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S. A. BRAIN & COMPANY LIMITED
THE OLD BREWERY, CARDIFF

52099

ANNUAL
REPORT
1987

CONTENTS

2	DIRECTORS AND OFFICERS
3	FINANCIAL HIGHLIGHTS
4	CHAIRMAN'S STATEMENT
6	REPORT OF THE DIRECTORS
8	VALUE ADDED STATEMENT
10	PROFIT AND LOSS ACCOUNT
11	BALANCE SHEET
12	SOURCE AND APPLICATION OF FUNDS
13	REPORT OF THE AUDITORS
14	NOTES TO THE ACCOUNTS
22	FIVE YEAR SUMMARY

FINANCIAL HIGHLIGHTS

Year ended 30 September	1987 £000	1986 £000
Turnover	26,416	26,190
Operating profit	2,500	3,070
Profit on ordinary activities before taxation	2,594	3,154
Preference dividends	160	160
Profit attributable to equity	1,579	1,924
Transfer to properties reserve	1,115	1,485
Ordinary dividend	461	438
Dividend per ordinary share	40.5p	38.5p
Earnings per ordinary share	138.8p	169.1p
	£000	£000
Capital employed	15,845	14,727
Expenditure on fixed assets	1,983	2,609

S. A. BRAIN & COMPANY LIMITED

DIRECTORS AND OFFICERS

DIRECTORS:

W. E. RHYS, CHAIRMAN AND CHIEF EXECUTIVE
C. M. BRAIN, JOINT MANAGING DIRECTOR
I. H. STURROCK, JOINT MANAGING DIRECTOR
R. C. MAY-HILL, F.C.A., FINANCIAL DIRECTOR AND SECRETARY
M. E. JAMES, FREE TRADE DIRECTOR
O. N. BREAY, TIED TRADE DIRECTOR

SECRETARY AND REGISTERED OFFICE:

R. C. MAY-HILL, F.C.A.
THE OLD BREWERY,
CARDIFF

AUDITORS:

PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

BANKERS:

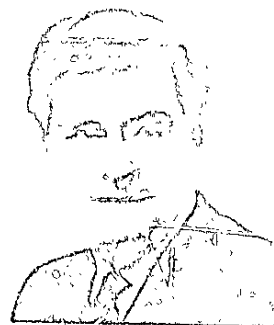
LLOYDS BANK Plc

SOLICITORS:

ADAMS & BLACK with HOWELL BUCHANNAN & CO.

S. A. BRAIN & COMPANY LIMITED

CHAIRMAN'S STATEMENT



GENERAL

The past year has been one of mixed fortunes for the company. Trade has become even more competitive with the result that margins have been trimmed and this is reflected in the financial results. However, the plans for the major redevelopment of southern Cardiff are proceeding swiftly with the formation of the Cardiff Bay Development Corporation and the parliamentary bill for a barrage across the estuary. In addition, a number of government departments are looking at South Wales in general and at Cardiff in particular for the possible relocation of sizeable administrative units. As a result of such developments, the prospects for the economy in the company's principal trading area look more promising than for some time but I am very much aware that the demands of our customers are changing and that the company must reflect this in its plans.

TRADE

For a number of years South Wales has lagged behind the trend shown in volume sales nationally and whilst this was to the company's advantage when the national decline in beer sales commenced earlier this decade, it now operates to the company's disadvantage and despite the increase in national volumes, the benefit of increased sales is still awaited. A key factor is the continuing swing from ale to lager which is eroding the advantage of the loyalty to its brands which the company had enjoyed for many years. Although I do not anticipate the same degree of loyalty from lager drinkers I hope that the company's portfolio of lagers will appeal to an increasing number of customers.

A recent development has been the signing of a contract to brew Hurlimann under licence. This additional brewing will contribute to the return from the New Brewery and add to the company's profitability. Hurlimann is a premium Swiss lager and sales to date are showing a most encouraging trend. It will complement Faust, the company's standard lager, and both will continue to be actively marketed.

FREE TRADE

The continuing surplus capacity nationally within the industry results in a very competitive market place. Following the company's policy to extend its trading area, the free trade department has been expanded and strengthened by the appointment of additional experienced representatives. The whole department has been subjected to rigorous management training and I am confident that these changes have now put it in a position to take full advantage of the opportunities that are available.

During the course of the year the direct selling operation in London has been discontinued as better returns can be achieved from dealing through wholesalers who continue to handle the full range of the company's products.

The company has extended its interests into West Wales by supplying a wholesaler in Narberth and this has resulted in its products being more widely available.

The take-home sector has continued to grow and the very successful PET range has been joined by a new line of canned beers. The potential for the company from the volume of trade in this sector is such that an additional representative has been taken on to fully exploit the market.

TIED TRADE

Last year I reported that the company's improved results were partly due to a pause in expenditure on the tied estate. This year's figures reflect a concentration on improving the image of the public houses. This involves significant expenditure on the properties many of which require disproportionately large amounts of investment on account of their age but which will provide good returns in future years.

Recently I had the honour of receiving personally from H.R.H. The Prince of Wales a "Prince of Wales Award" for the work undertaken by this company in renovating The Golden Cross. The company is justly proud of The Golden Cross and I hope that it will come to full potential when the proposed International Trade Centre is finally opened on a nearby site.

A major refurbishment has been carried out at The Albany and an extension added to The White Horse and I am sure that these will prove as successful as The Cardiff Cottage which was re-opened just a year ago.

A brand new public house is being built in one of the major suburban shopping areas of Cardiff and its theme is reflected in its name -- 42nd Street.

The company has made several attempts to acquire potentially good sites in Gwent. I am sorry to have to report that none of these has been successful, not because of a lack of commitment by the company but through the efforts of objectors to the granting of licences. It is sad to note that a major objection has been received from the Chief Constable apparently based on the grounds that he has insufficient manpower to deal with additional licensed premises in a new location. If this policy were to be adopted nationally it could presumably have significant results in areas which are being developed for the first time and would deny occupiers of new housing developments easy access to a "local".

The re-organisation of the tied trade department carried out last year has had a marked improvement on profitability and I am confident that there are further benefits to come as the new team makes its presence felt.

FINANCE

The disappointing results are attributable in the main to reduced volumes particularly of traditional ales and the fact that sales are being achieved at lower margins over an increasing number of smaller accounts. However, the evidence is that increased investment does bring profits so long as the investment is in the right place and meets the needs of the customer. To this end the property portfolio is being rationalised in order that the company can concentrate its resources on the more profitable outlets.

The company is showing considerable interest in the proposed Cardiff Bay development and I hope that it will be involved in a sizeable investment in that area.

I am able to report that the long running dispute with a neighbour over the redevelopment of the Old Brewery has been resolved, although at a cost which was considerably more than the company's professional advisers had indicated.

THE FUTURE

The results of the investigation by the Monopolies and Mergers Commission are still outstanding and may well involve yet further unproductive management time.

It now seems likely that the licensing laws will be changed to give licensees greater flexibility in respect of opening times, thus allowing public houses and the sizeable investment therein to be used more profitably both by the company and its tenant licensees.

I look forward to the redevelopment of Cardiff gaining momentum and bringing with it improved trading conditions in what is the main trading area of the company. Although the prospects look very good I must stress the difficulties which the company will face in securing its share of that prosperity as many of its competitors will be anxious to promote their own interests, sometimes, it appears, irrespective of cost.

It must be recognised that the demands of the public are changing and this must be reflected in the company's outlook. For example, family rooms are now being provided in many public houses and a greater range of products offered. Such increased facilities will be all the more important if the licensing bill becomes law.

I am confident that the company's policy of recruiting experienced and professional managers coupled with considerable expenditure on marketing will ensure that the extensive capital programme will contribute to the future success of the company.

Finally, again I am happy to express my gratitude for the contribution that has been made by the employees of the company and while I regret to have to forecast more competitive times ahead, I am sure that their continuing efforts will secure a more profitable future.

W. E. RHYS
Chairman

S. A. BRAIN & COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the accounts of the company for the year ended 30th September, 1987.

1. REVIEW OF THE BUSINESS

The company carries on business as brewers, bottlers, wine and spirit merchants, table water manufacturers and licensed property owners and managers. A report of the company's performance during the year, events since the year end and future developments is given in the chairman's statement on pages 4 and 5.

2. PROFIT AND DIVIDENDS

	1987 £000	1986 £000
Profit for the financial year as shown on page 10	1,739	2,084
Transfer to properties reserve	(1,115)	(1,485)
	624	599

The directors recommend that this balance be dealt with as follows:

Dividends

4% (tax free) cumulative preference
 11% second cumulative preference
 Ordinary, interim at 21.5% 1986—21%
 Ordinary, final proposed at 19% 1986—17.5%.

9	9
151	151
245	239
216	199
621	598

Leaving retained profit for the year

3	1
---	---

The above figures are prepared under the historical cost convention.

3. FIXED ASSETS

The changes in the company's tangible fixed assets are set out in note 7 to the accounts and comprise expenditure on the tied estate and other transactions made in the normal course of business. It is considered that the market value of properties owned by the company is in excess of the book value but until such time as a full valuation is carried out the directors are unable to quantify this excess.

The changes in the company's fixed asset investments are set out in note 8 to the accounts and comprise mainly loans to free trade customers, less repayments.

4. DIRECTORS AND THEIR INTERESTS

The directors at the year end are shown on page 2. Full details of directors' interests in shares and debentures of the company are disclosed in note 22 to the accounts.

Other than his service contract, no director had a material interest in any contract with the company at any time during the year.

5. CHARITABLE AND POLITICAL CONTRIBUTIONS

No political contributions were made by the company.

Contributions for charitable and similar purposes in the United Kingdom amounted to £3,343 (1986—£2,580)

6. EMPLOYEE INVOLVEMENT

The Directors are fully conscious of the need to make employees aware of the many factors which influence the company's success.

The main channels of communication are regular departmental, Works Committee and Joint Negotiating Committee meetings. Financial results are made available to these meetings and future plans and expectations are discussed.

For many years employees have shared in the company's performance through an annual profit sharing scheme.

Full and fair consideration has been and will be given to employment applications from disabled persons having regard to their particular aptitude and abilities. If an appropriate vacancy is available then, where practicable, arrangements will be made to continue the employment of an employee who has become disabled. Disabled employees will be given fair consideration for training, career development and promotion.

7. AUDITORS

Price Waterhouse have indicated their willingness to be re-appointed and a resolution concerning their appointment will be submitted to the annual general meeting.

By Order of the Board,
R. C. MAY-HILL, Secretary.

THE OLD BREWERY,
CARDIFF

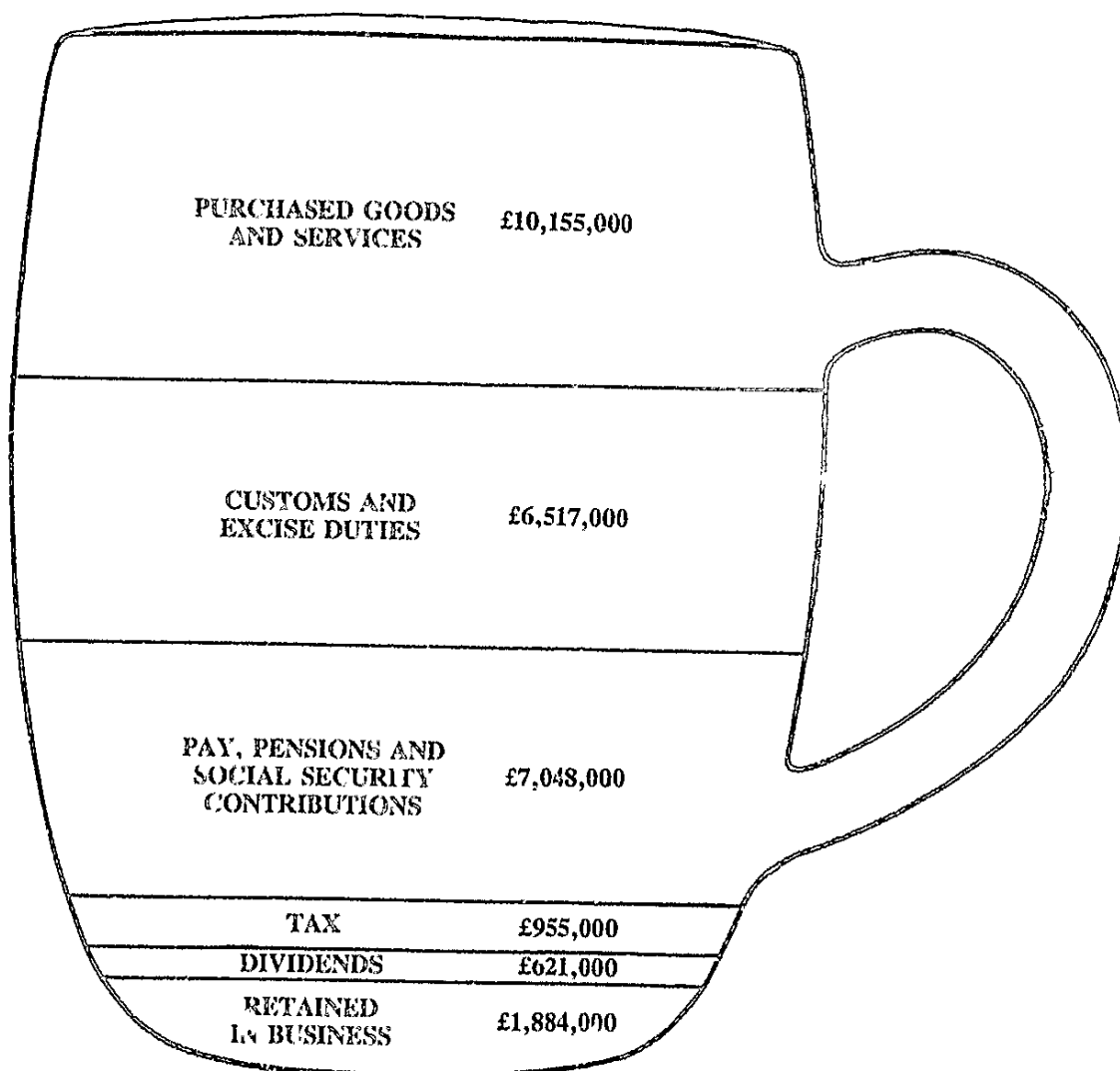
29th January, 1988

S. A. BRAIN & COMPANY LIMITED
VALUE ADDED STATEMENT
YEAR ENDED 30 SEPTEMBER, 1987

	1987 £000	1986 £000
VALUE ADDED		
Sales of goods and services to customers	26,416	26,190
Deduct: purchased goods and services	(10,155)	(9,057)
customs and excise duties	(6,517)	(6,904)
Value added	9,744	10,229
Rental, investment and other income	764	754
	<u>10,508</u>	<u>10,983</u>
 DISTRIBUTION		
To employees		
Pay, pensions, social security contributions and other employee costs	7,048	7,036
To government		
Amount set aside for corporation tax	955	1,000
To shareholders		
Dividends proposed for the year	621	598
 Retained in the business		
Depreciation to provide for replacement of buildings, plant and equipment	866 (100)	793 70
Deferred taxation	1,115	1,485
Future development of properties	3	1
Profit for the year		
	1,884	2,349
	<u>10,508</u>	<u>10,983</u>

Value added is the difference between the total sales for the year and the cost of goods and services used in making those sales. It represents the value of work done by the company's employees, using the assets and facilities financed by the shareholders.

HOW OUR REVENUE HAS BEEN SPENT
YEAR ENDED 30 SEPTEMBER, 1987



S. A. BRAIN & COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER, 1987

	Note	1987 £000	1986 £000
TURNOVER			
Cost of sales	2	26,416 (22,705)	26,190 (21,841)
GROSS PROFIT			
Distribution costs		3,711	4,340
Administrative expenses		(591)	(568)
Other operating income		(1,290)	(1,381)
		670	670
OPERATING PROFIT			
Income from fixed asset investments		2,500	3,070
		94	84
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Taxation on profit on ordinary activities	2, 3	2,462	3,154
	4	(1,450)	(1,070)
PROFIT FOR THE FINANCIAL YEAR			
Dividends	5	1,739 (621)	2,084 (598)
AMOUNT SET ASIDE TO RESERVES	16	<u>1,118</u>	<u>1,486</u>
EARNINGS PER ORDINARY SHARE	6	<u>138.8p</u>	<u>169.1p</u>

Movements on reserves are set out in note 16.

The profit and loss account should be read in conjunction with the notes on pages 14 to 21.

BALANCE SHEET

30 SEPTEMBER, 1987

	Note	1987 £000	1986 £000
FIXED ASSETS			
Tangible assets	7	17,507	16,576
Investments	8	1,887	2,049
		19,394	18,625
CURRENT ASSETS			
Stocks	9	1,885	1,944
Debtors	10	1,902	1,999
Cash at bank and in hand		94	54
		3,881	3,997
CREDITORS (amounts falling due within one year)	11	(5,979)	(6,089)
NET CURRENT LIABILITIES		(2,098)	(2,092)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,296	16,533
CREDITORS (amounts falling due after more than one year)	12	(673)	(805)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(100)	(255)
DEFERRED INCOME	14	(678)	(746)
		15,845	14,727
CAPITAL AND RESERVES			
Called up share capital	15	2,739	2,739
Other reserves	16	12,970	11,855
Profit and loss account	16	136	133
		15,845	14,727

These accounts were approved by the Directors on 29th January, 1988.

W. E. RHYS, DIRECTOR

R. C. MAY-HILL, DIRECTOR AND SECRETARY

The balance sheet should be read in conjunction with the notes on pages 14 to 21.

S. A. BRAIN & COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30 SEPTEMBER, 1987

	1987 £000	1986 £000
SOURCE		
Funds generated from operations		
Profit before taxation	2,594	3,154
Adjustment for items not involving the flow of funds:		
depreciation less amortisation of regional development grants	866	793
profit on disposal of fixed assets	(101)	(181)
	3,359	3,766
Funds generated from other sources		
Proceeds of disposal of fixed assets	223	206
Regional development grants	—	56
Decrease in Trade loans	170	—
	3,752	4,028
APPLICATION		
Dividends paid	(598)	(558)
Taxes paid	(809)	(922)
Investment in fixed assets	(1,983)	(2,609)
Trustees for debenture holders—bank deposit	(8)	(9)
Increase in Trade loans	—	(343)
Pension scheme contributions set off against provision	(55)	(70)
Regional development grant repaid	(4)	—
	(3,457)	(4,511)
	295	(483)
(INCREASES)/DECREASES IN WORKING CAPITAL		
Stock	59	(257)
Debtors	88	(57)
Creditors	(284)	273
	158	(524)
DECREASE IN NET LIQUID FUNDS		
Bank and cash balances and short term investments	158	(524)

This statement should be read in conjunction with the notes on pages 14 to 21.

REPORT OF THE AUDITORS

TO THE MEMBERS OF
S. A. BRAIN & COMPANY LIMITED

We have audited the financial statements on pages 10 to 21 in accordance with approved Auditing Standards.

In our opinion the financial statements on pages 10 to 21 give a true and fair view of the state of the company's affairs at 30th September, 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

CARDIFF
29th January, 1988

PRICE WATERHOUSE
Chartered Accountants

S. A. BRAIN & COMPANY LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 SEPTEMBER, 1987

1. ACCOUNTING POLICIES

(i) Basis of accounting

The accounts are prepared under the historical cost convention.

(ii) Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation. Assets under construction and not in use at the balance sheet date are shown as capital work in progress.

(iii) Depreciation

It is company policy to maintain public houses to a high standard so as to preserve their earning capacity. Consequently, the directors consider that no provision for depreciation is necessary on freehold public houses. No depreciation is provided on freehold land. The unexpired working lives of other freehold properties in use at 1st October, 1977 have been estimated at 50 years from that date and accordingly have been depreciated at a rate of 2% per annum. Other tangible fixed assets are depreciated at rates designed to write off the cost evenly over their estimated working lives.

The rates in use are as follows:

Plant and equipment	10% on cost
Motor vehicles	20% on cost
Leasehold properties	Over term of lease.

(iv) Regional development grants

Grants on eligible capital expenditure are credited to a regional development grant reserve which is amortised over the working lives of the assets to which it refers.

(v) Stock

Stock is stated at the lower of cost and net realisable value in the normal course of business. Cost includes the cost of materials, duty and manufacturing overheads. Packing stocks are valued at deposit rates.

(vi) Repairs and renewals

These are charged to expense in the year when incurred.

(vii) Deferred taxation

Provision is made under the liability method for taxation deferred by timing differences only to the extent that it is anticipated that the tax reduction arising therefrom will be reversed in the foreseeable future.

2. TURNOVER AND PROFITS

(i) Turnover is the value of external sales made in the normal course of business and excludes value added tax.

(ii) Turnover and profit on ordinary activities before taxation are derived from the classes of business referred to in the directors report on page 6. In the opinion of the directors these classes do not differ substantially from each other.

(iii) All the company's turnover is derived from the United Kingdom.

NOTES TO THE ACCOUNTS (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

is stated after accounting for the following amounts:

	1987	1986
	£000	£000
Wages and salaries	6,144	6,093
Social security costs	500	493
Other pension costs	218	232
Depreciation, less amortisation of regional development grants £64,243 1986--£79,805)	866	793
Hire of plant and machinery	63	65
Interest on overdraft wholly repayable within five years	95	119
Auditors' remuneration	14	14
Profit on disposal of properties	97	164
Profit on disposal of plant and equipment	4	17
Income from listed investments	7	7

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1987	1986
	£000	£000
Based on the profit on ordinary activities for the year:		
Corporation tax at 35% (1986--37½%)	955	1,053
Deferred taxation—note 19	(100)	70
	855	1,123
Prior year adjustment:		
Corporation tax overprovided	—	(53)
	855	1,070

The current year's corporation tax charge has been increased by £42,000 (1986—reduced by £37,000) as a result of capital allowances and certain other timing differences.

The company is a close company within the meaning of section 282 of the Income and Corporation Taxes Act 1970.

S. A. ERAIN & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

5. DIVIDENDS

	1987 £000	1986 £000
4% preference:		
Interim paid	5	5
Final proposed (since paid)	4	4
	9	9
11% preference: paid	151	151
Ordinary:		
1st interim paid	23	23
2nd interim proposed (since paid)	222	216
Final proposed	216	199
	461	438
	621	598

6. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on the profit for the financial year after taxation and preference dividends and 1,137,670 (1986- 1,137,670) ordinary shares.

7. TANGIBLE FIXED ASSETS

	Total	Properties		Plant and	Capital
	£000	Freehold	Long	equipment	work in
		£000	leases	£000	progress
			£000		£000
Cost:					
At beginning of year	20,770	11,242	2,662	6,448	418
Additions	1,983	—	—	457	1,526
Transfers	—	842	18	86	(946)
Disposals	(297)	(84)	—	(213)	—
At end of year	22,456	12,000	2,680	6,778	998
Depreciation:					
At beginning of year	4,194	513	199	3,482	—
Charge for year	930	73	29	828	—
Disposals	(175)	(4)	—	(171)	—
At end of year	4,949	582	228	4,139	—
Net book amount:					
30th September, 1987	17,507	11,418	2,452	2,639	998
30th September, 1986	16,576	10,729	2,463	2,384	418

NOTES TO THE ACCOUNTS (continued)

TANGIBLE FIXED ASSETS (continued)

Future capital expenditure not provided for in the accounts:	1987 £000	1986 £000
Contracts placed	555	299
Authorised by the directors but contracts not yet placed	—	187
	<u>555</u>	<u>486</u>

8. FIXED ASSET INVESTMENTS

	Total £000	Government securities £000	Bank deposit £000	Trade loans £000
Cost:				
At beginning of year	2,091	119	132	1,840
Additions and advances	233	—	8	225
Repayments	(419)	—	—	(419)
At end of year	<u>1,905</u>	<u>119</u>	<u>140</u>	<u>1,646</u>
Provision for diminution in value:				
At beginning of year	42	—	—	42
Charge for year	—	—	—	—
Release during year	(24)	—	—	(24)
At end of year	<u>18</u>	<u>—</u>	<u>—</u>	<u>18</u>
Net book value:				
30th September, 1987	<u>1,887</u>	<u>119</u>	<u>140</u>	<u>1,628</u>
30th September, 1986	<u>2,049</u>	<u>119</u>	<u>132</u>	<u>1,798</u>

The government securities and bank deposit are held as security for the trustees of the debenture holders (see note 12). Government securities are valued at the lower of cost and market value.

9. STOCKS

	1987 £000	1986 £000
Raw materials and consumables	552	638
Work in progress	467	499
Finished goods and goods for resale	866	807
	<u>1,885</u>	<u>1,944</u>

The replacement cost of stocks does not differ significantly from the amounts stated above.

S. A. BRAIN & COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

10. DEBTORS

	1987 £000	1986 £000
Trade debtors	1,281	1,235
Recoverable advance corporation tax	177	186
Other debtors	123	248
Prepayments and accrued income	321	330
	<u>1,902</u>	<u>1,999</u>

Advance corporation tax is recoverable by deduction from corporation tax payable out of future profits and is recoverable after more than one year.

11. CREDITORS (amounts falling due within one year)

	1987 £000	1986 £000
Bank overdraft	1,255	1,373
Trade creditors	788	658
Other creditors	17	16
Taxation and social security	2,502	2,262
Accruals	938	1,323
Proposed dividends	479	457
	<u>5,979</u>	<u>6,089</u>

12. CREDITORS (amounts falling due after more than one year)

	1987 £000	1986 £000
4% perpetual mortgage debenture stock	4	4
Taxation	669	801
	<u>673</u>	<u>805</u>

The debenture stock is repayable otherwise than by instalments after more than five years. The debenture stock is secured on various freehold and leasehold properties and on the government securities and bank deposit included in fixed asset investments (see note 8).

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Total £000	Pension contri- butions £000	Deferred taxation £000
At beginning of year	255	55	200
Contributions paid during year	(55)	(55)	-
Amount released during year	(100)	-	(100)
At end of year	<u>100</u>	<u>-</u>	<u>100</u>

NOTES TO THE ACCOUNTS (continued)

14. DEFERRED INCOME

	1987 £000	1986 £000
Regional development grants:		
At beginning of year	746	770
Grant repaid during year (1986—receivable)	(4)	56
Amount taken to profit for year	(64)	(80)
At end of year	<u>678</u>	<u>746</u>

15. SHARE CAPITAL

	Authorised £000	Allotted and fully paid £000
1987 and 1986		
4% (tax free) cumulative preference shares of £10 each	250	225
11% second cumulative preference shares of £1 each	1,400	1,376
Ordinary shares of £1 each	1,400	1,138
	<u>3,050</u>	<u>2,739</u>

16. RESERVES

	Profit and loss account £000	Total other reserves £000	Other Reserves Capital redemption £000	Properties £000
At beginning of year:				
as previously reported	133	12,302	238	12,064
prior year adjustment (see below)	—	(447)	—	(447)
as restated	133	11,855	238	11,617
Amount set aside from profit for year	3	1,115	—	1,115
	<u>136</u>	<u>12,970</u>	<u>238</u>	<u>12,732</u>

The prior year adjustment represents an extraordinary item in respect of the settlement of a claim made in 1983 for property dilapidations.

17. CONTINGENT LIABILITIES

	1987 £000	1986 £000
Guarantees and indemnities	<u>17</u>	<u>22</u>

S. A. BRAIN & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

18. PENSION COMMITMENTS

The company contributes to pension schemes which provide pensions for monthly paid employees (including directors) and for hourly paid employees at the company's breweries and maintenance and engineering depot. These schemes are financed through separate trustee administered funds, the amounts of annual contributions being determined following consultation with independent actuaries.

A provision made in prior years towards contributions to such pension schemes, against which funding has been hitherto charged, has been fully utilised during the year (see note 13).

19. DEFERRED TAXATION

The basis for accounting for deferred taxation is given in note 10 (a) £100,000 + 48% £260,000 has been provided out of the maximum potential liability stated below.

	1987	1986
	£000	£000
Accelerated capital allowances	1,894	2,093
Short term timing differences	(5)	(21)
	1,889	2,072
Rollover of capital gains on business assets	196	206
	2,085	2,278
Advance corporation tax	(177)	(186)
	<u>1,908</u>	<u>2,092</u>

The advance corporation tax taken into account above has been included in debtors, the details of which are given in note 10.

20. EMPLOYEES

The average number of persons employed by the company during the year, including directors, was 1,224 (1986--1,244). All persons are employed in the United Kingdom.

NOTES TO THE ACCOUNTS (continued)

21. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	1987 £	1986 £
Directors' emoluments charged in the year were:		
For services as directors	15,000	2,417
Other emoluments	241,327	176,116
	<u>256,327</u>	<u>179,533</u>

The emoluments, excluding pension contributions, of the chairman, who was also the highest paid director, amounted to £43,662 (1986—£34,174).

Emoluments, excluding pension contributions, of other directors fell within the following scales:

Scale	1987	1986
£ £		
up to 5,000	—	2
25,001 to 30,000	1	—
30,001 to 35,000	1	1
35,001 to 40,000	—	2
40,001 to 45,000	3	—

There were no other employees whose emoluments, excluding pension contributions, exceeded £30,000 during the year (1986—none).

22. DIRECTORS' INTERESTS

	Ordinary Shares		4% Preference Shares		11% Preference Shares		
	1987	1986	1987	1986	1987	1986	
W. E. RHYS	41,410	43,750	92	92	19,220	19,220	Beneficial
	375,620	383,855	138	818	—	—	Non-Beneficial
C. M. BRAIN	63,980	83,980	352	352	—	—	Beneficial
	407,259	187,994	615	1,124	100,000	—	Non-Beneficial
I. H. STURROCK	2,250	2,000	—	—	—	—	Beneficial
	181,061	181,061	—	—	—	—	Non-Beneficial
R. C. MAY-HILL	2,300	1,625	—	—	—	—	Beneficial
	330,820	340,455	—	680	—	—	Non-Beneficial
M. E. JAMES	100	—	—	—	—	—	Beneficial
O. N. BREAY	100	—	—	—	—	—	Beneficial

After the year end the non-beneficial interests of Mr. W. E. Rhys, Mr. C. M. Brain and Mr. R. C. May Hill were decreased in each case by the disposal of 1600 ordinary shares.

In addition the following increases in beneficial interest in ordinary shares took place after the year end:

Mr. I. H. Sturrock	600	Mr. R. C. May-Hill	1,000
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S. A. BRAIN & COMPANY LIMITED

FIVE YEAR SUMMARY

	Year Ended 30 September				
	1987 £000	1986 £000	1985 £000	1984 £000	1983 £000
TRADING RESULTS					
Turnover	26,416	26,190	24,815	22,756	21,502
Operating profit	2,500	3,070	2,439	2,275	2,207
Profit before taxation	2,594	3,154	2,547	2,417	2,443
Profit after taxation	1,739	2,084	1,817	1,417	1,468
Profit attributable to equity	1,579	1,924	1,657	1,257	1,308
RATIOS					
Earnings per ordinary share	138.8p	169.1p	145.6p	119.3p	95.0p
Dividends per ordinary share	40.5p	38.5p	35.0p	31.0p	29.5p
	£000	£000	£000	£000	£000
EMPLOYMENT OF CAPITAL					
Tangible fixed assets	17,507	16,576	14,865	13,190	12,310
Long term investments	1,887	2,049	1,697	1,533	1,392
Net current (liabilities)/assets	(2,098)	(2,092)	(1,682)	(1,042)	158
Long term creditors and provisions	(773)	(1,060)	(869)	(1,044)	(1,126)
Deferred income	(678)	(746)	(770)	(655)	(698)
	15,845	14,727	13,241	11,982	12,036
CAPITAL EMPLOYED					
Share capital	2,739	2,739	2,739	2,739	2,977
Reserves	12,970	11,855	10,370	9,115	8,937
Profit and loss account	136	133	132	128	122
	15,845	14,727	13,241	11,982	12,036

Note: Profits and related statistics have been adapted to reflect current accounting policies and a prior year item.