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Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the Registered Office of the Company, Shobnall Road, Burton upon Trent, on **Friday, 7th September, 1984** at 11.30 a.m. for the following purposes:

1. To receive and adopt the financial statements for the year ended 31st March, 1984 together with the reports of the Directors and Auditors thereon.
2. To declare a Final Dividend.
3. To re-elect the following Directors:
 - (i) Mr. A. T. Alpin
 - (ii) Mr. A. G. Andrewsand to elect
 - (iii) Mr. J. Hatton
 - (iv) Mr. J. A. Huntley
4. To re-appoint the Auditors.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. As special business to consider the following resolution, which will be proposed as an Ordinary Resolution as shown:

(A) Ordinary Resolution

That the ordinary remuneration of each of the Non-Executive Directors be increased to £3,000 per annum.

Registered Office:

The Brewery,
Shobnall Road,
Burton upon Trent.

By Order of the Board,

I. J. Bailey

Secretary

8th August, 1984

Notes

1. This Notice of Meeting is addressed to the holders of Ordinary Shares only.
2. Every Member entitled to attend and vote at the Meeting is entitled to appoint one or more Proxies to attend and, on a poll, to vote in his stead. A proxy need not be a Member of the Company.
3. Forms of Proxy for the above Meeting must reach the Company's Registered Office not later than 48 hours before the time appointed for holding the Meeting.
4. A statement of all transactions by Directors and their families in the equity share capital of the Company during the previous twelve months, made up to 7th August, 1984, together with a memorandum giving particulars of Directors' service contracts, will be available for inspection at the registered office from the date of this report until the Annual General Meeting. These statements will also be available at the place of the meeting for fifteen minutes prior to and during it.

Directors and General Information

Directors	M. F. Hurdle, MIMechE	<i>Chairman</i>
	M. W. F. Hurdle, BA	<i>Managing Director</i>
	A. T. Alpin, BSc	
	A. G. Andrews	
	F. O. A. G. Bennett, TD	
	D. G. Setford, MA	
	C. H. Tidbury	
<hr/>		
Specialist Directors	J. K. Lunn, TD	
	D. P. Dines	
<hr/>		
Secretary	I. J. Bailey, FBIM	
<hr/>		
Bankers	Lloyds Bank Plc, Borough Road, Burton-upon Trent, Staffordshire DE14 2DB	
<hr/>		
Auditors	Thomson McLintock & Co., Verum House, 70 Finsbury Pavement, London EC2A 1SX	
<hr/>		
Registered Office	The Brewery, Shobnall Road, Burton upon Trent, Staffordshire DE14 2BW	
<hr/>		
Registrars	Lloyds Bank Plc, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex BN12 6DA	
<hr/>		
Trustees for the Debenture Holders	Law Debenture Corporation plc, Estates House, 66 Gresham Street, London EC2V 7HX	
4¼ % Debenture Stock 1992		
7% Unsecured Loan Stock 1993/98	Guardian Royal Assurance plc, 68 King William Street, London EC4N 7BU	

Financial Highlights

	1984 £,000	1983 £,000
Turnover	48,138	45,737
Profit before Taxation	7,386	6,861
Capital Employed	63,875	47,903
<hr/>		
* Earnings Per Share	4.60p	4.84p
* Dividends Per Share	1.725p	1.552p
* Dividend Cover	2.47	3.11
* Net Assets Per Share	83p	62p

* The comparative figures for 1983 have been adjusted to reflect the increased share capital following the Scrip Issue on 19th September, 1983.

Chairman's Statement

The year of 1984 brings us to the 150th Anniversary of our Founder, John Marston. During this period the Company has grown from a small local business to a Regional Brewery, now trading in selected areas from Penrith in the North to Southampton in the South, and from Wales in the West to the London area in the East.

The main part of our celebrations is centered round bringing parties of tenants and other customers to the Brewery, which was acquired in 1898. It is a listed building, which has recently been renovated and the brickwork cleaned and restored to its original appearance. It is pleasing to know that, for our efforts in this direction, we have been given the Award of 1983 by the Burton upon Trent Civic Society.

Accounts and Dividend

If we now consider the results for the past year, you will note that the turnover was up from £45.7m to £48.1m, an increase of 5.2%. The profit before tax for the year to 31st March, 1984, was £7.38m against £6.86m for the previous year, which represents an increase of 7.7%.

A revaluation of the Company's properties, as at April, 1983, has shown a surplus over book value of £14m, and this has been credited to Capital Reserve.

Provision has been made for an allocation to the Employees Share Scheme of £151,000, on the same basis as last year, but on the increased profit.

The Board is recommending a Final Dividend of 1.160p per Share, which, together with the Interim Dividend already paid, brings the total Dividend for the year to March, 1984, to 1.725p per Share, against 1.553p per Share for the year to March, 1983, adjusted for the Scrip Issue.

Holders of Ordinary Shares which were issued pursuant to the Offer made on 30th March, 1984, for the Ordinary Share Capital of Border Breweries (Wrexham) P.L.C., will be entitled to receive payment of the Final Dividend. The additional amount in this respect is £52,000.

Trading

Trading in the early months of the year suffered from a poor Spring, but the hot Summer months brought an improvement. This did not, however, hold up through all the Winter months, leading to a fall in the volume of sales for the year as a whole of just over 2%.

Since April, the volume of sales is showing some improvement over the same period last year, with the demand for Lager continuing to grow — our own Lagerbier now represents some 13% of our total brewings. Our well known range of draught beers, headed up by our brand leader, Pedigree, continue to grow in popularity, achieving some penetration into new trading areas.

Low 'C', our special low carbohydrate bottled beer, is now available in a wide range of outlets throughout the country, and is gaining in appeal with many customers.

In September of last year, our small Distribution Depot at Market Harborough was closed, and has since been sold. Our new Depot at Leighton Buzzard came into operation at the same time, initially as a Free Trade operation, and this has made a promising start to extending our trade into London and the Home Counties.

Free Trade

Competition remains extremely keen, but, with our reorganised sales team, some success in expanding the number of outlets is being achieved.

Our recently introduced Premium Conditioned Bitter, John Marston, has gained a reputation for its quality and strength, and is proving a useful addition to our range of beers. The sales of our Low 'C', low carbohydrate beer, has become well established, and we are endeavouring to broaden the number of outlets into new areas.

Tied Trade

The number of Houses brought under Management continues to increase, and they are now making a significant contribution to the overall results.

During the year we have acquired seven new Houses, in South Yorkshire, North Derbyshire and Avon. The programme of interior improvements continues to raise the general standard of comfort and attractiveness, as well as updating the facilities for the provision of food, which has become an essential feature of most Public Houses.

With the co-operation of our Tenants, more attention is being given to interior refurbishing, to provide not only comfort but also to generate a pleasant atmosphere, which adds to the enjoyment of an evening spent in a Marston's Pub.

In selected Managed Houses we have introduced various themes, as well as lighting effects and sound, but more research into the reaction of customers to this type of treatment is required. Costs for this type of work are high, and it has yet to be proved that it has more than a limited life span, especially outside big cities. Last year I drew your attention to the external appearance of our Houses, and improvements now under way are slanted towards encouraging a more individual treatment of signage and decoration.

Capital Expenditure

Capital expenditure during the year amounted to £5.28m, of which £2.6m was on property purchases and improvements.

In my Report last year, I referred to the new Keg Washing and Filling Plant; this has now been installed and is working satisfactorily.

The addition to the Conditioning Tank capacity will be completed during this year.

The year to March, 1985, will see the completion of our major investment programme in Brewery and Packaging Plant, but, with the acquisition of Border Breweries (Wrexham) P.L.C., some expenditure will be required at Wrexham, for the reorganisation of warehousing and handling facilities for distribution in that area.

It has become evident that our old Distribution Depot in the centre of Worcester is badly situated and too congested, and we are, therefore, in the process of acquiring premises at Malvern Link, to form a new Depot with more space and better working conditions. These premises, being within easy reach of the M5 Motorway, and adjacent to many of our Worcestershire Houses, will also provide better distribution to our more southern Houses at Bath and Bristol.

Border Breweries (Wrexham) P.L.C.

In the latter part of last year we became aware that there was an interest from several quarters in Border Breweries at Wrexham, and it was probable that a bid would be made for the Company. As their trading areas are adjacent to our North-West and Welsh trade, it was decided to examine the position further. After somewhat lengthy negotiations, Marston's were able to acquire control of that Company.

When reorganisation of the premises at Wrexham has been carried out, the acquisition will prove to be a useful and profitable addition to Marston's trade.

Staff

With a view to ensuring that we have a strong Management Team for the future, some reorganisation and new appointments have recently been made.

Mr. A. T. Alpin, our Director and Head Brewer for a number of years, has been appointed Production Director, and our Assistant Head Brewer, Mr. P. V. Bayley, has been appointed Head Brewer.

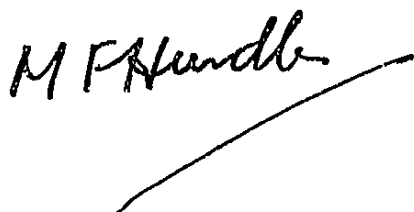
Mr. Trevor Brown, F.C.A., our Group Accountant and Special Director, left the Company in the early part of the year, to join his family business where we wish him every success.

Mr. Ian Brown, F.C.A., has been appointed to the position of Group Accountant, and was recently made a Special Director (Finance).

We extend a welcome to Mr. Neil Wilson, who recently joined the Company as Deputy Tied Trade Director. He came from the Bass Charrington Organisation, and brings considerable experience of the trade.

We are conscious of the importance that all those employed within the Company should be kept informed of developments and other activities which take place throughout our organisation. To assist this broadcast of information, we now publish a quarterly Company News Sheet, "Marstons Life", which is widely distributed to employees, Tenants and Managers.

The highly competitive trading conditions have called for a renewed effort on the part of all those employed by the Company, and this has been readily forthcoming, for which I express my thanks. Our success could not be achieved without the keen support of our Tenants and Managers, whose loyal co-operation we value most highly.



M. F. Hurdle
Chairman

Report of the Directors

The Directors have pleasure in submitting their annual report and financial statements for the year ended 31st March, 1984 which for the first time are presented in a new format in accordance with the Companies Act 1981.

Activities

The Company carries on the business of brewing beer, lager and stout at Burton upon Trent, and the shipping and blending of wines and spirits, all of which are distributed direct and through depots to the Midlands, North Wales, Lake District, Worcester, Winchester and Home Counties.

A review of the operations of the Company during the year, events since the end of the year and future developments are referred to in the Chairman's statement on pages 4 and 5.

Financial

The profit for the year and the appropriations are shown in the Profit and Loss Account on page 9.

The Directors declared an Interim Dividend of 0.565p per share, which was paid on 27th January, 1984 and now recommend payment of a Final Dividend of 1.160p per share.

Property Values

The Company's brewery, depots and licensed properties were revalued as at 1st April, 1983 by Messrs Colliers, Bigwood & Bewlay resulting in a surplus of £14,382,500 over the amounts at which these assets were previously included in the financial statements. The full amount of this surplus has been credited to reserves and no provision for taxation has been made in respect of the surplus. The Directors are of the opinion that any liability to taxation which might arise on disposal would be rolled over under the provisions of the Finance Act 1979.

Directors

The Directors of the Company, who are shown on page 2, have served throughout the year. The Directors retiring by rotation are Mr. A. T. Alpin and Mr. A. G. Andrews, who being eligible, offer themselves for re-election. Mr. D. G. Setford has a service contract renewable on 1st January annually for the ensuing five years. Mr. A. G. Andrews has a service contract renewable in March for each ensuing year. Mr. A. T. Alpin has a service contract renewable on 1st January annually for the ensuing five years.

Directors' Shareholdings

The interests of each Director (including their family and family trusts) in the Share and Loan Capital of the Company at the beginning and end of the financial year were as set out below:

	Holding at 31st March, 1984		Holding at 31st March, 1983	
	Beneficial except where stated	Entitlement under the Marston's Share Ownership Scheme	Beneficial except where stated	Entitlement under the Marston's Share Ownership Scheme
7% Unsecured Loan Stock 1993/98				
M. F. Hurdle	£7,000	—	£7,000	—
M. W. F. Hurdle	£3,250	—	£3,250	—
4¼ % Redeemable Debenture Stock 1992				
M. F. Hurdle	£28,769	—	£28,769	—
M. F. Hurdle — as Trustee	—	—	£3,500	—
M. W. F. Hurdle	£14,708	—	£14,708	—
6% Unsecured Loan Stock 1993				
M. F. Hurdle	£15,559	—	£15,559	—
M. W. F. Hurdle	£2,410	—	£2,410	—
Ordinary (25p) Shares				
M. F. Hurdle	1,175,000	—	800,000	—
M. W. F. Hurdle	225,000	1,883	150,000	877
A. T. Alpin	10,000	2,512	4,000	1,170
A. G. Andrews	8,550	1,755	5,700	1,170
F. O. A. G. Bennett	4,050	—	2,700	—
D. G. Setford	6,870	1,883	4,530	877
C. H. Tidbury	4,200	—	2,900	—

Directors' Shareholdings (continued)

Shares appropriated under the Marston's Share Ownership Scheme entitle participants in that Scheme to receive Dividends and to require the Trustees of the Scheme to vote in accordance with their instructions.

Mr. M. F. Hurdle, Mr. M. W. F. Hurdle and Mr. A. T. Alpin are Trustees of the Marston's Share Ownership Scheme and in that capacity had jointly a non-beneficial interest in 615,751 Ordinary 25p shares at 31st March, 1984.

There have been no changes in the present Directors' shareholdings between 31st March, 1984 and 31st July, 1984.

None of the Directors had any material interest in any contract (other than his service agreement, if any) of significance to the business of the Company at any time during the year.

Major Shareholdings

The following companies had interests in the Share Capital at the 16th July, 1984:

Whitbread Investment Company PLC 36.0%
Prudential Assurance Company Limited 5.7%
Britannic Assurance Public Limited Company 5.4%

Share Capital

In accordance with the resolutions passed at the Annual General Meeting held on 8th September, 1983, the authorised share capital of the Company was increased to £21,000,000 and 25,721,407 Ordinary Shares of 25p each were issued, fully paid, to existing shareholders on the basis of one new share for every two shares held, by way of capitalising £6,430,352 of reserves.

In accordance with the provisions of the Marston's Share Ownership Scheme, 195,963 additional fully paid Ordinary Shares of 25p were issued to the Trustees of the Scheme on 19th August, 1983 in respect of the allocation for the year ended 31st March, 1983. An amount of £151,000 has been charged against the Profit and Loss Account this year to be paid over to the Trustees to acquire shares to be appropriated to eligible employees participating in the Scheme.

Employees

It is Company policy to employ disabled persons wherever possible, to offer continuity of employment to employees who become disabled, and provide career and training opportunities commensurate with their abilities.

The Company maintains a policy of close co-operation with, and involvement of, all employees in all matters of concern to them as employees. Employees benefit directly from continuing prosperity of the Company by means of the Marstons Share Ownership Scheme.

Political and Charitable Contributions

Contributions to charitable organisations totalled £6,348 (1983 - £5,798). Contributions were made of £200 (1983 - £200) to the Conservative and Unionist Association and £175 (1983 - £67) to Aims for Freedom and Enterprise.

Current Cost Accounts

Accounts on a current cost basis have not been prepared as in the opinion of the Directors the time and expense involved in their preparation is disproportionate to their usefulness.

Auditors

The Auditors, Thomson McIntock & Co., have expressed their willingness to continue in office and resolutions re-appointing them and authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

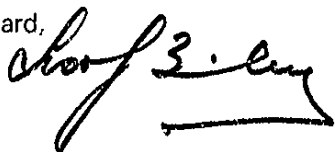
Close Company

The Company is not a Close Company as defined in the Income and Corporation Taxes Act 1970.

By Order of the Board,

I. J. Bailey
Secretary.

7th August, 1984



Accounting Policies

The following policies have been adopted by the Directors in the financial statements which they approved on 3rd July, 1984. The effects of events relating to the year ended 31st March, 1984 which occurred before 3rd July, 1984, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31st March, 1984 and of the results for the year ended on that date.

1. Basis of Accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain assets, in accordance with fundamental accounting concepts and the recommendations of the major accounting bodies, and in accordance with S149 of and Schedule 8 to the Companies Act 1948.

2. Debenture Redemption Reserve

In accordance with the requirement of the Debenture Trust Deed £9,000 is transferred annually from Profit and Loss Account to the Debenture Redemption Reserve.

3. Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

4. Fixed Tangible Assets

Freehold and Leasehold Properties

Brewery, depots and licensed premises are stated in the financial statements at amounts based on a professional valuation as at 1st April, 1983, with subsequent additions at cost.

Additions to and major refurbishments of premises are capitalised; replacements and renewals are charged to revenue.

Brewery and depot premises are written off by equal annual instalments at the rate of two per cent per annum.

It is the Company's policy to maintain public houses to a high standard of repair. In the view of the Directors such properties do not normally fall out of use because the high level of maintenance expenditure obviates major deterioration. Current experience indicates that in those exceptional circumstances when public houses are disposed of they normally realise at least book value. Depreciation, which in the opinion of the Directors is not material, is therefore not provided on public houses except for leasehold premises, where the unexpired terms of the leases are 100 years or less, which are amortised over the terms of the leases.

Other Fixed Assets

Other fixed tangible assets are stated at cost to the Company. Cost includes installation charges for plant. Exceptional reconditioning and alterations to existing plant which will extend its useful life are capitalised; other expenditure is written off to revenue as incurred.

Other fixed tangible assets are written off by equal annual instalments over their anticipated lives, as follows:-

Plant, fixtures and fittings	5 to 10 years
Motor vehicles	5 to 8 years
Casks	8 years

5. Stocks

Stocks are stated at the lower of cost and net realisable value. Where appropriate, cost includes a proportion of production overheads and duty.

6. Turnover

Turnover represents sales to external customers and rental income, and is stated exclusive of value added tax but inclusive of duty.

In consequence of the adoption of the disclosure requirements of the Company's Act 1981 the basis of calculation of turnover has been revised and the 1983 figures restated.

7. Pensions

It is the policy of the Company to fund pension liabilities by payments to insurance companies. These funds are invested and managed independently of the finances of the Company.

Profit and Loss Account

for the year ended 31st March, 1984

		1984		1983	
	Notes	£,000	£,000	£,000	£,000
Turnover			48,138		45,737
Less: Operating costs	1		41,218		39,300
Trading Profit	3		6,920		6,437
Net interest receivable	4		617		564
Allocation to Share Ownership Scheme	5		151		140
Profit on ordinary activities before taxation			7,386		6,861
Tax on profit on ordinary activities	6		3,835		3,130
Profit on ordinary activities after Taxation			3,551		3,731
Extraordinary items	7		660		242
Profit for the financial year			2,891		3,973
Appropriations:					
Ordinary Dividends					
Interim of 0.565p per share paid 27th January, 1984 (1983—0.513p)		437		396	
Final proposed 1.160p per share (1983—1.040p) 8		1,003		802	
Transfer to Debenture Redemption Reserve Fund		9		9	
			1,449		1,207
Retained profit for the year			1,442		2,766
Retained profit brought forward			22,714		19,892
Other movements			28		56
Retained profit carried forward			24,184		22,714
Earnings per Ordinary Share of 25p	9		4.60p		4.84p
Dividends per Ordinary Share of 25p			1.725p		1.552p



Balance Sheet

as at 31st March, 1984

		1984		1983	
	Notes	£,000	£,000	£,000	£,000
Fixed Assets					
Tangible Assets	10		58,107		40,483
Investments	11		4,840		2,200
Current Assets			62,947		42,683
Stocks	12	5,060		4,461	
Debtors	13	5,605		5,828	
Investments	14	2,209		4,202	
Cash at bank and in hand		770		1,840	
		13,644		16,331	
Creditors: Amounts falling due within one year	15	(10,956)		(10,403)	
Net Current Assets			2,688		5,928
Total Assets Less Current Liabilities			65,635		48,611
Creditors: Amounts falling due after more than one year	15		(701)		(708)
Provisions for Liabilities and Charges	16		(1,059)		—
			63,875		47,903
Capital and Reserves					
Called up share capital	17		19,340		12,861
Share premium account	18		—		148
Revaluation reserve	18		20,153		11,991
Debenture redemption reserve	18		198		189
Profit and loss account			24,184		22,714
			63,875		47,903

M. F. HURDLE
M. W. F. HURDLE

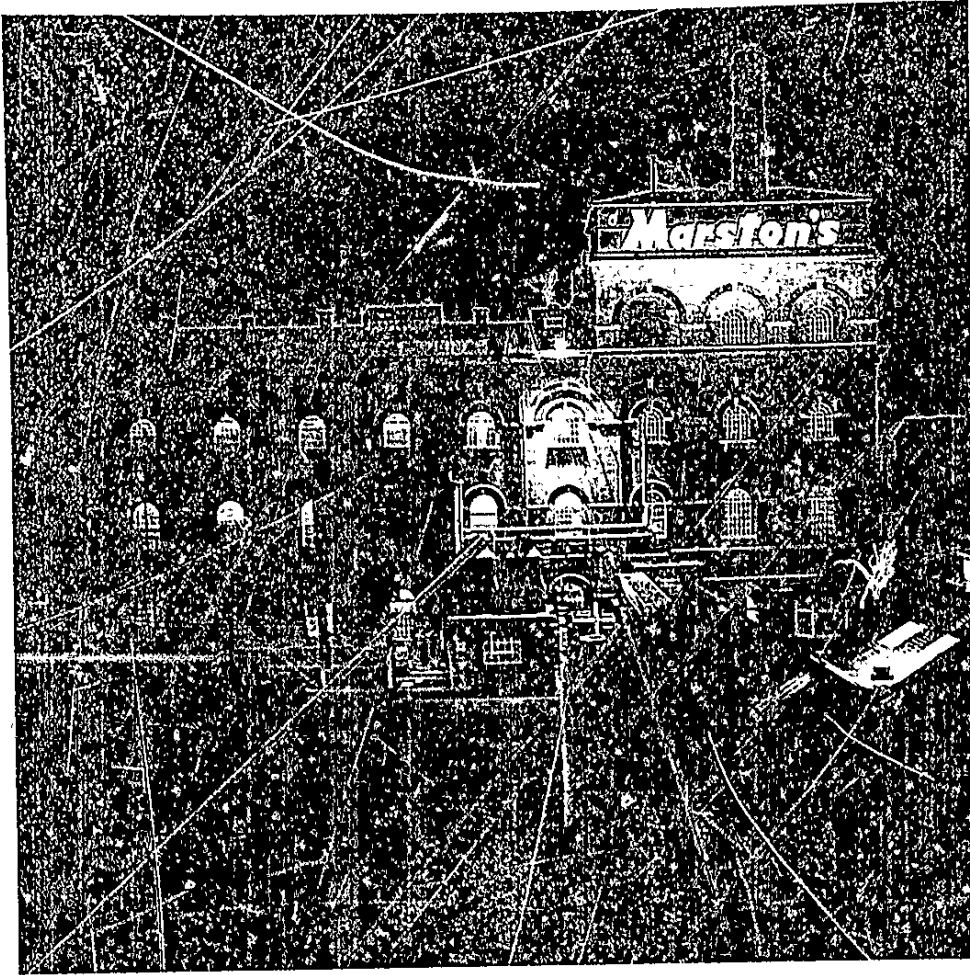
Directors

M F Hurdle
M W F Hurdle

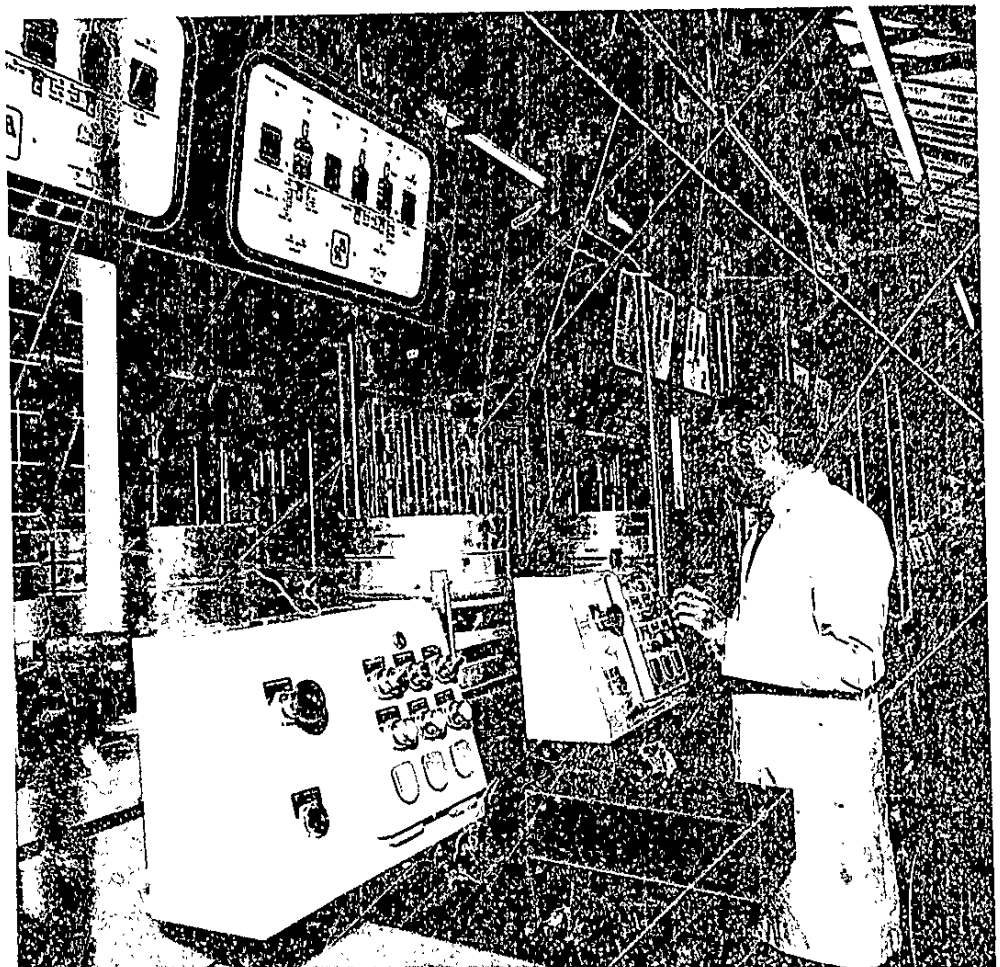
Statement of Source and Application of Funds

for the year ended 31st March, 1984

	1984		1983	
	£,000	£,000	£,000	£,000
Source of Funds				
Profit on ordinary activities before taxation		7,386		6,861
Extraordinary items before taxation		69		242
		<u>7,455</u>		<u>7,103</u>
Adjustment for items not involving the movement of funds:				
Depreciation	1,840		1,632	
Allocation to Share Ownership Scheme	151		140	
		<u>1,991</u>		<u>1,772</u>
Total generated from operations		9,446		8,875
Funds from other sources:				
Disposal of fixed assets		199		208
		<u>9,645</u>		<u>9,083</u>
Application of Funds				
Purchase of fixed tangible assets	(5,282)		(3,343)	
Increase in fixed asset investments	(2,640)		(523)	
Redemption of debentures	(7)		(36)	
Dividends paid	(1,239)		(1,099)	
Tax paid	(3,227)		(2,805)	
		<u>(12,395)</u>		<u>(7,806)</u>
		<u>(2,750)</u>		<u>1,277</u>
Increase/(Decrease) in Working Capital				
Stocks	599		188	
Debtors	121		830	
Creditors	(407)		(686)	
		<u>313</u>		<u>332</u>
Movement in Net Liquid Funds:				
Cash at bank and in hand		(1,070)		770
Current asset investments		(1,993)		176
		<u>(2,750)</u>		<u>1,277</u>



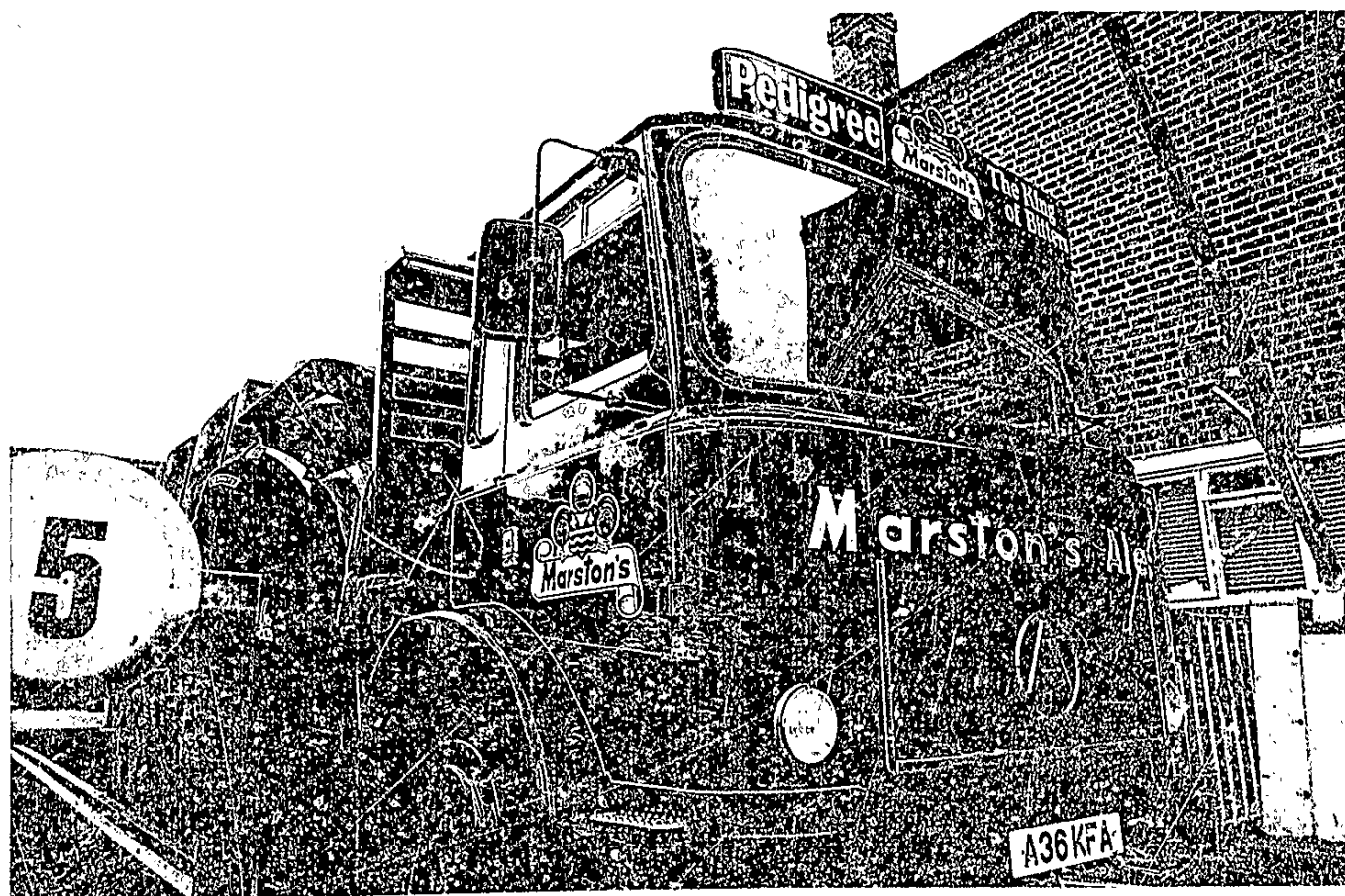
The Brewhouse built 1875.
Restored by our Engineering
Department in 1983 and received
the Burton Civic Society award
for preservation of historic
buildings 1984.



New keg plant installed by
A.P.V. Burnett & Rolfe in
October 1983.
Capacity 100 barrels per hour.



The 1937 EWB 95 Hippo.
Rebuilt by Marstons'
Transport Department in 1983.



One of our fleet of nearly 100 vehicles showing the Company's new livery as it leaves Crossman Street.

Notes to the Accounts

1. Operating Costs	1984	1983
	£,000	£,000
(Increase)/Decrease in stocks of finished goods and work in progress	(599)	28
Raw materials and consumables	13,516	12,617
Duty	14,147	13,616
Other operating charges	5,695	5,310
Staff costs	6,619	6,097
Depreciation of fixed tangible assets	1,840	1,632
	<u>41,218</u>	<u>39,300</u>

Other external charges include auditors' remuneration including expenses of £16,000 (1983 - £15,000).

2. Staff Costs	1984	1983
	£,000	£,000
Employee costs (including Directors)		
Wages and salaries	5,638	5,182
Social security costs	483	465
Other pension costs	498	450
	<u>6,619</u>	<u>6,097</u>
Average number of employees	832	776
The above figures include 172 (1983 - 145) part-time employees.	<u></u>	<u></u>

3. Directors' Emoluments	1984	1983
	£,000	£,000
Fees	6	7
Emoluments (including pension contributions)	140	153
	<u>146</u>	<u>160</u>

The emoluments, excluding pension contributions of the Chairman, amounted to £35,000 (1983 - £31,000).

The number of other Directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:—

	1984	1983
£ 0—£ 5,000	3	2
£ 5,001—£10,000	1	1
£10,001—£15,000	—	1
£15,001—£20,000	—	1
£20,001—£25,000	1	1
£25,001—£30,000	1	2
£30,001—£35,000	1	—

4. Interest Receivable/Payable	1984	1983
	£,000	£,000
Income from listed UK government securities	35	38
Income from short term deposits	655	598
Interest on loans payable within five years	(31)	(30)
Interest on loans payable after five years	(42)	(42)
	<u>617</u>	<u>564</u>

5. Share Ownership Scheme		1984 £,000	1983 £,000
Allocation to the Trustees of the Scheme with which to acquire Ordinary Shares in the Company either by purchase through the Stock Exchange or by subscription.		151	140
6. Tax on Profit on Ordinary Activities		1984 £,000	1983 £,000
UK Corporation Tax at 50% on the profits of the year		3,145	3,130
Transfer to deferred tax		690	—
		<u>3,835</u>	<u>3,130</u>
The charge for Corporation Tax has been reduced by £113,000 (1983 - £112,000) as a result of stock relief.			
7. Extraordinary Items		1984 £,000	1983 £,000
Extraordinary Income:			
Surplus on sale of properties		80	188
Surplus on disposal of listed investments		37	43
Discounts less premiums, on debenture stock redeemed		2	11
Extraordinary charges:		(25)	—
Property revaluation fees		(25)	—
Redundancy payments		—	—
		<u>69</u>	<u>242</u>
Extraordinary profit		25	—
Taxation relief on extraordinary charges		45	—
Write back of prior year provision for development land tax		—	—
		<u>139</u>	<u>242</u>
Transfer to deferred taxation		(799)	—
		<u>(660)</u>	<u>242</u>
The liability to Corporation Tax arising on the sale of properties has been rolled over under the provisions of the Capital Gains Tax Act 1979.			
8. Proposed Final Dividend		1984 £,000	1983 £,000
The proposed dividend is calculated as follows:			
On Ordinary Shares in issue on the 31st March, 1984 - 77,360,185 shares (1983 - 77,164,222) at 1.160p per share		897	802
On Ordinary Shares issued after 31st March, 1984 in respect of the acquisition of the Ordinary Share capital of Border Breweries (Wrexham) P.L.C. - 9,133,840 shares at 1.160p per share		106	—
		<u>1,003</u>	<u>802</u>

9. Earnings Per Share

Earnings per share have been calculated by reference to earnings of £3,551,000 (1983 - £3,731,000) and 77,284,482 shares (1983 - 77,080,197) being the average number of shares in issue during the year. The average number of shares in 1983 has been adjusted for the Scrip Issue on 19th September, 1983.

Notes to the Accounts (continued)

	Properties £,000	Plant, fixtures and fittings and casks £,000	Motor vehicles £,000	Total £,000
10. Fixed Tangible Assets				
Cost or valuation				
At 31st March, 1983	33,795	13,657	1,350	48,802
Revaluation surplus	13,798	—	—	13,798
Additions	2,601	2,368	312	5,281
Disposals	(37)	(212)	(174)	(423)
At 31st March, 1984	<u>50,157</u>	<u>15,813</u>	<u>1,488</u>	<u>67,458</u>
Depreciation				
At 31st March, 1983	585	6,993	741	8,319
Write back on revaluation	(585)	—	—	(585)
Charge for the year	179	1,448	213	1,840
Eliminated on disposals	—	(68)	(155)	(223)
At 31st March, 1984	<u>179</u>	<u>8,373</u>	<u>799</u>	<u>9,351</u>
Net book value at 31st March, 1984	<u>49,978</u>	<u>7,440</u>	<u>689</u>	<u>58,107</u>
Net book value at 31st March, 1983	<u>33,210</u>	<u>6,664</u>	<u>609</u>	<u>40,483</u>
The net book value of properties comprises:				
		1984		1983
		£,000		£,000
Freehold		47,385		30,975
Long leasehold		2,398		2,119
Short leasehold		195		116
		<u>49,978</u>		<u>33,210</u>

The Company's brewery, depots and licensed properties were revalued as at 1st April, 1983 on the basis of their economic value for existing use purposes, by Messrs Colliers, Bigwood & Bewlay, Surveyors and Valuers.

The surplus on revaluation has been credited to reserves.

The effect of revaluing the properties has been to increase the annual depreciation charge by £26,000.

The total of properties at cost or valuation comprises:

	Properties £,000
At open valuation 1st April, 1983	47,556
At cost	<u>2,601</u>
At cost or valuation	<u>50,157</u>

10. Fixed Tangible Assets (continued)

Historical cost details of properties which have been taken as valuation at 1st April, 1978, with additions since that date at cost, are:

	£,000
At open valuation 1st April, 1983	47,556
Aggregate depreciation thereon	164
Net book value	47,392
Historical cost of revalued assets	33,773
Aggregate depreciation based on historical cost	723
Historical cost net book value	33,050

11. Fixed Asset Investments

	Listed shares at cost £,000	Trade loans £,000	Total £,000
At 31st March, 1983	—	2,200	2,200
Additions	1,955	1,421	3,376
Disposals/repayments	—	(736)	(736)
At 31st March, 1984	1,955	2,885	4,840

805,000 listed shares were acquired during the year, representing a 14.98% holding in the Ordinary Share capital of Border Breweries (Wrexham) P.L.C. The Company is incorporated in Great Britain and its principal activity is the brewing, wholesaling and retailing of beers, wines and spirits.

	1984 £,000	1983 £,000
12. Stocks		
Raw materials and consumables	1,798	1,799
Work in process	303	284
Finished products and goods for resale	2,959	2,378
	5,060	4,461

	1984 £,000	1983 £,000
13. Debtors		
Due within one year:		
Trade debtors	5,013	4,697
Other debtors	460	663
Prepayments	132	124
Advance corporation tax recoverable	—	344
	5,605	5,828

Notes to the Accounts *(continued)*

	1984	1983
	£,000	£,000
14. Current Asset Investments		
Cost	529	529
Dated government securities	—	14
Capital redemption policy	1,430	2,159
Certificates of tax deposit	250	1,500
Other short term deposits		
	<u>2,209</u>	<u>4,202</u>

The market value of the dated government securities exceeded the book value by £55,000 (1983 - £26,000).

	1984	1983
	£,000	£,000
15. Creditors		
Due within one year:		
Trade creditors	1,831	1,380
Tax and social security	2,332	2,502
Other creditors	2,556	2,419
Proposed final dividend	1,003	302
Corporation tax	2,804	2,956
Advance corporation tax payable	430	344
	<u>10,956</u>	<u>10,403</u>
Due after one year:		
4½ % Redeemable Debenture Stock 1992 secured	200	207
6% Unsecured Loan Stock 1993	201	201
7% Unsecured Loan Stock 1993/98	300	300
	<u>701</u>	<u>708</u>

The debentures, repayable at par in 1992, are secured by a first floating charge on the undertaking of all the property and assets of the Company, present and future, including any uncalled capital.

16. Provisions for Liabilities and Charges

	Accelerated capital allowances £,000
Deferred tax:	
At 31st March, 1983	—
Extraordinary charge for the year (Note 7)	799
Provided during the year (Note 6)	690
	<u>1,489</u>
Advance corporation tax recoverable	(430)
At 31st March, 1984	<u>1,059</u>
Potential amounts not provided:	
At 31st March, 1984	4,700
At 31st March, 1983	<u>4,000</u>

The provision for deferred taxation has been calculated at varying taxation rates between 35% — 50%, depending on when it is anticipated that the timing differences will reverse.

The potential tax liability if the properties were sold at their revalued amounts is £6m (1983 - £bn).

17. Called Up Share Capital	1984 £,000	1983 £,000
Authorised 84,000,000 Ordinary Shares of 25p	21,000	14,000
Allotted, called up and fully paid 77,360,185 (1983 - 51,442,815) Ordinary shares of 25p	19,340	12,861

The increase in the authorised Share Capital was approved at the Annual General Meeting on 8th September, 1983. 25,721,407 shares were issued on 19th September, 1983 in accordance with a 1 for 2 Scrip Issue by capitalising £6,430,352 of reserves.

195,963 Ordinary Shares of 25p were issued at a premium of 0.4647 per share on 19th August, 1983 in accordance with the provisions of the Marston's Share Ownership Scheme.

18. Reserves	Share premium account £,000	Revaluation reserve £,000	Debenture redemption reserve £,000
At 31st March, 1983	148	11,991	189
Surplus on revaluation	—	14,383	—
Transfer to profit and loss account on disposal of assets	—	(28)	—
Premium on issue of shares	89	—	—
Scrip issue capitalisation	(237)	(6,193)	—
Transfer from profit and loss account	—	—	9
At 31st March, 1984	—	20,153	198

The distributable profits of the Company are £24,184,000 (1983 - £22,714,000).

19. Capital Commitments	1984 £,000	1983 £,000
Contracted for but not provided (including committed trade loans)	737	3,379
Authorised but not contracted for	2,476	1,889

20. Post Balance Sheet Events

A formal offer was made on 30th March, 1984 to acquire the Ordinary Share Capital, the Preference Share Capital and the Debentures of Border Breweries (Wrexham) P.L.C.

Following the first closing date to the offer on 24th April, 1984, Marston Thompson & Evershed p.l.c. had acquired or agreed to acquire ordinary shares totalling 97.29% of the Ordinary Share Capital and 74.04% of the Preference Share Capital. It is intended to invoke Section 209 of the Companies Act 1948 and on completion of such formalities, Border Breweries (Wrexham) P.L.C. will become a wholly owned subsidiary.

As part of the arrangements relating to the above offer, it was resolved, at an Extraordinary General Meeting held on 16th April, 1984, that the authorised share capital of the Company be increased from £21m to £24m and that the Directors had a general authority for a period of five years to allot new shares or other relevant securities under Section 14 of the Companies Act 1980 up to a maximum nominal amount of £4,659,954.

A pro-forma statement of combined net assets of the new group is set out on page 21.

Report of the Auditors

To the Members of Marston, Thompson & Evershed p.l.c.

We have audited the financial statements of pages 8 to 19 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention (as modified by the revaluation of certain assets) give a true and fair view of the state of the Company's affairs at 31st March, 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

As explained in the Directors' Report, the financial statements do not contain the current cost accounts as required by Statement of Standard Accounting Practice number 16.



Thomson McLintock & Co.

Chartered Accountants

London

7th August, 1984

Pro Forma Statement of Combined Net Assets

Set out below, for illustrative purposes only, is a pro forma statement of the combined net tangible assets of Marston, Thompson & Evershed p.l.c. and Border Breweries (Wrexham) P.L.C. and its subsidiary companies, based upon the latest published accounts incorporating appropriate adjustments.

Fixed Assets	£,000	£,000
Tangible assets		66,104
Investments		6,178
		<u>72,282</u>
Current Assets		
Stocks	6,689	
Debtors	7,065	
Investments	2,209	
Cash	786	
	<u>16,749</u>	
Creditors: Amounts due within one year	<u>(16,389)</u>	
Net Current Assets		<u>360</u>
Total Assets Less Current Liabilities		<u>72,642</u>
Creditors: Amounts due after one year		(5,701)
Provisions for Liabilities and Charges		<u>(1,134)</u>
Net Tangible Assets Attributable to Ordinary Shareholders		<u><u>65,807</u></u>

Notes:

- 1) The net tangible assets of both Marston's and Border are as shown by their published audited balance sheets at 31st March, 1984 and 28th February, 1984 respectively, before making any adjustment to the consolidated net tangible assets of Border to conform with Marston's accounting policies (in particular depreciation of plant and machinery, casks, fixtures and fittings and motor vehicles).
- 2) No account has been taken of results since the dates of the last published audited balance sheets nor of the revaluation of Border's properties in March 1984, which was £4,484,000 in excess of their net book value.
- 3) No account has been taken of expenses of, or incidental to, the Offers and the preparation and circulation of the Offer Document.
- 4) It has been assumed that the Offers and the Preference Offer are accepted in full and that the Border Debentures are acquired. The total consideration, including the purchase of Border Ordinary shares held by Marston's at the date of the Offers, will involve the issue of £9,133,840 new Marston Ordinary shares and the payment of £8,073 million in cash of which it is assumed £5 million will be funded by medium and long term loans.

Financial Statement for the past Five Years

Based on the Historical Cost Accounts

	1980 £,000	1981 £,000	1982 £,000	1983 £,000	1984 £,000
Employment of Capital					
Fixed Tangible Assets	34,499	37,413	38,980	40,483	58,107
Fixed Investments	1,121	1,382	1,677	2,200	4,840
Current Assets	11,404	10,766	13,624	16,331	13,644
	<u>47,024</u>	<u>49,561</u>	<u>54,281</u>	<u>59,014</u>	<u>76,591</u>
Creditors: Amounts due within one year	(6,717)	(6,701)	(8,532)	(10,403)	(10,956)
	<u>40,307</u>	<u>42,860</u>	<u>45,749</u>	<u>48,611</u>	<u>65,635</u>
Creditors: Amounts due after one year	(767)	(761)	(744)	(708)	(701)
Provisions for liabilities and charges	—	—	—	—	(1,059)
	<u>39,540</u>	<u>42,099</u>	<u>45,005</u>	<u>47,903</u>	<u>63,875</u>
Capital Employed					
Share Capital	12,789	12,789	12,825	12,861	19,340
Reserves	26,751	29,310	32,180	35,042	44,535
	<u>39,540</u>	<u>42,099</u>	<u>45,005</u>	<u>47,903</u>	<u>63,875</u>
Profits					
Profit on ordinary activities before taxation	5,501	5,153	6,088	6,861	7,386
Taxation	(2,083)	(2,056)	(2,560)	(3,130)	(3,835)
	<u>3,418</u>	<u>3,097</u>	<u>3,528</u>	<u>3,731</u>	<u>3,551</u>
Profit on ordinary activities after taxation	96	383	343	242	(660)
Extraordinary items	—	—	—	—	—
	<u>3,514</u>	<u>3,480</u>	<u>3,871</u>	<u>3,973</u>	<u>2,891</u>
Profit for the financial year	<u>3,514</u>	<u>3,480</u>	<u>3,871</u>	<u>3,973</u>	<u>2,891</u>
Dividends and Retentions					
Payments to shareholders	831	921	1,062	1,198	1,440
Retained profit for the year	2,683	2,559	2,809	2,775	1,451
	<u>3,514</u>	<u>3,480</u>	<u>3,871</u>	<u>3,973</u>	<u>2,891</u>
Earnings per share (see note)	4.45p	4.03p	4.59p	4.84p	4.60p
Ordinary dividend per share (see note)	1.08p	1.20p	1.38p	1.55p	1.725p

Note Earnings and dividends per share are expressed in terms of the average number of shares in issue in each year after adjustment of the figures for 1980 to 1983 for the Scrip Issue on 19th September, 1983.

Market Values

For the purposes of capital gains tax, the market quotations of the Company's issued share and loan capital on 6th April, 1965, adjusted to give effect to capital reconstructions since that date, were:

	£
25p Ordinary Shares	0.0722
4¼ % Debenture Stock 1992	70.50
6% Unsecured Loan Stock 1993	84.50
7% Unsecured Loan Stock 1993/98	80.00

Financial Diary

Final Ordinary Dividend payable 8th September, 1984.

Preliminary announcement of results and Dividend — half year to 30th September, 1984 on 18th December, 1984.*

Interim Dividend payable 25th January, 1985.

Interest on 4¼ % Redeemable Debenture Stock payable 1st January and 1st July, 1985.

Interest on 6% Unsecured Loan Stock payable 1st January and 1st July, 1985.

Interest on 7% Unsecured Loan Stock payable 30th September, 1984 and 31st March, 1985.

**These dates could be subject to revision.*

Distribution Depots

Leighton Buzzard

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Leighton Buzzard
Bedfordshire
Telephone: Leighton Buzzard (0525) 374499

Macclesfield

Bond Street
Macclesfield
Cheshire
Telephone: Macclesfield (0625) 27831

Penrith

Old London Road
Penrith
Cumbria
Telephone: Penrith (0768) 63701

Rhuddlan

Marsh Lane
Rhuddlan
Clwyd
Telephone: Rhuddlan (0745) 590205

Winchester

Hyde Street
Winchester
Hampshire
Telephone: Winchester (0962) 65388

Worcester

Old Sheepmarket
Worcester
Hereford & Worcester
Telephone: Worcester (0905) 26251
