

ALLIED-LYONS RETAILING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the 52 weeks ended

5th March 1994

Registered Number 124723



ALLIED-LYONS RETAILING LIMITED

The directors present their annual report and the audited financial statements for the 52 weeks ended on 5th March 1994. No consolidated accounts for the company and its subsidiary undertakings are published, as the company is itself a wholly-owned subsidiary undertaking of Allied-Lyons PLC, which publishes consolidated accounts for itself and all its subsidiary undertakings.

PRINCIPAL ACTIVITIES

The company continues to retain the ownership of a number of subsidiary undertakings. During the course of the year the company disposed of its 25% holding in Britannia Soft Drinks Limited to a fellow subsidiary of Allied-Lyons PLC.

BUSINESS REVIEW

The company has continued and will continue to review its holdings in subsidiary undertakings to facilitate effective management of its activities.

	1994 fm	1993 fm
Profit/(Loss) on ordinary activities before taxation	13.9	65.6
Taxation	<u>4.3</u>	<u>(3.0)</u>
Profit/(Loss) on ordinary activities after taxation	18.2	62.6
Profit for the period available for distribution or transfer to reserve	<u>18.2</u>	<u>62.6</u>

DIVIDENDS

A first interim dividend on the ordinary share capital of £39.6m was declared by the directors and paid on 25th February 1994.

The directors recommend a final dividend on the ordinary share capital of £25.8m, making a total for the period of £65.4m.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:-

P S Butler MA
P M Davies
M J Grant BSc
A J Hales BSc (Chairman)
M P H Hammond
D A Longbottom
P F Macfarlane FCA FCT
J W McKeown MA
R Moss MIMechE (Resigned 23.3.93, re-appointed 11.6.93)
K A Oginsky FCMA (Appointed 1st February 1994)
R M Rosenberg BSc MBA(USA)
J A F Trigg FCMA
M A Wright ACMA

Secretary A E Wilkinson LL.B

No director has, or has at any time had, any beneficial interest in the share capital or loan capital of the company or its subsidiary undertakings.

The interests of the directors who held office at the end of the financial year (and their immediate families) in the share and loan capital of Allied-Lyons PLC, the company's ultimate parent company, were as follows:

Ordinary shares of 25p	Holding at 5th March 1994	Holding at 6th March 1993 (or on appointment)
P S Butler	3,444	4,476
P M Davies	Nil	Nil
M J Grant	Nil	Nil
M P H Hammond	4,095	100
D A Longbottom	6,628	7,405
J W McKeown	30	30
K A Oginsky	Nil	Nil
R M Rosenberg	Nil	Nil
M A Wright	4,799	4,623

Under the terms of the Allied-Lyons Employee Share Schemes the following directors held at 5th March 1994 options to subscribe for ordinary shares of 25p of Allied-Lyons PLC as follows:

Number of shares	Holding at 5th March 1994	Holding at 6th March 1993 (or on appointment)
P S Butler	85,844	79,400
P M Davies	38,687	24,593
M J Grant	41,517	24,398
M P H Hammond	56,334	55,089
D A Longbottom	70,080	70,218
J W McKeown	65,907	57,633
K A Oginsky	48,030	52,462
R M Rosenberg	53,582	53,582
M A Wright	74,520	66,969

(The interests of those directors who are also directors of Allied-Lyons PLC are disclosed in the Report and Accounts of that company).

There were no contracts of significance in relation to the company's business subsisting during or at the end of the period in which any director had a material interest.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the period. (1993: Nil).

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 financial statements 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.

By order of the board


J W McKeown
Director

107 Station Street
Burton upon Trent
Staffs
DE14 1BZ

29th June 1994

**Report of the auditors, KPMG Peat Marwick to the members
of Allied-Lyons Retailing Limited**

We have audited the accounts on pages 5 to 15 in accordance with Auditing Standards.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on these accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 the Company's affairs as at 5 March 1994 and of its results for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick
London

Chartered Accountants
Registered Auditor

7 July 1994

ALLIED-LYONS RETAILING LIMITED**ACCOUNTING POLICIES****Accounting Date**

The accounts are drawn up for periods of 52 weeks (and, when necessary, 53 weeks) ending on the first Saturday in March.

Basis of Accounting

The accounts are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards.

Deferred Tax

Account is taken, on the liability basis, for the tax effect arising from all timing differences to the extent that it is probable that a liability or asset will crystallise.

Investments

Investments are stated at cost, less provision for any permanent diminution in value. Market value of listed investments are based on market value or directors valuation, as appropriate.

The profit or loss on disposal of investments included in profit before tax is the difference between net realisation and book value.

ALLIED-LYONS RETAILING LIMITED

PROFIT AND LOSS ACCOUNT

52 Weeks ended 5 March 1994

	Notes	1994 52 Weeks £m	1993 52 Weeks £m
Operating income/(costs)	- 2	0.1	(0.3)
Restructuring recharges		-	12.2
Income from shares in associated undertakings		4.0	1.5
Trading profit		4.1	13.4
(Loss) on sale of subsidiary undertakings		-	(50.3)
Profit on sale of investments		0.1	-
Release of provisions for restructuring	6	8.9	101.8
Profit on ordinary activities before finance charges		13.1	64.9
Finance income	4	0.8	0.7
Profit on ordinary activities before taxation		13.9	65.6
Taxation on profit on ordinary activities	5	4.3	(3.0)
Profit on ordinary activities after taxation		18.2	62.6
Earned for ordinary shareholders in the period		18.2	62.6
Dividends	13	(65.4)	(174.4)
Retained profit for the period		(47.2)	(111.8)

The profit and loss account has been prepared in accordance with Financial reporting Standard FRS 3, comparative figures for 1993 have been restated accordingly.
There are no discontinued or acquired operations.

The accounting policies and notes on pages 5 and 9 – 15 form part of these accounts.

ALLIED-LYONS RETAILING LIMITED

BALANCE SHEET

at 5 March 1994

	Notes	1994 £m	1993 £m
Fixed assets :			
Investments and loans	7	2,011.5	2,038.1
Debtors		1.7	—
Creditors (due within one year) :			
Other Creditors		—	—
Taxation		(3.4)	(2.8)
Net current liabilities		(1.7)	(2.8)
Total assets less current liabilities		2,009.8	2,035.3
Creditors (due after more than one year) :			
Amounts owing to group undertakings	11	(331.8)	(302.3)
Provisions for liabilities and charges	10	(14.6)	(23.5)
Deferred tax	10	(1.1)	—
		1,662.3	1,709.5
Capital and reserves:			
Called up share capital	12	49.0	49.0
Share premium account	12	11.9	11.9
Profit and loss account		1,601.4	1,648.6
		1,662.3	1,709.5

The accounting policies and notes on pages 5 and 9 – 15 form part of these accounts.

The accounts were approved by a duly authorised committee of the board on and signed on its behalf by:

K. Oginsky
K A Oginsky

29th June 1994

Director

ALLIED-LYONS RETAILING LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****52 Weeks ended 5 March 1994**

There were no recognised gains and losses in the period other than those passing through the profit and loss account.

NOTE OF HISTORICAL COST PROFITS AND LOSSES**52 Weeks ended 5 March 1994**

Historic cost profit is not materially different from the reported profit.

RECONCILIATION OF MOVEMENTS IN**SHAREHOLDERS' NET EQUITY****52 Weeks ended 5 March 1994**

	1994 52 Weeks £m	1993 52 Weeks £m
Earned for ordinary shareholders in the period	18.2	62.6
Ordinary dividends	<u>(65.4)</u>	<u>(174.4)</u>
Net movements in shareholders' equity	(47.2)	(111.8)
Shareholders' equity at 6 March 1993	<u>1,709.5</u>	<u>1,821.3</u>
Shareholders' equity at 6 March 1994	<u>1,662.3</u>	<u>1,709.5</u>

NOTES ON THE ACCOUNTS

1. Accounts

The accounting policies which are set out on page 5 form part of these accounts.

The company's ultimate parent company is Allied-Lyons PLC which is incorporated in Great Britain, and registered in England and Wales, accordingly no group accounts are submitted for the company and its subsidiary undertakings. In the opinion of the directors, the value of the company's investment in its subsidiary undertakings consisting of shares in and amounts due therefrom or thereto, is not less than the aggregate of the amount at which these assets and liabilities are included in the balance sheet.

The group accounts of the ultimate parent company, Allied-Lyons PLC are available from 24 Portland Place, London, W1N 4BB.

Particulars of the company's main operating subsidiary undertakings are given on page 15. The whole of the issued share capital of these companies is owned by the company except where otherwise indicated.

Under Financial Reporting Standard One, the company is exempt from the requirement to prepare a cashflow statement on the grounds it is a wholly owned subsidiary undertaking.

2. Trading Profit

	1994	1993
	Total	Total
	£m	£m
Trading profit is after charging:—		
Investment income (see note 9)	0.1	0.1
Other operating credits/(charges)	—	(0.4)
	0.1	(0.3)

3. Emoluments of Directors

	1994 £000s	1993 £000s
a) Emoluments of directors were:		
Performance—related bonuses	96	80
Other remuneration for services as executives	704	486
Pension scheme contributions and pensions for present and past directors	155	121
Certain of the directors, including the chairman, have been paid by Allied—Lyons PLC which has not raised any charge against this company for their services.		
b) The remuneration (excluding pension scheme contributions) of the highest paid director amounted to	132	137

The table below shows the number of directors in the United Kingdom, whose remuneration excluding pension contributions was within the bands stated.

£		Directors 1994	Directors 1993
0 —	5,000	5	8
5,001 —	10,000	1	—
10,001 —	15,000	—	1
70,001 —	75,000	—	1
85,001 —	90,000	1	—
100,001 —	105,000	1	—
105,001 —	110,000	1	—
110,001 —	115,000	1	1
115,001 —	120,000	—	1
120,001 —	125,000	1	1
125,001 —	130,000	1	—
130,001 —	135,000	1	—
135,001 —	140,000	1	—
		—	1

The directors' emoluments have been borne by subsidiary and fellow subsidiary undertakings.

4. <u>Finance Charges/(Income)</u>	1994	1993
	£m	£m
Interest on borrowings from the Parent Undertaking (note 11)	0.1	0.1
Interest on other borrowings	(0.1)	-
Deposit and other interest receivable	(0.8)	(0.8)
	(0.8)	(0.7)

5. <u>Taxation</u>	1994	1993
	£m	£m
The (credit)/charge for tax on the profit for the period comprises:-		
United Kingdom taxation:		
Tax charge on UK dividends receivable	0.5	-
Corporation tax at 33%	(5.9)	(1.3)
Deferred tax	1.1	4.3
	(4.3)	3.0

6. <u>Restructuring Recharges</u>	1994	1993
	£m	£m
Release of provisions made in prior years	8.9	101.8

The release of the provisions above represents amounts which relate to costs incurred in connection with the Tied Estate Order which has been borne by fellow group undertakings and the ultimate parent company.

7. Investments and Loans

	Cost or value at 5 March 1994 £m	Additions/ (disposals) £m	Cost or value at 6 March 1993 £m
Shares in group undertakings	1,987.5	0.9	1,986.6
Loans to group undertakings	21.5	0.3	21.2
Shares in participating interests (see note 8)	0.1	(10.9)	11.0
Loans to undertakings in which the company has a participating interest (see note 8)	-	(16.1)	16.1
Other investments and loans (see note 9)	2.4	(0.8)	3.2
	2,011.5	(26.6)	2,038.1

8. Participating interests

Unlisted participating interests	1994 £m	1994 £m
Shares in participating interests at cost	0.1	11.0
Loans to undertakings in which the company has a participating interest	—	16.1
	<u>0.1</u>	<u>27.1</u>
<u>Directors' valuation</u>	0.1	27.1

The above figures at 5 March 1994 comprise the book value attributable to the company based on the latest accounts of the following participating interests.

	Country of incorporation	% of equity	Share capital held
Novo-Pub Limited	Hungary	50	No shares issued

During the course of the year the company disposed of its 25% holding in Britannia Soft Drinks Limited to a fellow subsidiary of Allied-Lyons PLC.

9. Other Investments and Loans

	At cost less amounts written off £m	1994 Market value or directors' valuation £m	Income for the period £m	At cost less amounts written off £m	1993 Market value or directors' valuation £m	Income for the period £m
Listed investments	2.4	2.4	0.1	2.4	2.2	0.1
Unlisted investments	—	—	—	0.8	1.0	—
	<u>2.4</u>	<u>2.4</u>	<u>0.1</u>	<u>3.2</u>	<u>3.2</u>	<u>0.1</u>

During the year the investment in Jennings Brothers PLC was disposed to a fellow subsidiary undertaking at a profit of £0.1m.

The company held at 5 March 1994 more than 10% of the issued share capital of the under-mentioned undertakings which are incorporated in Great Britain.

Share Capital

	Issued	Held by company
Burton on Trent Artisans' Dwellings Company Limited.	17,280 ordinary shares of £1	8,185

10. Provision for Liabilities and Charges

	Reorg- anisation £m	Deferred Tax £m	Total Provision £m
Balance at 6 March 1993	23.5	—	23.5
Profit and Loss Account	(8.9)	1.1	(7.8)
Balance at 5 March 1994	<u>14.6</u>	<u>1.1</u>	<u>15.7</u>

Deferred Taxation	Amount provided 1994 £m	Full potential liability 1994 £m	Amount provided 1993 £m	Full potential asset 1993 £m
Short-term timing differences	1.1	1.1	—	—

11. Amounts Owing to Parent Undertaking

	Rates of Interest	1994 Balance 5 March 1994 £m	Interest for the period £m	Rates of Interest	1993 Balance 6 March 1993 £m	Interest for the period £m
Current Account	6.5% – 7%	1.2	0.1	7% – 11.5%	1.1	0.1
Proposed dividend	nil	<u>25.8</u>	<u>—</u>	nil	<u>25.8</u>	<u>—</u>
		<u>27.0</u>	<u>0.1</u>		<u>26.9</u>	<u>0.1</u>

Amounts Owing to Subsidiary Undertakings

		£m	£m		£m	£m
Interest free loans	nil	<u>304.8</u>	—	nil	<u>275.4</u>	—

12. Share Capital and Share Premium Account

	£m
Authorised share capital at 5 March 1994 and 6 March 1993	
Ordinary stock units of 25p each	60.0
Allotted, called up and fully paid Ordinary stock units of 25p each	
Balance at 5 March 1994 and 6 March 1993	49.0
Share premium account	
Balance at 5 March 1994 and 6 March 1993	11.9

13. Dividends

	1994 £m	1993 £m
First Interim	39.6	43.6
Special Interim	—	105.0
Proposed Final	<u>25.8</u>	<u>25.8</u>
Total	<u>65.4</u>	<u>174.4</u>

14. Contingent Liabilities

	1994 £m	1993 £m
A floating charge exists on the undertaking and assets of this company by way of collateral security for the debenture stocks of the parent undertaking Allied—Lyons PLC.	425.0	433.1
The company is joint guarantor with J Lyons & Company Limited of certain borrowings of its parent undertaking Allied—Lyons PLC.	10.0	10.0
Value Added Tax of the parent and certain group undertakings	28.3	18.0
Guarantees	6.2	5.7

PRINCIPAL SUBSIDIARY UNDERTAKINGS

MAIN OPERATING COMPANIES	EQUITY INTEREST	COUNTRY OF OPERATION	PRINCIPAL ACTIVITIES
	(%)		
Ace Coin Equipment Limited	75	England	Leisure machines
Allied Breweries Limited	100	England	Investments
Ansell's Retail Limited	100	England & Wales	Public house retailing
Ind Coope Retail Limited	100	England	Public house retailing
Ind Coope— Taylor Walker Limited	100	England	Public house retailing
Ind Coope (Oxford & West) Limited	100	England	Public house retailing
The Tetley Pub Company Limited	100	England & Wales	Public house retailing
The Victoria Wine Company Limited	100	England, Wales & Scotland	Off—licence retailing