 51696

CONTENTS

Results at a glance

	1997 *£000*	*1996* *£000*
TURNOVER	77,254	76,900
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7,329	5,212
TAXATION	2,491	1,736
PROFIT ATTRIBUTABLE TO MEMBERS	4,831	3,469
RETAINED PROFITS	3,907	2,707
CAPITAL EMPLOYED	54,998	53,281
EARNINGS PER SHARE	£8.05	£5.78
DIVIDEND PER SHARE	£1.54	£1.27

Directors and Advisers

Directors

J. M. WOODHOUSE, MBE, MC *(Chairman)*
P. D. J. GREENSMITH
T. D. M. HART, BA, CA *(Managing)*
A. R. JEFFERIES, FCA, LLB, MBA
R. S. MACKENZIE
A. MacLEAY, BSc, FIBrew
J. G. G. WILLIAMS
D. H. WOODHOUSE, BA
M. J. M. WOODHOUSE

Auditors

ERNST & YOUNG
Wessex House, 19 Threefield Lane, Southampton, SO14 3QB

Bankers

LLOYDS BANK Plc
Market Place, Blandford Forum, Dorset DT11 7EE

Solicitors

TAYLOR JOYNSON GARRETT
Carmelite, 59 Victoria Embankment, Blackfriars, London EC4Y ODX

TRAILL & CO.
Greyhound House, Market Place, Blandford Forum, Dorset DT11 7EB

Secretary

A. R. JEFFERIES, FCA, LLB, MBA

Registered Office

The Brewery, Blandford St. Mary, Dorset DT11 9LS

Registered No

57696

Registrars

LLOYDS BANK REGISTRARS
The Causeway, Worthing, West Sussex BN99 6DA

Notice of Meeting

NOTICE IS HEREBY GIVEN that the NINETY-NINTH ANNUAL GENERAL MEETING of the company will be held at The Crown Hotel, Blandford Forum, Dorset on Friday the 16th day of May, 1997 at 12.00 noon to transact the following business:

(1) To receive and consider the report of the directors and audited statement of accounts for the year ended 25 January 1997.

(2) To adopt and ratify the action of the directors in paying a dividend at the rate of 3.5% per annum on the Preference Shares.

(3) To declare a dividend on the ordinary shares.

(4) To reappoint the auditors.

(5) To authorise the directors to determine the remuneration of the auditors.

(6) To transact any other ordinary business of the company.

By order of the Board
A. R. JEFFERIES
Secretary

THE BREWERY
BLANDFORD ST. MARY
DORSET
15 April 1997

NOTE 1
A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy and such a proxy need not also be a Member of the Company.

NOTE 2
A holding of Preference Shares does NOT confer any right of voting at any General Meeting of the Company, except in special circumstances as stated in the Articles of Association of the Company.

Chairman's Statement

RESULTS & DIVIDENDS

I am pleased to report an increase of £2.1m in pre-tax profit to £7.3m. Excluding property sales the increase was 34% to £7.1m.

Group Turnover increased only marginally to £77.3m. The increased profits came from Take-Home, Badger Inns and contract production. The Board recommends an increase in the final dividend of 10 pence per ordinary share to 80 pence.

TAKE HOME

Take-Home improved profits by £1.1m, largely through cost savings. Our own soft drinks volume was lower, mainly reflecting a cooler summer than 1995. Rio increased its market share. In beers, which now make up only a small part of Take-Home business, Tanglefoot increased volume. In 1997 Rio is being introduced in PET bottles, two alcoholic varieties are being launched, Rio Samba and Rio Mistral.

BADGER INNS

Badger Inns remains the core of our business and attracts the bulk of our capital expenditure. Sixteen new pubs were acquired, half freehold, half leasehold. Another outstandingly successful year resulted in an increase in profit of £0.6m. A net increase of 12 pubs, of which 8 were only added in the last quarter, brings the total to 92. Capital expenditure on Badger Inns was £5.8m. The new pubs are expected to contribute significantly in 1997.

PRODUCTION

Production on our three canning lines and our PET bottle-making/filling line was at a high level. In total, of all production in the brewery and factory, a major proportion of our total volume goes through Take-Home and contract work. Another substantial increase in profit came on top of the good contract results in 1995.

EXPORTS

Direct export sales were £2.13m.

Chairman's Statement (continued)

TENANTED & FREE TRADE

Tenanted trade held up well, while free trade showed a small increase in beer sales but decreased profit, as national brewers discounted heavily. Wine and Spirit sales increased in the on and off trade. Hicks & Don was disposed of at the year end. We continue to suffer, with all other breweries, from the huge disparity between our highly taxed beers and the low beer tax in France. With a new government we shall continue, with the other independent family brewers, to press for a cut in British beer duty. This would save jobs, and reduce the crime encouraged by the illegal gains possible from large scale tax evasion.

PROSPECTS

Prospects for 1997 are mixed. Contract production is likely to be much reduced in volume and profitability, more than offsetting improvements elsewhere.

Badger Inns, with a century of pubs in sight, is expected to show another large increase in profits.

Take-Home have to build on last year's big improvement. Much will depend on further progress by Rio and the success of new lines.

On-trade beer sales have made an encouraging start to this year.

I thank all employees and tenants for another year of hard work and success.

Finally, at my tenth AGM as Chairman, I congratulate the directors individually on their successes, and David Hart for his wise management throughout this challenging period.

J.M. Woodhouse
Chairman

Report of the Directors

PROFITS AND DIVIDEND

The directors have pleasure in submitting their report and statement of accounts for the year ended 25 January 1997. The group profit for the year available for appropriation amounts to £4,838,420 (1996-£3,476,475). Ordinary interim dividends of £444,000 have been paid and the directors recommend the payment of a final dividend of £480,000 which has been incorporated in these accounts. The preference dividend of £7,000 has been paid during the year. The balance of of £3,007,420 (1996- £2,707,435) has been added to reserves.

PRINCIPAL ACTIVITIES

The principal activities consist of the manufacture and packaging of beer and soft drinks, wholesale and retail selling of beer, cider, soft drinks, and wines and spirits, and the ownership and management of public houses, hotels and off-licences.

TRADING REVIEW AND SUBSEQUENT EVENTS

These matters have been dealt with in the Chairman's statement.

PROPERTIES

Your directors are of the opinion that the market value of the company's properties is in excess of the book value. The amount of such excess could only be obtained by revaluations carried out at frequent intervals by professional valuers; such valuations would be very expensive and in the current state of the property market your directors do not consider such expenditure justified. Most of the properties are maintained for use in the company's business as licensed houses. Some of these properties have a value in excess of present trading value if used for other purposes.

FIXED ASSETS

The group has continued to invest substantial amounts in fixed assets. During the year this investment was £11.7 million. A summary of the movement on fixed assets is shown in note 13 to the accounts.

EMPLOYEE INVOLVEMENT

The group has always encouraged and fostered mutually supportive employee relationships both formally through the shop stewards and Union representatives, and informally by personal contact, meetings and notices.

The group issues a monthly publication entitled 'Badger News' as well as a full colour news magazine called 'Hops and Pops' supplying information about employees in the news, new developments, new plant installations and other items of general interest. In addition an annual 'Value Added' statement for employees is prepared showing how the income of the group is divided.

The group offers attractive bonus schemes to enable employees to share in increased productivity and profits. These schemes are tailored to the appropriate type of operation, with production and transport bonuses published and paid monthly. Profit related bonuses are paid annually when the financial results for the year are known.

Report of the Directors (continued)

DISABLED PERSONS

The company's policy is to give full and fair consideration to applications for employment by disabled persons and to continuing their employment, with appropriate training, of those employees who become disabled whilst working within the group.

SUBSCRIPTIONS AND DONATIONS

During the year the group contributed £19,532 (1996 - £12,120) for charitable purposes.

DIRECTORS

The names of directors in office are set out on page 2.

DIRECTORS' INTERESTS IN SHARES

The Directors' interests in Shares in the company at the year end were as follows:

	Ordinary shares of £1 each			
	Beneficial		**As Trustee**	
	1997	***1996***	***1997***	***1996***
R S Mackenzie	1,604	1,604	-	-
J G G Williams	-	-	39,000	51,000
D H Woodhouse	35,072	31,468	12,000	12,000
J M Woodhouse	13,000	13,000	38,373	50,373
M J M Woodhouse	34,910	34,910	46,938	46,938

	3.5% Preference Shares of £1 each			
	Beneficial		**As Trustee**	
	1997	***1996***	***1997***	***1996***
R S Mackenzie	4,303	4,303	-	-
J G G Williams	-	-	4,350	8,700
D H Woodhouse	6,823	2,473	4,350	4,350
J M Woodhouse	5,500	5,500	-	4,350
M J M Woodhouse	3,543	3,543	12,823	12,823

None of the remaining Directors holds any shares in the Company either as beneficiary or trustee. The inclusion of all joint interests in the names of more than one Director invalidates any significance in the totals. No director holds shares in any subsidiary undertaking other than as nominee of Hall & Woodhouse Limited.

Report of the Directors (continued)

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract to which the company or a subsidiary was a party during the year under review, except as disclosed in note 27 on page 23.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on a 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution proposing the re-appointment of Ernst & Young as auditors of the company will be put to the members at the Annual General Meeting.

By order of the Board

A R JEFFERIES
Secretary

15 April 1997

Report of the Auditors

to the Members of Hall & Woodhouse Limited

We have audited the accounts set out on pages 10 to 23 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 13.

Respective responsibilities of directors and auditors

As described on page 8 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit based on Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 25 January 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG Ernst & Young

Chartered Accountants
Registered Auditor
SOUTHAMPTON
15 April 1997

Group Profit and Loss Account for the year ended 25 January, 1997

	Note	*1997* *£000*	*1996* *£000*
Continuing operations:-			
Turnover	1	77,254	76.900
Operating costs	3	69,645	70,910
GROUP OPERATING PROFIT	3(b)	7,609	5,990
Other income	7	97	45
Profit (Loss) on sales of properties		202	(120)
PROFIT on ordinary activities before interest		7,908	5,915
Interest payable and similar charges	8	579	703
PROFIT on ordinary activities before taxation		7,329	5,212
Taxation on profit of ordinary activities	9	2,491	1,736
PROFIT on ordinary activities after taxation		4,838	3,476
Dividends	11	931	769
RETAINED PROFIT FOR THE YEAR	25	3,907	2,707

Movements in retained profits are set out in note 25.

A statement of total recognised gains and losses is not presented as all are included in the above profit and loss account.

The notes on pages 14 to 23 form part of these accounts.

Balance Sheets
as at 25 January, 1997

		GROUP		COMPANY	
	Notes	1997 £000	1996 £000	1997 £000	1996 £000
Fixed Assets					
Tangible assets	13	57,904	50,277	53,172	46,355
Investments	14	958	973	1,109	1,142
		58,862	51,250	54,281	47,497
Current Assets					
Stocks	15	5,873	6,249	5,247	5,714
Debtors	16	6,076	7,311	7,300	8,130
Cash at bank and in hand	17	155	751	47	737
		12,104	14,311	12,594	14,581
Creditors: amounts falling due within one year	18	(15,968)	(12,280)	(13,391)	(10,490)
Net Current (Liabilities) Assets		(3,864)	2,031	(797)	4,091
Total Assets less Current Liabilities		54,998	53,281	53,484	51,588
Creditors: amounts falling due after more than one year	19	(4,481)	(6,530)	(4,481)	(6,530)
Provisions for Liabilities and Charges	21	(3,211)	(3,352)	(2,677)	(2,875)
		47,306	43,399	46,326	42,183
Capital and Reserves					
Called-up share capital	22	800	800	800	800
Revaluation reserve	25	469	470	365	366
Profit and loss account	25	46,037	42,129	45,161	41,017
Total Shareholders' Funds		47,306	43,399	46,326	42,183

Total Shareholders' funds includes £200,000 of non-equity interest.

T D M HART } Directors
A R JEFFERIES

15 April 1997

The notes on pages 14 to 23 form part of these accounts.

Group Cash Flow Statement for the year ended 25 January, 1997

	Notes	1997 £000	1996 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	11,948	7,544
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		95	60
Interest paid		(242)	(370)
Interest element of finance lease rentals		(321)	(400)
Dividends paid		(871)	(709)
Net cash outflow from returns from investments and servicing of finance		(1,339)	(1,419)
TAXATION			
Corporation tax paid including advance corporation tax		(1,877)	(1,508)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(11,616)	(5,170)
Receipts from sale of tangible fixed assets		488	474
Net cash outflow from returns from investing activities		(11,128)	(4,696)
NET CASH OUTFLOW BEFORE FINANCING		(2,396)	(79)
FINANCING			
Trade loan advances		(355)	(193)
Trade loan repayments		317	266
Bank loan advance		-	2,460
Bank loan repayments		(1,308)	(1,000)
Lease purchase loan repayments		(671)	(606)
NET CASH (OUTFLOW) INFLOW FROM FINANCING		(2,017)	927
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	17	(4,413)	848

Statement of Accounting Policies

Accounting Convention

The Accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards, except for the revaluation of freehold and leasehold properties incorporated in these Accounts.

Basis of Accounts

The Group Profit and Loss Account and Balance Sheet include the accounts of Hall & Woodhouse Limited and its subsidiary undertakings for the year ended 25 January, 1997.

Fixed Assets

The gross amounts of freehold and leasehold properties, including fixtures, are as valued by Mason & Son in 1963 with acquisitions since this date included at cost.

Freehold land is not depreciated. The nature of the licensed trade requires the maintenance of property to a high standard in order to protect that trade. Maintenance expenditure is charged against profits as incurred and is such that, when considering the requirements of Statement of Standard Accounting Practice No. 12, the aggregate of the residual value of freehold and long leasehold licensed and unlicensed property is, in the opinion of the directors, at least equal to their respective book amounts. Accordingly freehold and long leasehold licensed and other properties are not depreciated. Certain fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Freehold industrial premises	50 years
Short leasehold premises	Term of lease
Motor vehicles	3-7 years
Plant and machinery	5-20 years
Fixtures & fittings at managed houses	6-10 years

Built-in fixtures included in properties are depreciated by the reducing balance method over their estimated useful lives. Containers and brewery furniture and effects are depreciated at appropriate rates by the reducing balance method.

Leased Assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a rate of charge commensurate with the capital balance outstanding.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Goodwill

Goodwill arising on consolidation, representing the excess of the purchase consideration for subsidiary companies over the fair value ascribed to their net tangible assets at the respective dates of acquisition, has been written off directly to reserves in the year of acquisition.

Stocks

Stock in trade is valued on a basis consistent with previous years, at the lower of cost or net realisable value; cost comprises purchase price or direct production cost with manufacturing overheads and excise duties as appropriate.

Deferred Taxation

Provision is made for Deferred Taxation using the liability method on all timing differences to the extent that it is probable that the liability will crystallise.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Notes on the Accounts

1 TURNOVER

Turnover comprises the net retail sales of the company including contract production fees, income from amusement, gaming and vending machines and rents received (after discounts and commissions and exclusive of VAT).

2 ANALYSIS OF TURNOVER AND PROFITS BETWEEN ACTIVITIES AND MARKETS

The activities of the group are the normal activities of a brewing company, and in the opinion of the directors no further analysis between market sectors is appropriate.

3(a) OPERATING COSTS

	1997	*1996*
	£000	***£000***
(Decrease) Increase in stocks of finished goods and work in progress	(396)	737
Raw material and consumables	18,823	20,498
Other external charges	16,411	16,024
Staff costs - wages and salaries	13,634	12,021
- social security costs	998	904
- other pension costs	689	625
Depreciation and other amounts written off tangible fixed assets	3,752	3,646
Amounts written off current assets	375	336
Other operating charges	15,359	16,119
	69,645	70,910

3(b) RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1997	*1996*
	£000	***£000***
Operating profit	7,609	5,990
Depreciation charges	3,752	3,646
Increase in provision against diminution in value of trade loans	54	3
Pensions charged to provision	(176)	(156)
Decrease (Increase) in stocks	376	(981)
Decrease (Increase) in debtors	1,235	(1,951)
(Increase) Decrease in creditors	(902)	993
Net cash flow from operating activities	11,948	7,544

4 OPERATING PROFIT is stated :

	1997	*1996*
	£000	***£000***
After charging:		
Hire of plant and equipment	149	145
Auditors' remuneration		
Audit services	33	32
Non audit services	-	1
After crediting:		
Rents receivable net of outgoings	825	943

Notes on the Accounts (continued)

5 EMOLUMENTS OF DIRECTORS

	1997	*1996*
	£000	***£000***
Fees	10	10
Remuneration including pension contributions	675	617
	685	627

The emoluments, excluding pension contributions, of directors of the company are as follows:

	1997	*1996*
	£	***£***
Chairman	8,000	7,333
Highest paid director	120,036	103,658

Directors in scale:	*Number*	*Number*
£5,001 to £10,000	2	2
£45,001 to £50,000	1	1
£50,001 to £55,000	-	1
£65,001 to £70,000	1	1
£70,001 to £75,000	1	-
£75,001 to £80,000	-	1
£80,001 to £85,000	2	-
£85,001 to £90,000	1	2
£100,001 to £105,000	-	1
£120,001 to £125,000	1	-

6 STAFF NUMBERS

The average number of persons employed by the company, including directors, during the year was as follows:-

	1997	*1996*
Brewery and soft drinks factory	423	427
Managed houses	1,459	1,274
	1,882	1,701

7 OTHER INCOME

	1997	*1996*
	£000	***£000***
Interest on trade and other loans	97	45
	97	45

Notes on the Accounts (continued)

8 INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £000	1996 £000
Overdraft	19	166
Bank Loan payable within 5 years	228	132
Other	30	16
Finance lease payable within 7 years	302	389
	579	703

9 TAXATION

	1997 £000	1996 £000
The charge based on the profit for the year comprises:		
UK corporation tax at 33% (1996–33%)	2,433	1,900
Deferred taxation	49	(64)
Adjustments relating to prior years	9	(100)
	2,491	1,736

10 PROFIT FOR THE YEAR

In accordance with the exemptions allowed by section 230 of the Companies Act 1985 the company has not presented its own profit and loss account. Of the profit for the year, £4,143,000 (1996 - £2,881,000) has been dealt with in the accounts of the company.

11 DIVIDENDS

			1997 £000	1996 £000
Preference			7	7
Ordinary –	first interim	37p per share (1996–28p)	222	168
	second interim	37p per share (1996–29p)	222	174
	proposed final	80p per share (1996–70p)	480	420
			931	769

12 RETAINED PROFITS AT 25 JANUARY, 1997

	1997 £000	1996 £000
Retained by:		
The company	45,161	41,017
Subsidiary undertakings	876	1,112
	46,037	42,129

Notes on the Accounts (continued)

13 TANGIBLE FIXED ASSETS

	Freehold property and fixtures £000	Leasehold property and fixtures over 50 years £000	Leasehold property and fixtures under 50 years £000	Plant and vehicles £000	Containers furniture & effects £000	Total £000
GROUP						
Cost or valuation						
At 27 January 1996	33,636	1,657	5,482	22,239	12,015	75,029
Additions	5,687	4	1,829	1,630	2,515	11,665
Disposals	(83)	-	(138)	(273)	(1,433)	(1,927)
At 25 January 1997	39,240	1,661	7,173	23,596	13,097	84,767
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	37,783	1,649	7,159	23,596	13,097	83,284
	39,240	1,661	7,173	23,596	13,097	84,767
Depreciation						
At 27 January 1996	3,886	73	1,859	12,527	6,407	24,752
Additions	355	4	303	1,752	1,338	3,752
Relating to disposals	(15)	-	(98)	(203)	(1,325)	(1,641)
At 25 January 1997	4,226	77	2,064	14,076	6,420	26,863
Net book values						
At 25 January 1997	35,014	1,584	5,109	9,520	6,677	57,904
At 27 January 1996	29,750	1,584	3,623	9,712	5,608	50,277
COMPANY						
Cost or valuation						
At 27 January 1996	33,427	1,657	5,194	22,079	5,556	67,913
Additions	5,687	4	1,828	1,568	992	10,079
Group transfers	-	-	-	-	(36)	(36)
Disposals	(83)	-	(138)	(254)	(710)	(1,185)
At 25 January 1997	39,031	1,661	6,884	23,393	5,802	76,771
At valuation 1963	1,110	12	14	-	-	1,136
At cost thereafter	37,921	1,649	6,870	23,393	5,802	75,635
	39,031	1,661	6,884	23,393	5,802	76,771
Depreciation						
At 27 January 1996	3,886	73	1,753	12,445	3,401	21,558
Additions	355	4	295	1,761	626	3,041
Group transfers	-	-	-	-	(5)	(5)
Relating to disposals	(15)	-	(98)	(234)	(648)	(995)
At 25 January 1997	4,226	77	1,950	13,972	3,374	23,599
Net book values						
At 25 January 1997	34,805	1,584	4,934	9,421	2,428	53,172
At 27 January 1996	29,541	1,584	3,441	9,634	2,155	46,355

Notes on the Accounts (continued)

13 TANGIBLE FIXED ASSETS (continued)

The net book amount of plant and vehicles includes £85,471 (1996–£134,010) in respect of leased assets.

Freehold and leasehold land, buildings and built in fixtures and fittings were revalued at 31 July 1963 on the going concern (existing use) basis, by Mason & Son. Depreciation provided has been based on the revalued amount and additions at cost thereafter. The freehold property in certain of the subsidiaries is included at directors' valuation. The difference between book value at cost and the revalued amount is not material.

14 FIXED ASSET INVESTMENTS

	GROUP			COMPANY			
	Trade loans £000	*Trade investments £000*	*Total £000*	*Trade loans £000*	*Trade investments £000*	*Subsidiary undertakings £000*	*Total £000*
COST							
At 27 January 1996	1,006	1	1,007	928	1	234	1,163
Advances / Additions	331	24	355	331	-	-	331
Repayments / Disposals	(316)	-	(316)	(316)	-	-	(316)
Eliminations	(42)	-	(42)	(42)	-	-	(42)
At 25 January 1997	979	25	1,004	901	1	234	1,136
PROVISION FOR DIMINUTION IN VALUE							
At 27 January 1996	34	-	34	21	-	-	21
Provided during year	52	2	54	48	-	-	48
Eliminations	(42)	-	(42)	(42)	-	-	(42)
At 25 January 1997	44	2	46	27	-	-	27
NET BOOK AMOUNT							
At 25 January 1997	935	23	958	874	1	234	1,109
At 27 January 1996	972	1	973	907	1	234	1,142

The principal wholly owned trading subsidiary undertaking at 25 January 1997 was Badger Inns Limited, registered in England, and in the business of the management of public houses and hotels.

Notes on the Accounts (continued)

15 STOCKS

	Group		*Company*	
	1997	***1996***	***1997***	***1996***
	£000	***£000***	***£000***	***£000***
Raw materials and consumables	1,806	1,790	1,806	1,791
Work in progress	48	32	49	32
Finished goods	2,168	2,580	2,168	2,580
Goods for resale	1,247	1,330	681	839
Other stocks	604	517	543	472
	5,873	6,249	5,247	5,714

16 DEBTORS

	Group		*Company*	
	1997	***1996***	***1997***	***1996***
	£000	***£000***	***£000***	***£000***
Due within one year:				
Trade debtors	5,415	5,815	5,279	5,697
Amounts owed by subsidiary undertakings	-	-	1,713	1,230
Prepayments and deferred income	661	1,496	308	1,203
	6,076	7,311	7,300	8,130

17 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE GROUP BALANCE SHEET

	Group	
	1997	***1996***
	£000	***£000***
Cash at bank & in hand		
At start of the year	751	580
At end of the year	155	751
(Decrease) Increase during the year	(596)	171
Bank loan & overdraft		
At start of the year	30	707
At end of the year	3,847	30
(Increase) Decrease during the year	(3,817)	677
Total change in cash & cash equivalents	(4,413)	848

Notes on the Accounts (continued)

18 CREDITORS - amounts falling due within one year.

	Group		Company	
	1997	*1996*	*1997*	*1996*
	£000	*£000*	*£000*	*£000*
Bank overdraft (unsecured)	3,847	30	3,847	9
Trade creditors	3,226	3,781	2,483	3,369
Social security	290	239	185	195
Taxation	3,368	2,643	1,968	1,632
Accruals and deferred income	2,436	2,942	2,107	2,640
Tenants' and other deposits	308	282	308	282
Proposed dividend	480	420	480	420
Obligations under finance lease (note 20)	736	670	736	670
Bank loan (secured)	277	273	277	273
Bank loan (unsecured)	1,000	1,000	1,000	1,000
	15,968	12,280	13,391	10,490

19 CREDITORS - amounts falling due after more than one year.

	Group		Company	
	1997	*1996*	*1997*	*1996*
	£000	*£000*	*£000*	*£000*
Obligations under finance lease (note 20)	2,620	3,357	2,620	3,357
Bank loan (secured)	611	923	611	923
Bank loan (unsecured)	1,250	2,250	1,250	2,250
	4,481	6,530	4,481	6,530

The unsecured bank loan is wholly repayable within 3 years, and the secured bank loan within 5 years.

20 OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	1997	*1996*	*1997*	*1996*
	£000	*£000*	*£000*	*£000*
Amounts payable:				
Within 1 year	957	957	957	957
Within 2 to 5 years	2,897	3,854	2,897	3,854
	3,854	4,811	3,854	4,811
Less:				
Finance charges allocated to future years	498	784	498	784
	3,356	4,027	3,356	4,027
Finance leases are analysed as follows:				
Current obligations	736	670	736	670
Non current obligations	2,620	3,357	2,620	3,357
	3,356	4,027	3,356	4,027

Notes on the Accounts (continued)

21 PROVISION FOR LIABILITIES AND CHARGES

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Pensions provision	426	602	426	602
Deferred taxation	2,613	2,570	2,099	2,115
Other provisions	172	180	152	158
	3,211	3,352	2,677	2,875

Movement in deferred taxation provision

	Group £000	Company £000
At 27 January 1996	2,570	2,115
Charge (Credit) for the year	58	(1)
Movement in recoverable advance corporation tax	(15)	(15)
At 25 January 1997	2,613	2,099

Full provision has been made. The balance comprises:

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Corporation tax on excess of book value of fixed assets over tax written-down values	2,944	2,875	2,427	2,418
Other timing differences	(211)	(200)	(208)	(198)
Advance corporation tax on proposed final dividend	(120)	(105)	(120)	(105)
	2,613	2,570	2,099	2,115

No provision has been made for any potential capital gains tax liabilities arising on the disposal of revalued properties.

22 CALLED-UP SHARE CAPITAL

	Authorised 1997 £000	Authorised 1996 £000	Allotted, called-up and fully paid 1997 £000	Allotted, called-up and fully paid 1996 £000
3.5% cumulative preference shares of £1 each	200	200	200	200
Ordinary shares of £1 each	600	600	600	600
	800	800	800	800

The preference share dividend is payable half yearly in arrears. The preference shares carry no votes at meetings. On a winding up the preference shareholders have a right to receive, in preference to ordinary shareholders, £1 per share plus any accrued dividend.

Notes on the Accounts (continued)

23 FINANCIAL COMMITMENTS

At 25 January, 1997 authorised future capital expenditure amounted to:

	Group		*Company*	
	1997	*1996*	*1997*	*1996*
	£000	*£000*	*£000*	*£000*
Contracted	-	276	-	276
Not contracted	6,160	7,807	6,107	6,857

24 CONTINGENT LIABILITIES

Guarantees to various third parties in respect of:

	Group		*Company*	
	1997	*1996*	*1997*	*1996*
	£000	*£000*	*£000*	*£000*
H M Customs & Excise	445	445	445	445

25 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

GROUP	*Share Capital £000*	*Revaluation Reserve £000*	*Profit and Loss Account £000*	*Total £000*
Balance at 28 January 1995	800	474	39,418	40,692
Retained profit for the period	-	-	2,707	2,707
Realised on disposals	-	(4)	4	-
Balance at 27 January 1996	800	470	42,129	43,399
Retained profit for the period	-	-	3,907	3,907
Realised on disposals	-	(1)	1	-
Balance at 25 January 1997	800	469	46,037	47,306

COMPANY				
Balance at 28 January 1995	800	370	38,132	39,302
Retained profit for the period	-	-	2,881	2,881
Realised on disposals	-	(4)	4	-
Balance at 27 January 1996	800	366	41,017	42,183
Retained profit for the period	-	-	4,143	4,143
Realised on disposals	-	(1)	1	-
Balance at 25 January 1997	800	365	45,161	46,326

Notes on the Accounts (continued)

26 PENSION COSTS

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested in separate trustee administered funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 October 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in pay and pensions. It was assumed that the investment returns would be 9% per annum, that pay increases would average 7% per annum and that future pensions would increase at the rate of 4.5% per annum on pensions in excess of guaranteed minimum pensions.

The pension charge for the period was £ 864,057 (1996–£780,411). This included £175,166 (1996–£155,537) in respect of the amortisation of a funding shortfall that is being recognised over 9 years from 1990, the average remaining service lives of employees, and an interest charge of £54,197 on the start of year provision of £602,186.

The 1994 actuarial valuation showed the market value of the scheme's assets was £6,773,559 and that the actuarial value of those assets represented 77% of the benefits that had accrued to members after allowing for expected future increases in earnings. This deficiency will be eliminated over 2 years by the company making regular additional payments.

A provision of £427,020 (1996–£602,186) is included in provisions for liabilities and charges, this being the excess of the accumulated pension cost over the amount funded.

27 RELATED PARTY DISCLOSURES

The following transactions between the company and two of its directors took place during the year:-

Mr T D M Hart exercised his option to sell back to the company the Old Ford House at a market valuation of £335,000 derived from three professional valuations obtained.

In 1995 the company undertook responsibility for a bridging loan of £189,500 by Lloyds Bank Plc to Mr and Mrs P D J Greensmith and to discharge the interest payments on this loan to assist them in relocating nearer to the brewery. Interest amounting to £13,282 has been paid by the company in the year and is included as a benefit in kind in the table of directors' emoluments disclosed in note 5.

Group Five-Year Statement

	1997 *£000*	*1996* *£000*	*1995* *£000*	*1994* *£000*	*1993* *£000*
ASSETS EMPLOYED					
Overdraft	(3,847)	(30)	(707)	(1,278)	(3,241)
Net current assets (liabilities)	(17)	2,061	487	2,531	4,402
Investments and Trade Loans	958	973	1,049	1,157	922
Fixed Assets	57,904	50,277	49,381	46,390	40,046
	54,998	53,281	50,210	48,800	42,129
CAPITAL EMPLOYED					
Equity	47,106	43,199	40,492	37,949	35,718
Preference Capital	200	200	200	200	200
Medium Term Loans	4,481	6,530	5,876	6,883	3,000
Long Term Liabilities	3,211	3,352	3,642	3,768	3,211
	54,998	53,281	50,210	48,800	42,129

PROFITS and DIVIDENDS

	1997 *£000*	*1996* *£000*	*1995* *£000*	*1994* *£000*	*1993* *£000*
Turnover	77,254	76,900	63,884	64,302	66,991
Group Operating Profit	7,609	5,990	4,930	4,490	4,511
Investment Income	97	45	50	125	55
Interest Payable	(579)	(703)	(667)	(606)	(675)
Trading Profit before Taxation	7,127	5,332	4,313	4,009	3,891
Profit (Loss) on Sales of Assets	202	(120)	385	289	321
Profit before Taxation	7,329	5,212	4,698	4,298	4,212
Deduct: Taxation	(2,491)	(1,736)	(1,452)	(1,418)	(1,390)
Preference Dividend	(7)	(7)	(7)	(7)	(7)
Earnings for Ordinary Shareholders	4,831	3,469	3,239	2,873	2,815
Deduct: Ordinary Dividends	(924)	(762)	(696)	(642)	(624)
Transfer to Reserves	3,907	2,707	2,543	2,231	2,191
Ordinary Dividends Paid	924	762	696	642	624
Tax Credit	231	191	174	160	208
	1,155	953	870	802	832
Earnings per Share	£8.05	£5.78	£5.40	£4.79	£4.69
Dividend per £1 Ordinary Share	Pence	Pence	Pence	Pence	Pence
Net dividend paid	154.00	127.00	116.00	107.00	104.00
Dividend including Tax Credit	192.50	158.75	145.00	133.75	138.66