade to our business management systems and have negotiated significant new supplier deals. Sales of own brewed beer are growing in the National and Wholesale channel. Excluding the impact of the Regional Free Trade sale, like for like contribution from the Beer Business is up 6%. We have undertaken several large investments across both Managed and

Tenanted this year investing £7m. Investment returns remain good although last year's acquisitions continue to take time to reach maturity.

The underlying health of the business remains strong against a tough political and economic backdrop. Whilst total profits in this year have declined, we can now very much focus on business basics and delivering organic growth much more efficiently across both our pub and beer businesses.

Board of Directors

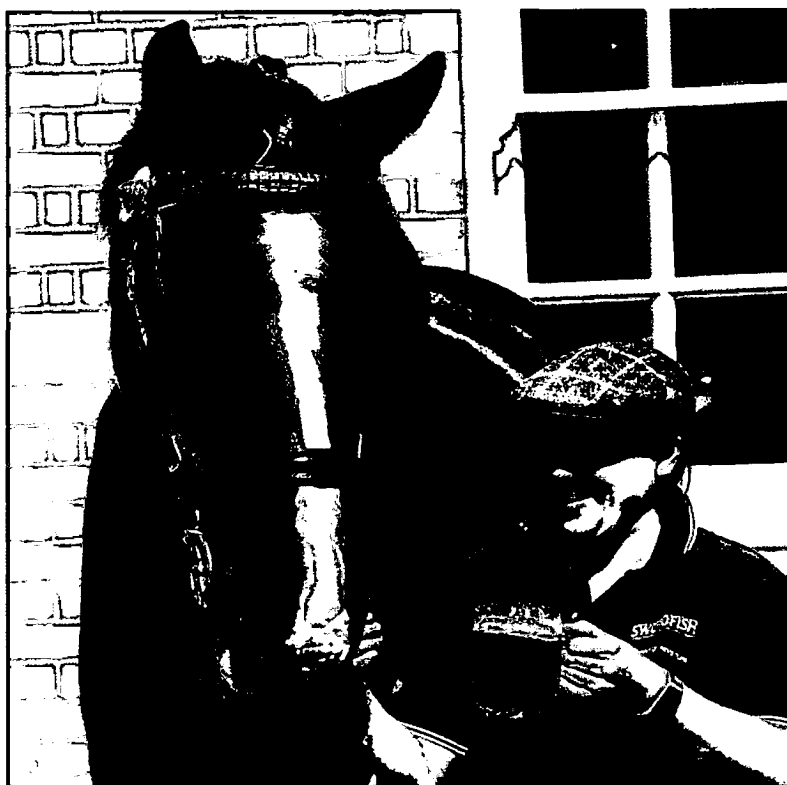
Graeme Percy has left the business since the year end and I would like to thank him for his ten years of service to the Company. I am delighted that Ali Skedd has joined the Board as Finance Director and Company Secretary.

Outlook

The economic and political environment remains uncertain and we, like others in our industry, are managing some heavy cost winds. However, we have reset the business in the last three years with selective investment and disposal, the appointment of higher calibre people, a restructure of central overheads and now have a clear focus on growing our pub estate and beer business. I have every confidence in the business going forward into 2019. I thank all the teams working in our pubs, the brewery and support centre for their hard work and ongoing commitment to Wadworth and I look forward to seeing the further progress of the Company over the coming 12 months.

C J E BARTHOLOMEW
Chairman

22 November 2018



Directors' Report

The Directors present their report and the accounts for the year ended 30 September 2018.

Review of Business

The principal activities of the Company are the brewing and packaging of beers, the wholesaling and retailing of beers, ciders, wines, spirits and minerals and the ownership and management of licensed properties.

The key financial and other performance indicators during the year were as follows:

WADWORTH&CO <small>SINCE 1871</small>	30 September 2018 £000's	30 September 2017 (as restated) £000's
Turnover	67,389	67,963
Operating Profit	5,570	6,121
Exceptional Items and Reorganisation costs	(470)	1,099
Profit on Ordinary Activities Before Taxation	2,671	4,688
Dividend on Ordinary Shares paid	1,898	1,849

Profit before tax has declined by £2m in 2018 however the comparative figure for 2017 included the exceptional profit on disposal of £1.1m, as shown above, from selling the Regional Free Trade business. In addition, this year the business has undergone a restructure and incurred reorganisation costs of £470k.

Dividends

The Directors propose a final dividend of 17.05p (2017: 17.25p) per Ordinary and A Ordinary share.

The total dividend per share for 2018 is 24.80p (2017 : 24.80p)

Disabled Employees

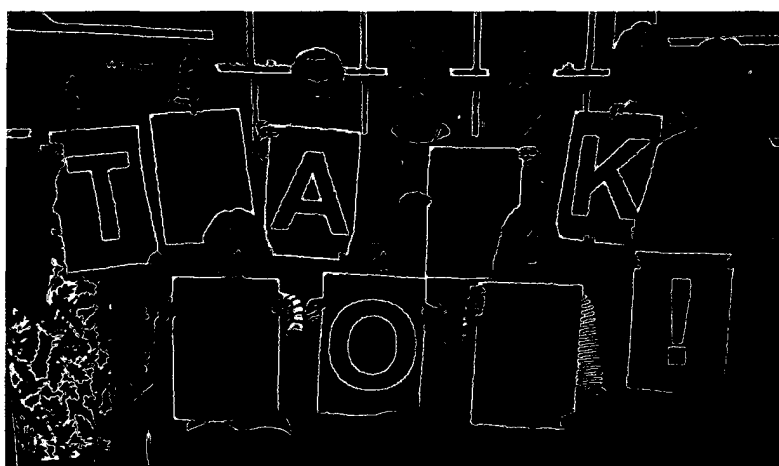
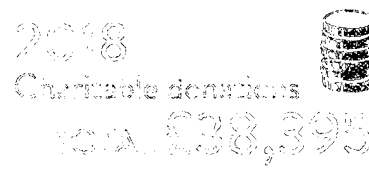
Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate 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 affecting them as employees, through formal and informal meetings, an employee survey and group feedback sessions.

Donations

Charitable donations amounted to £38,395 (2017 : £31,865).



Board of Directors

The Directors who have served during the period from 1st October 2017 to the date of this report are as follows:

DIRECTORS	C J E Bartholomew	Chairman
	C Welham	Chief Executive Officer
	A G Percy – resigned 15th October 2018	Finance Director and Company Secretary
	A J Skedd – appointed 15th October 2018	Finance Director and Company Secretary
	L J Stephens	Operations Director
	R A Bagnall	Operations Director
	J Thomas	Sales Director
	N J B Atkinson	Non-executive Director
	E S Harford	Non-executive Director
	J E Beard	Non-executive Director
	N C Stenhouse	Non-executive Director

Directors' interest in the shares of the company are set out in note 16. C J E Bartholomew and A J Skedd are Trustees of the Wadworth and Company Limited Pension Scheme. A G Percy was a Trustee of the Wadworth and Company Limited Pension Scheme until his resignation on 15th October 2018.

Principal Risks and Uncertainties

The principal risks and uncertainties that face the Company can be summarised into 4 main categories:

- Legislative
- Operational
- Economic
- Financial

The Company continually assesses the risks and uncertainties that could impact the business and more details are provided on page 9.

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:

- Follow applicable accounting policies;
- 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.

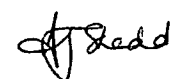
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets 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 above. 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.



A J SKEDD
Company Secretary

Registered Company Name:
Wadworth and Company Limited

Registered Company Number:
00030177

Registered Office:
Northgate Brewery, Devizes SN10 1JW



Strategic Review

CHRIS WELHAM
Chief Executive



We have continued with our strategy of investing in the Company for the long term. Short term however, operating profits have been negatively impacted due to the Tenanted pub disposal plan for sites deemed unviable for the future, and also the sale of the Regional Free Trade business.

Managed Houses have performed strongly growing by 9% in total contribution year on year, whilst Tenanted profits have declined by 3% as a result of the sale of 12 pubs in the previous year. The Beer Business, excluding the Regional Free Trade, was up 6%. Overall the strategy has delivered operating profit growth in excess of £500k in the core areas of the business we are focused on.

Summer trading was favourable with good weather and the World Cup. Some wet led sites benefited strongly from the football whilst other more food led sites fared less well. The summer months helped to offset some of the declines we saw in December and March when snow affected peak trading periods. Additionally, we incurred supply problems from Bibendum, who were caught up in the failure of parent company Conviviality PLC.

Over the last three years our strategy has focused on preparing the business for the next generation. We have continued to invest in our people, brands and pubs with

a long term perspective. Whilst we have taken a step backwards in profit this year, the strategic decisions we have taken are for the long term. They have enabled us to focus the business on our core competence of efficiently running great pubs and brewing quality beer.

We achieved a strong multiple of earnings from the sale of the Tenanted pubs, and the capital from the pub and Regional Free Trade sales has been reinvested in our pub estate on both refurbishments and infrastructure.

Sales of own brewed beer suffered in the pub estate during the really hot weather period. Consumers switched out of dark and amber cask ales into golden beers, lager and cider, underlying the importance for us to develop our beer portfolio to provide greater consumer choice and this is something we are proactively developing. Nonetheless we delivered good growth from sales of our beers into the National and Wholesale channels this year, as we secured new



Barton's Mill, Old Basing

listings with a variety of pub companies and wholesalers.

Undoubtedly, all operators in the sector face significant cost headwinds through increasing business rates, the national living wage and the apprenticeship levy. We are also seeing high food inflation and rising utility costs, but we continue to focus on ways to mitigate these increases through more effective purchasing and better supplier deals. We reported at the half year that we had restructured operations to focus our resources more towards consumer facing areas.

We welcomed Ali Skedd to the business as our new Finance Director and Company Secretary at the end of the financial year.

Tenanted and Managed Pub Operations

Managed achieved full year sales growth of 9% year on year (2.3% like for like). At the end of the year we operated 201 pubs (2017:213). We have 55 Managed pubs (54 last year) and 146 Tenanted pubs



Jumble Plumb, Bitterne



(159 last year). The Bear Hotel, Devizes transferred to Managed Houses at the start of the year. Pub investment has focused on further upgrading the existing estate, in line with our estate plan, and going forward we will only buy sites selectively. Pub profit in the combined estate has improved over the last three years, however we have placed more emphasis on Managed Houses being our engine of growth. Annual contribution from Managed Houses has now overtaken Tenanted for the first time.

This year we continued our investment programme and invested a total of £4.4m in Managed Houses, including the leasehold acquisition of property next to Barton's Mill which we converted into 12 quality letting bedrooms.

INVESTED

£4.4m

Some of our significant schemes included:

Managed Houses:

Kings Arms, Melksham - £358k

- bedroom and pub upgrade

Cross Keys, Wanborough - £246k

- extension to create more covers

Cleveland Bay, Eastleigh - £244k

- complete refurbishment scheme

The Bear Hotel, Devizes - £134k

- external upgrade

Falkland Arms, Great Tew - £121k

- bedroom upgrade

Green Dragon, Marlborough - £143k

- bedroom upgrade

Stag, Alcester - £100k

- bedroom upgrade



Bird in Hand, Reading



The Falkland Arms, Great Tew

Significant schemes in the Tenanted estate included:

Tenanted Houses:

Borough Arms, Hungerford - £150k

- refurbishment scheme

Bosun's Chair, Lymington - £139k

- refurbishment scheme

Black Swan, Devizes - £215k

- bedroom scheme

The Bell by the Green, Devizes - £257k

- repositioning as a town local sports pub

Gamekeeper - £106k

- refurbishment scheme

In addition, statutory and infrastructure spend to ensure compliance totalled more than £2m in the year.

The performance of the three pubs acquired in 2017 (Bird in Hand, Knowle Hill, Dolphin, Botley and Stag, Alcester) are still taking time to realise their full potential. The underlying return on investments completed in both Managed and Tenanted estates, however, are giving a good return on capital.

Our pub estate is increasingly well positioned now with capital investment and the appointment of better calibre people to continue to take local market share. The focus remains on delivering the right product, price, environment, service and communications to customers, to deliver an exceptional all round experience.



Strategic Review



Beer Business

Across the UK, cask ale has declined in volume this year by 7%. We are responding to changing consumer trends whilst continuing to produce beers that people want to drink, with consistent quality of production and dispense. Market research into our brands has helped us to set out a strategy to rebrand our beers and introduce new ales in the coming year. In January of this year we recruited Rob Jacobson as new Head Brewer to help us take this strategy forward and he is already adding real value to our operations.

Two of our beers were recognised at the World Beer Awards this year. Swordfish won in the category of Best Beer "flavour spirit" category and 6X was awarded a Silver Medal in the category of up to 4.5% ABV.



People

Our aim is to create and maintain a progressive, collaborative and positive place to work that enables individual, team and Company success. We have continued to focus on attracting, appointing, developing and retaining high calibre people and particularly focusing on chefs over the last 12 months to support Managed Houses. We have a strong team in place, who are passionate about Wadworth and have great knowledge of the business. Training remains a key component of our People strategy and last year we completed 1,269 training days across the business.



30 Apprentices

100 people

974 employed

Managed Houses

We are developing new talent via apprenticeships and have a total of 30 Apprentices currently working across the Company.

At the half year, we announced that we had restructured the business in February. As a result, we now have 100 people in total working in our central Devises brewery and 974 people in Managed Houses. We completed our third successive employee engagement survey this year. The results showed that 84.5% of our people would recommend Wadworth as a great place to work.

Risks and Uncertainties

The Board has carried out a full review of risks and uncertainties that could have an impact on the operation of the Company and our financial performance. The principal risks and mitigation and monitoring undertaken by management is shown below.

Principal Risks	Mitigation and Monitoring
Economic and political	
Strength of the economy and the UK's exit from the European Union: Performance could be adversely affected through reduced consumer spending, uncertainty and a weakening of the economy.	We monitor changes to the economy and amend our investment and expenditure programmes accordingly. Our investment in our beers and pub estate continues to attract customers to our products and pubs.
Operational	
Site dependency: The Northgate Brewery site produces all of our beers. A disaster or a breakdown of major equipment at this site may seriously impact our production and profitability.	We have a disaster recovery plan in place with other independent brewers and a maintenance programme with regular inspections and risk assessments.
Recruitment, retention and development of employees and Business Partners: Failure to recruit, retain and develop key staff could have a detrimental effect on the Company's brand and reputation.	A variety of training and development programmes are used. The Company continually reviews the remuneration of the team and benchmarks against industry norms. We use the extensive network of our operations team to source new talent for our pubs in conjunction with third party resource.
Supply chain failure and reliance on suppliers: Prolonged disruption to our supply chain could impact our ability to service our customers and impact our profitability.	The Company works with reputable suppliers who we know are reliable and we have good relationships with. We monitor their performance and their stability in conjunction with continually looking at alternative supply options where appropriate.
Information technology failure: The reliance on information systems to manage our brewery operations and operational management of our pubs would be impacted if a significant failure or data breach of these systems took place.	All of our business systems are documented and our data is now securely stored in the cloud. Out of hours support is available to our Managed Houses.
Legislative	
Statutory Legislation: The Company is exposed to increasing levels of regulation and legislation. Failure to comply could have a damaging effect on our profit and reputation. A review of the statutory code for larger pub owning businesses is planned for March 2019 which could potentially impact us as a small business if the Government included all pub owning businesses. This may result in a free of tie option being required to be given to some Business Partners.	Procedures are in place to reflect current legislation. Our Tenanted business remains fully compliant with the industry framework code. If a statutory code was imposed on the Company, we will review the business model to accommodate any impact. As part of the Independent Family Brewers of Britain organisation, we continue to lobby Government on the merits of the brewery tie business model.
Health & Safety: Any non-compliance with statutory legislation and food legislation could have serious consequences for our employees, tenants and customers, our brand and reputation.	Procedures and policies are in place. We provide regular training, undertake risk assessments and all incidents are investigated thoroughly.
Financial	
Interest Rate Risks: The Wadworth business is exposed to interest rate changes on its borrowings.	The debt and interest rate levels are continually monitored. A large percentage of Company borrowings are at fixed rates of interest.



Strategic Review

Corporate Social Responsibility

As a traditional family brewer and pub operator, we understand that being an integral part of local communities is vital. Equally, we value the chance to operate sustainably and with true regard to the welfare of our people and the environment. Below is just a sample of the things we do that show how we are delivering on these commitments:

ALL paper used throughout the brewery and in our Managed pubs is **responsibly sourced**



95% recycling of **ALL WASTE** from our Managed House pubs, brewery and Visitor Centre



SOLAR PANELS
on our brewery help to **reduce** non sustainable **ENERGY** consumption



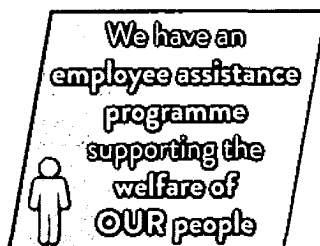
We now **ONLY USE** **bio-degradable** straws



Production **RAW MATERIALS** are **RECYCLED**



The **vapour condenser** in our brewhouse **re-heats** all the **water** used in the brewing process



WASTE BEER from our production plant is sent for **RECYCLING** at a **Bio gas plant**



We **DONATE** to **LOCAL** community charities including **Wiltshire Community Foundation & Julia's House** in Devizes



Summary

We are confident we have taken the right strategic decisions in the best interests of the Company for the long term. The profile of our pub estate is stronger this year with value adding investment activity helping to improve average profit per pub.

We have restructured to create greater efficiency and save cost. The next twelve months present new challenges in terms of inflationary cost headwinds and uncertainty regarding how Brexit might impact consumer confidence.

Over the next twelve months we are focusing on delivering the basics; providing the best customer experience we can, developing our beer portfolio to keep pace with emerging trends and delivering quality and value for money throughout our operations.

CHRIS WELHAM
Chief Executive

22 November 2018

Profit & Loss

Profit & Loss Account for the year ended 30 September 2018

WADWORTH&CO <small>SINCE 1875</small>	Notes	2018		2017 (as restated)	
		£'000	£'000	£'000	£'000
Turnover	(3)		67,389		67,963
Cost of Sales			(23,624)		(25,920)
Gross profit			43,765		42,043
Distribution and selling costs		(33,070)		(31,117)	
Administrative expenses		(5,124)		(4,805)	
			(38,194)		(35,922)
Operating profit	(5)		5,570		6,121
Exceptional items	(6)		-		1,099
Re-organisation costs	(6)		(470)		-
Profit on disposal of fixed assets			(102)		(537)
Profit on ordinary activities before interest			4,998		6,683
Interest receivable and similar income			-		.1
Interest payable and similar charges			(1,762)		(1,381)
Preference dividends			(469)		(469)
Interest on pension scheme	(18)		(96)		(146)
Profit on ordinary activities before taxation			2,671		4,688
Taxation	(8)		(223)		(711)
Profit for the financial year			2,448		3,977

Statement of Total Recognised Gains and Losses for the year ended 30 September 2017

WADWORTH&CO <small>SINCE 1875</small>	Notes	2018 £'000	2017 (as restated) £'000
Profit for the financial year		2,448	3,977
Remeasurement gain/(loss) on pension scheme	(18)	502	2,568
Deficit offset by additional contributions	(18)	392	375
Deferred tax on pension scheme movements	(18)	(210)	(597)
Total comprehensive income		3,132	6,323

Statement of Changes in Equity

WADWORTH&CO <small>SINCE 1875</small>	Notes	Called up Share Capital £'000	Profit & Loss Account £'000	Total £'000
As at 1 October 2016		7,594	70,699	78,293
Profit for the year		-	4,591	4,591
Prior Year Adjustment	(7)		(614)	(614)
Other movements in comprehensive income		-	2,346	2,346
Dividends Paid		-	(1,849)	(1,849)
As at 30 September 2017 (restarted)		7,594	75,173	82,767
Profit for the year			2,448	2,448
Other movements in comprehensive income			684	684
Dividends Paid			(1,899)	(1,899)
As at 30 September 2018		7,594	76,406	84,000



Balance Sheet

Balance Sheet as at 30 September 2018

WADWORTH&CO <small>SINCE 1875</small>	Notes	2018		2017 (as restated)	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	(9)		2		12
Tangible assets	(10)		144,932		145,119
			144,934		145,131
Current assets					
Stocks	(11)	1,642		1,973	
Debtors	(12)	7,714		6,576	
Cash at bank and in hand		814		651	
		10,170		9,200	
Creditors: amounts falling due within one year	(13)	11,377		112,644	
Net current assets/(liabilities)			(1,207)		(3,444)
Total assets less current liabilities			143,727		141,687
Creditors: amounts falling due after more than one year	(14)	54,047		52,232	
Provision for liabilities and charges	(15)	2,714		2,924	
			(56,761)		(55,156)
Net assets excluding pension liability			86,966		86,531
Pension liability	(18)		(2,966)		(3,764)
Net assets			84,000		82,767
CAPITAL AND RESERVES					
Share capital	(16)		7,594		7,594
Profit and Loss Account			76,406		75,173
			84,000		82,767

Approved by the Board and signed on 22 November 2018



C J E BARTHOLOMEW
Chairman

The notes on pages 14 to 23 form part of these accounts. Company registration number: 00030177.



Cash Flow

Cash Flow Statement for the year ended 30 September 2018

WADWORTH & CO <small>SINCE 1878</small>	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the financial year		2,448	3,977
Adjustments for:			
Depreciation charges and amortisation		4,008	3,561
Loss/(profit) on sale of fixed assets		102	(562)
Interest		1,762	1,380
Tax on profit on ordinary activities		223	711
Pension scheme - net interest cost/(credit)		96	146
(Increase)/decrease in stock		331	21
(Increase)/decrease in debtors		(1,138)	(574)
Increase/(decrease) in creditors		349	(696)
Cash from operations		7,483	7,964
Taxation paid		(859)	(824)
Net cash generated from operating activities		6,624	7,140
Cash flows from investing activities			
Payments to acquire intangible fixed assets	(9)	-	-
Payments to acquire tangible fixed assets	(10)	(7,928)	(18,292)
Proceeds from sale of intangible fixed assets		-	1,008
Proceeds from sale of tangible fixed assets		4,016	1,619
Net cash used in investing activities		(3,912)	(15,665)
Cash flows from financing activities			
Bank loans / (repayments)		2,000	12,000
Interest paid		(1,947)	(1,875)
Equity dividends paid		(1,899)	(1,849)
Net cash used in financing activities		(1,846)	8,276
Net (decrease)/increase in cash & cash equivalents		866	249
Cash and cash equivalents at 1 October		(1,686)	(1,437)
Cash and cash equivalents at 30 September		(820)	(1,686)
Cash and cash equivalents consists of			
Cash at bank		814	651
Bank overdraft	(13)	(1,634)	(2,337)
Cash and cash equivalents		(820)	(1,686)
Bank loans and preference share	(14)	(53,866)	(51,866)
Net Debt		(54,686)	(53,552)
Reconciliation of net cash flow to movement of net debt			
(Decrease)/increase in cash		866	(249)
(Increase)/decrease in loans		(2,000)	(12,000)
Movement in net debt		(1,134)	(12,249)
Net debt at 1 October		(53,552)	(41,303)
Net debt at 30 September		(54,686)	(53,552)



Notes to the Accounts

1. STATEMENT OF ACCOUNTING POLICIES

Wadworth and Company Limited is a limited liability company incorporated in England. The Registered office is Northgate Brewery, Devizes. SN10 1JW

The accounts have been prepared under the historical cost convention, modified to include certain financial instruments at fair value and in accordance with applicable accounting standards including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and with the Companies Act 2006. The Directors continue to adopt the going concern basis in preparing the accounts.

(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. Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. The following criteria must also be met before revenue is recognised:

Sale of goods: revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of the revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred, or to be incurred, in respect of the transaction, can be measured reliably.

Rendering of services: revenue from supply of accommodation is recognised at the point services are provided. Rental income is recognised on a straight line basis over the term. Net takings from machine income are recognised as earned.

(b) Depreciation and Amortisation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes cost directly attributable to making the asset capable of operating as intended. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill arising on acquisitions is amortised in equal instalments over three years. Depreciation in equal instalments over three years. Depreciation of other fixed assets is applied over their estimated useful lives as follows:

Freehold property (buildings element only)	2% pa
Leasehold property - Leases of less than 100 years - Leases of more than 100 years	period of lease nil
Plant and machinery, fixtures and fittings, integral features and motor vehicles	10% to 30% pa

(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

Deferred Taxation is provided for in respect of all timing differences that have not reversed at the balance sheet date, except that no provision is made for tax on gains on disposal of fixed assets. It is anticipated that the taxable gains will be rolled over into replacement assets with a liability arising only if and when replacement assets are sold. The provision is calculated on an undiscounted basis at the tax rate applicable to these accounts, 17% (2017 19%)

(e) Pensions

The Company closed its defined benefit (final salary) pension scheme to new members and future service accrual on 30th November 2006. The assets of the Scheme are held separately from those of the Company and the funds continue to be administered by the Trustees and are independent of the Company's finances. Contributions are paid in accordance with the recommendations of an independent actuary.

The cost of providing benefits under the defined benefit scheme is determined as required by FRS102. The defined benefit obligation is calculated as the present value of benefits accrued up to the valuation date, allowing for deferred revaluation for members who have left service and increases to pensions in payment in line with the Scheme rules.

Re-measurements comprising of actuarial gains and losses are recognised immediately, in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods. The operating costs and other related financing costs of providing these benefits are recognised in the profit and loss account in the period in which they become payable.



The Company operates a defined contribution pension scheme for employees based at the brewery and also an auto-enrolment pension scheme for employees in its Managed Houses. Contributions for these schemes are charged to the profit and loss account in the year in which they become payable.

(f) Leasing

Rental payments under operating leases are charged to the profit and loss account when incurred. Contract hire of motor vehicles is included as operating leases.

(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.

(h) Dividends

Dividends paid on ordinary shares are deducted from reserves. Dividends paid on preference shares are shown as an interest cost.

(i) Financial Instruments

The Company uses an interest rate swap to adjust interest rate exposures on its variable rate loans.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the interest rate swap contracts are determined by obtaining a valuation from the swap provider.

2. CRITICAL JUDGEMENTS & ESTIMATES

The three most significant areas where judgements and estimates are applied, and there could be scope for material impact on the accounts are:

- a) Fixed assets – as described at 1b) regular consideration is given to possible impairment.
- b) Defined benefit pension scheme – this is a closed scheme and the figures stated in the accounts are prepared by the scheme's actuary and set out in note 18.
- c) Fair value of interest rate swap arrangements – the accounts, as prepared under FRS102, disclose a valuation of the asset or liability. The values are subject to change on a daily basis, with political and economic conditions impacting. The valuations applied are the rates applicable at accounting dates and are supported by confirmation from a second clearing bank.

3. TURNOVER	2018 £'000	2017 (as restated) £'000
Retail sales	44,632	40,911
Wholesale sales	17,611	21,086
Rental Income	3,915	4,315
Other Sales include fruit machine income and other income	1,231	1,651
	67,389	67,963



4. STAFF NUMBERS AND COSTS	2018 £'000	2017 (as restated) £'000
The average number of persons employed by the Company, stated as approximate full time equivalents, was 1071 (2017: 1043) split into the following categories:		
Manufacture	26	28
Sales and distribution – Brewery	36	41
Administrative	50	51
Sales and distribution – Retail premises	959	923
	1,071	1,043
The aggregate payroll costs of these persons were as follows:		
Wages and salaries – Brewery	4,954	5,037
Social Security costs – Brewery	568	573
Wages and salaries – Retail premises	13,422	12,308
Social Security costs – Retail premises	754	650
Other Pension costs, including the pension deficit contribution	864	841
Re-organisation costs (Exceptional item)	470	-
	21,032	19,409
The aggregate emoluments of the directors, including pension contributions, were	980,671	944,911
The number of directors who are members of the closed defined benefit scheme	2	2
Emoluments of the highest paid director, excluding pension contributions	281,963	275,290

At 30 September 2018 the amount of the accrued pension of the highest paid director was £0 (2017 £0 p.a.). The 2018 figure reflects the exclusion of pension currently in payment.

5. OPERATING PROFIT	2018 £'000	2017 (as restated) £'000
This is stated after charging/(crediting) the following:		
Depreciation of tangible assets	3998	3,532
Amortisation of goodwill	10	29
Auditors' remuneration – Audit services – company	65	59
Audit services - Pension scheme	9	10
Accounting services	4	3
Taxation – compliance services	17	8
Other services – payroll	10	16
Operating lease rentals – plant and machinery	286	297
Land and buildings	741	674



6. EXCEPTIONAL ITEMS AND RE-ORGANISATION COSTS	2018 £'000	2017 (as restated) £'000
In 2017 the Company sold its Regional Free Trade business to an independent third party and the exceptional item represents the profit on disposal after costs	-	(1,099)
In 2018 the Company has undertaken a reorganisation of its central operations and the reorganisation cost represents the costs of redundancy of the staff involved	470	-

7. PRIOR YEAR ADJUSTMENT	2018 £'000	2017 (as restated) £'000
The prior year adjustment reflects a number of amendments around accounting treatments, including the capitalisation of computer equipment, the revenue recognition point for listing fees and the accounting treatment of accruals	-	614

8. TAXATION	2018 £'000	2017 (as restated) £'000
Analysis of tax charge in the year:		
UK Corporation tax on income for the year	645	772
UK Corporation tax adjustment for previous years	(1)	(6)
Deferred taxation charge/(credit) re capital allowances timing differences	(4)	191
Deferred taxation credit re capital gains provisions eliminated by disposals	(38)	(55)
Deferred taxation credit re tax rate reduction	(379)	(191)
Taxation charged to the profit & loss account	223	711
Reconciliation of tax charge:		
Profit on ordinary activities before tax	2,671	4,688
Profit on ordinary activities multiplied by average rate of Corporation tax of 19% (2017 19.5%)	507	914
Effect of:		
Dividends and expenses not deductible for tax purposes	82	23
Capital allowances less than/(in excess of) depreciation	33	(56)
Capital gains losses rolled over or eliminated	23	(109)
Corporation tax on income for the year	645	772



9. INTANGIBLE FIXED ASSETS	Goodwill	Total
At cost:		
Opening balance	490	490
Additions	-	-
Disposals	-	-
Closing Balance	490	490
Amortisation:		
Opening balance	478	478
Charge for the year	10	10
Disposals	-	-
Closing Balance	488	487
Net Book Value : 2018	2	2
: 2017	12	12

10. TANGIBLE FIXED ASSETS (IN £'000)	Freehold Property	Leasehold Property	Fixtures & Fittings in Property	Plant Machinery Vehicles	Total
At cost:					
Opening balance: (as restated)	122,506	6,297	40,408	19,734	188,945
Additions	4,562	33	2,475	858	7,928
Disposals	(5,038)	(43)	(1,275)	(94)	(6,451)
Closing balance	122,030	6,287	41,608	20,498	190,423
Depreciation:					
Opening balance: (as restated)	5,241	2,315	23,448	12,820	43,825
Charge for the year	852	253	1,816	1,077	3,998
Disposals	(1,399)	(28)	(855)	(49)	(2,332)
Closing balance	4,694	2,540	24,409	13,848	45,491
Net Book Value: 2018	117,336	3,747	17,199	6,650	144,932
2017 (as restated)	117,264	3,981	16,959	6,915	145,119

Leasehold properties comprised	2018	2017
Long-lease (over 50 years)	1,836	1,858
Short-lease (under 50 years)	1,911	2,124
	3,747	3,982

11. STOCKS	2018 £'000	2017 (as restated) £'000
Brewing materials, beers and consumables	682	703
Wine, spirits, minerals and ciders	7	236
Stocks at retail premises	931	1,010
Horses	22	24
	1,642	1,973



12. DEBTORS	2018 £'000	2017 (as restated) £'000
Trade debtors	4,403	4,054
Prepayments and accrued income	3,311	2,522
	7,714	6,576

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018 £'000	2017 (as restated) £'000
Bank borrowings (see note 14b)	1,634	2,337
Trade creditors	3,794	4,179
Other creditors	3,009	2,536
Corporation tax	107	322
Social Security and other taxes	1,884	2,020
Business Partner deposits (repayable when the licensee relinquishes their tenancy)	949	1,250
	11,377	12,644

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018 £'000	2017 (as restated) £'000
(a) Preference Share Capital		
10 ¼% Cumulative Preference Shares of £1 each	923	923
9 ½% Cumulative Preference Shares of £1 each	3,943	3,943
	4,866	4,866
(b) Bank borrowing		
The Company has three secured loans of between 5 and 9 years, carrying interest rates of between 1.25% and 2.0% over LIBOR with LIBOR fixed on £29m of the new facilities to guard against sharp fluctuations in interest rates.	49,000	47,000
The loans are secured by way of legal charges held by each lender against the freehold property portfolio of the business on a collective basis.	53,866	51,866
(c) Interest rate swap arrangements:		
The Company has three swap arrangements, two of which are equal and opposite, thus cancelling each other out. The third swap is for £9m and fixes the rate to the end of the loan facilities. The fair value of the potential interest liability and accounted for under FRS 102 is:	181	366
	54,047	52,232



15. PROVISION FOR LIABILITIES AND CHARGES	2018 £'000	2017 (as restated) £'000
Provision for deferred taxation:		
Opening balance	2,924	2,382
Charge/(credit) for the year – Profit & Loss	(420)	(55)
Charge/(credit) for the year – Pension scheme	210	597
	2,714	2,924

16. SHARE CAPITAL	2018 £'000	2017 (as restated) £'000
Ordinary Shares of £1 each	2,092	2,092
'A' Ordinary Shares of £1 each	5,502	5,502
	7,594	7,594

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 shareholders shall be entitled to vote at a general meeting if the dividend or any part thereof is six months in arrears.

Directors' Holdings		30 September 2018				30 September 2017			
		Ordinary	'A' Ord	10 1/4% Pref.	9 1/2% Pref.	Ordinary	'A' Ord	10 1/4% Pref.	9 1/2% Pref.
C J E Bartholomew	Beneficial	350,965	0	11,060	66,885	351,095	1,091	11,060	66,848
	As Trustee	51,696	176,724	6,404	79,833	51,696	176,724	6,404	79,833
N J B Atkinson	Beneficial	670	-	-	1,380	670	-	-	1,380
C Welham	Beneficial	-	4,200	-	-	-	4,200	-	-
A G Percy	Beneficial	1,055	-	-	-	1,500	-	-	-
A J Skedd	Beneficial	-	-	-	-	-	-	-	-
L J Stephens	Beneficial	680	-	-	-	680	-	-	-
R A Bagnall	Beneficial	-	-	-	-	-	-	-	-
J Thomas	Beneficial	-	-	-	-	-	-	-	-
N C Stenhouse	Beneficial	-	24,214	9,990	24,429	-	24,214	9,990	24,429
E S Harford	Beneficial	84,143	243,046	9,033	106,118	84,143	243,046	9,033	106,118
J E Beard	Beneficial	-	-	-	-	-	-	-	-

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



17. OPERATING LEASES AND CAPITAL COMMITMENTS	2018 £'000	2017 (as restated) £'000
At 30 September 2018 the Company was committed to making the following payments during the next year in respect to operating leases:		
Leases which expire:		
Within one year	941	860
In two and five years	2,578	2,280
After five years	2,899	2,281
	6,418	5,421
Material capital commitments	188	141
Future hop and malt contracts	518	327

18. PENSION COMMITMENTS

The Company operates a defined benefit pension scheme called the Wadworth and Company Limited Pension Scheme. The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The assets of the Scheme are held in a separate trustee administered fund. The Scheme closed to future accrual on 30 November 2006. A schedule of contributions is agreed between the Company and the Trustees after each triennial valuation.

The most recent triennial valuation took place as at 31 May 2016, carried out by Trigon Actuarial Limited. Under the agreed schedule of contributions, the Company will pay contributions of £392,000 pa until 31 May 2024 together with all the expense associated with running the Scheme. We set out below disclosures as at 30 September 2018 based on the proposed assumptions set out in this report, together with disclosures as at 30 September 2017.

	At 30/9/18 % per annum	At 30/9/17 % per annum
The major financial assumptions used by the actuary were:		
Discount Rate	2.90%	2.70%
Rate of increase in pensions in payment	3.20%	3.20%
RPI assumption	3.40%	3.40%
CPI assumption	2.40%	2.40%
Life expectancy at age 65:	Years	Years
Current pensioners: Male	22.1	22.3
Female	23.9	24.0
Future pensioners (now aged 40): Male	24.4	24.5
Female	25.8	25.9



	30/9/18 £'000	30/9/17 £'000
Assets		
UK equities	538	609
Overseas equities	-	-
Diversified growth funds	9,701	9,934
Target return	3,900	3,943
Property	1,074	1,007
Corporate bonds and gilts	2,289	2,338
Insurance annuities	645	674
Cash and other	(146)	568
Fair value of scheme assets	18,001	19,073
Actual return on scheme assets over period	35	1,361
Total expense recognised in profit and loss		
Service cost		
Net interest on net defined benefit liability	96	146
Administration expenses		
Profit and loss charge	96	146
Total amount recognised in other comprehensive income		
Return less interest income on scheme assets	(465)	949
Actuarial gain/(loss) on liabilities	967	1,619
Remeasurement gain/loss recognised in OCI	502	2,568
Statement of financial position		
Fair value of scheme assets	18,001	19,073
Present value of defined benefit obligation	20,967	22,837
Net surplus/(deficit) in scheme	(2,966)	(3,764)
Changes in the fair value of scheme assets		
Fair value of scheme assets at start of period	19,073	18,087
Interest income on scheme assets	500	412
Return less interest income on scheme assets	(465)	949
Contributions by the employer	(392)	375
Contributions by the employees	-	-
Benefits paid	(1,499)	(750)
Administrative expenses	-	-
Fair value of scheme assets at end of period	18,001	19,073

	30/9/18 £'000	30/9/17 £'000
Changes in the defined benefit obligation		
Defined benefit obligation at start of period	22,837	24,648
Service cost (for pension benefits)	-	-
Interest cost on defined benefit obligation	596	558
Contributions by employees	-	-
Benefits paid	(1,499)	(750)
Actuarial (gain)/loss	(967)	(1,619)
Defined benefit obligation at end of period	20,967	22,837
Reconciliation of funded status		
Opening surplus/(deficit)	(3,764)	(6,561)
Employer contributions	392	375
Credit/(charge) recorded in P&L	(96)	(146)
Gain/(loss) recorded in OCI	502	2,568
Closing surplus/(deficit)	(2,966)	(3,764)

Defined contributions scheme The Company operates a defined contribution scheme, with the assets held separately in independently administered funds. During the year the Company contributed £472,000 (2017 : £466,000). No contributions were outstanding at the year end.

19. SUBSIDIARIES

The Company has a wholly-owned subsidiary: Wadworth & Co. (Burford) Ltd.

The Company has not traded during the year. It has no assets.

20. RELATED PARTY TRANSACTIONS

There were no transactions with the Directors during the year other than the payment of their emoluments and incidental purchases of goods from the Company. The Directors receive a modest discount in line with that given to other staff.

The Wadworth and Company Limited Pension Scheme, of which C J E Bartholomew and A J Skedd are Trustees, is a related party to the Company. Contributions to the scheme paid in the year were £392,000 (2017: £375,000). At the year end the Scheme owed the Company £208,293 (2017: £128,197)



Independent Auditor's Report

Opinion

We have audited the financial statements of Wadworth and Company Limited for the year ended 30 September 2018 which comprise the Balance Sheet, the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standards, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concerns

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;

or

- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's statement other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the Audit, we have not identified material misstatements in the strategic report or Directors' report.



We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement (set out on page 9) the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's report and for no other purpose. To the fullest extent permitted by 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.

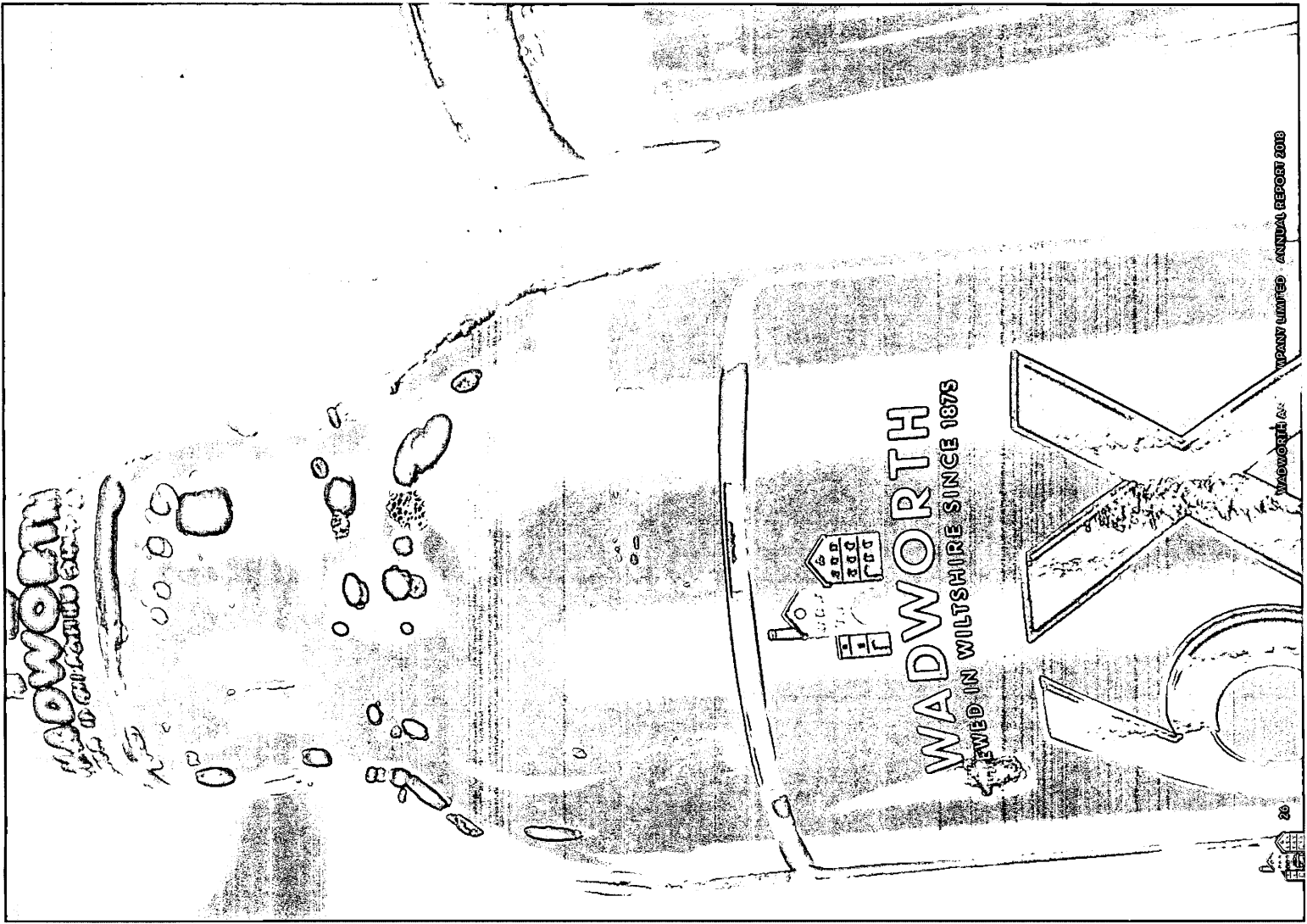


MICHAEL BUCKLAND
Senior Statutory Auditor

22 November 2018

For and on behalf of
DAVID OWEN & Co, Statutory Auditor, Devizes, Wiltshire





6X won Silver in the
World Beer Awards 2018.



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WADSWORTH

AND COMPANY LIMITED

SINCE 1875



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