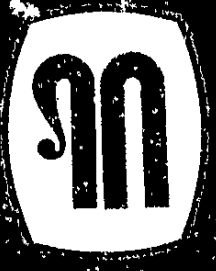


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# SHEPHERD NEAME LIMITED



**SHEPHERD NEAME**  
MASTERS OF BEERS

Report and Accounts  
1978/79



# SHEPHERD NEAME LIMITED

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## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Fifth Annual General Meeting of the Company will be held at the Offices of the Company on 2nd November, 1979 at 12 midday, for the following purposes:

1. To receive and adopt the Annual Statement of Accounts and Balance Sheet and the Reports of the Directors and Auditors thereon.
2. To declare a Final Dividend upon the "A" and "B" Ordinary Shares.
3. To re-elect a Director.
4. To re-appoint the Auditors and authorise the Directors to fix their remuneration.
5. To transact any other ordinary business.

Members entitled to attend and vote are entitled to appoint a proxy to vote instead of them and that proxy need not also be a member.

By Order of the Board,  
S. F. B. NEAME,  
*Secretary.*

17 COURT STREET,  
FAVERSHAM, KENT.

10th October, 1979



# **SHEPHERD NEAME LIMITED**

## **REPORT AND ACCOUNTS 1979**

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# SHEPHERD NEAME LIMITED

## DIRECTORS:

R. H. B. NEAME (*Chairman*)  
K. A. W. JOHNSTON  
C. A. W. DAWES

COLIN R. B. NEAME (*Vice-Chairman*)  
E. W. COULTER  
S. F. B. NEAME

## REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their SIXTY-FIFTH ANNUAL REPORT and ACCOUNTS for the year ended 30th June, 1979.

The principal activities of the Company consist of brewing, bottling of beer and wines, the wholesaling and retailing of beer, wines and spirits, cider and aerated waters, property ownership and management of public houses, and farming.

	£	£
After providing for all expenses of the business, including Depreciation, Debenture Interest and Taxation, the net profit for the year including extraordinary items, amounts to . . . . .		423,389
To which is added the Balance from 1978 . . . . .		20,000
		<hr/>
Making a total available for appropriation of . . . . .		443,389
Out of which have been paid or provided for:		
Interim Dividend on the "A" and "B" Ordinary Shares of 2.25% net . . . . .	33,750	
Proposed Final Dividend on the "A" and "B" Ordinary Shares of 6.25% net . . . . .	93,750	
	<hr/>	127,500
		<hr/>
leaving the sum of . . . . .		315,889
which the Directors recommend should be dealt with as follows:		
Allocation to Debenture Stock Redemption Reserve . . . . .	13,530	
Transfer to General Reserve . . . . .	302,359	
	<hr/>	<u>£315,889</u>

# SHEPHERD NEAME LIMITED

In the opinion of the Directors the market value of the properties considerably exceeds the amount included in the Balance Sheet. All such properties, however, form an integral part of the Company's business.

The average number of persons employed during the year was 335 and their remuneration amounted to £984,401.

No political donations were made in the year, charitable donations amounted to £505.

The value of goods exported during the year amounted to £744.

According to the Register, maintained as required by the Companies Act 1967, the interests of the Directors and their families in the Company's Shares and Debentures at 30th June, 1979 (1st July, 1978) are as follows:

	<i>"A" Ordinary Shares</i>		<i>"B" Ordinary Shares</i>	
	<i>Beneficial</i>	<i>As Trustee</i>	<i>Beneficial</i>	<i>As Trustee</i>
K. A. W. Johnston	30,028 (30,028)	24,220 (24,220)	560,600 (560,600)	109,100 (109,100)
R. H. B. Neame	29,362 (29,362)	91,925 (91,925)	1,573,550 (1,573,550)	— (—)
C. R. B. Neame	17,839 (17,839)	73,288 (73,288)	147,050 (147,050)	1,417,300 (1,417,300)
E. W. Coulter	4,000 (4,000)	— (—)	50,000 (50,000)	— (—)
C. A. W. Dawes	42,813 (42,813)	— (—)	102,300 (102,300)	— (—)
S. F. B. Neame	12,530 (12,530)	6,000 (6,000)	61,750 (61,750)	— (—)

Mr. K. A. W. Johnston retires from the Board by rotation and offers himself for re-election.

The Directors are advised that the Company is a Close Company as defined by the Income and Corporation Taxes Act 1970.

Whinney Murray & Co. have merged their practice with Turquands Barton Mayhew & Co. and from 1st July, 1979 have practised in the name of Ernst & Whinney. They have therefore signed their audit report in their new name. In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Ernst & Whinney as auditors of the Company will be put to the members at the annual general meeting.

By Order of the Board,  
S. F. B. NEAME,  
Secretary.

17 Court Street,  
Faversham.  
10th October, 1979

## CHAIRMAN'S REPORT

Following the Share Capital reorganisation on the 1st July, 1977 I would again remind all 'A' and 'B' Shareholders that they are entitled to attend the Annual General Meeting and I hope that as many Shareholders as possible will attend. Prior to the meeting there will be a conducted tour of the brewery to enable Shareholders to view the new plant installed during the year and at the conclusion of the meeting lunch has been arranged at one of our nearby Public Houses.

### THE YEAR'S RESULTS

The net profit before taxation amounts to £852,949, an increase of £113,719 compared to that of 1978. After deducting tax of £455,508 and adding extraordinary profits of £25,948 arising from the sales of properties there remains available for appropriation £423,389.

In recommending a final dividend of 6.25% making a total for the year of 8.5% the Directors have decided that to increase the total distribution by 36% is fully justified now that statutory dividend restraint has been lifted. The proposed total distribution is more than three times covered by the trading profit. The retained profit after distribution will be sufficient to finance the continued expansion of the business in accordance with one of the criteria laid down in the future policy statement of last year.

### BEER SALES

The steady growth of beer sales of around 10% per annum over the last five years has slowed to 3.6% for 1978/79 and now appears to be levelling off. This is mainly due to the fact that we are now making the maximum use of the bar areas in our houses and growth must mainly come from enlarging the bars where possible.

Future expansion of volume sales may also be harder to achieve in view of increased expenditure by the national brewers on updating their tied outlets and of the growing competition from the traditional draught beers that they have started to re-introduce.

Similarly, the rapid expansion of our free trade (over 90% over the past 5 years) has now reached a level where further growth might be out of balance with our tied trade, and less profitable as most growth opportunities lie on the fringe of our trading area.

### WINES AND SPIRITS AND CIDERS

It would appear that the sales of wines and spirits are directly related to the increase in our beer sales and I am pleased to report that we continue to enjoy an improved profit margin as we are purchasing a higher percentage of products through the Clansouth Consortium.

During the year we negotiated the purchase of shares in the Taunton Cider Company which is based on a consortium of brewers. This will enable us to not only enjoy higher cider discounts but also participate in the dividends resulting from this rapidly expanding company.

### TIED ESTATE

This year we purchased a further two houses, at a cost of £101,509. One is the Prince Arthur in City Road, London and the other the Star at Edenbridge. Twenty-seven major alterations were completed during the year involving £290,000 worth of expenditure on capital

improvements and fixtures. The total cost of repair work on our houses during the year averaged £2,500 per house. We feel that this level of expenditure is necessary if we are to maintain our houses to a high standard and meet the demands for improved facilities. Rents from our properties have risen substantially and the new rent structure introduced allows for continuing growth in the forthcoming years.

#### MANAGED HOUSES

These have at last produced a small profit of £4,544. This would have been substantially more but for a large loss on the Clarendon Hotel which was taken under management approximately 18 months ago. We are considering proposals for a major alteration at the Clarendon so as to increase the bar area and reduce the restaurant as most of the loss results from the restaurant being under-utilised. We continue to rationalise the number of houses in the managed house department and there have been no additions during the year other than those that we had to take under temporary management whilst the future of the house was under consideration. Any future developments will relate to providing a better standard of letting accommodation as there is a considerable demand for this in Kent as has been proved by the successful redevelopment of the Royal Hotel at Sheerness.

#### FARM

Queen Court has shown an increased profit from £12,365 last year to £17,647 this year. The accounts include a full year's receipts from our first blackcurrant harvest. During the year we have doubled the blackcurrant acreage making a total of 60 acres and the young bushes should come into bearing in about two years. The income from growing vegetables has considerably increased during the year but this is likely to be phased back as we increase the acreage of soft fruit. The current year's hop crop is probably one of the best that we have had. We expect that in the long term the total acreage of hops will slightly decline but this will be offset by our expansion in high value soft fruit crops. During the year we have carried out interesting experimental work on the feeding of brewery waste products to pigs. An investment in expanding this will be funded from farm profits over the next two to three years.

#### CAPITAL INVESTMENT

This year's capital expenditure on plant amounted to £372,000. The total capital expenditure for the year on all plant, properties, etc. was £1,003,000 and this brings the total expenditure over the past five years to a sum in excess of £5,000,000. We have continued to finance this expenditure within the company and by temporary bank borrowing.

Proceeds from the sale of assets for the year was lower than in previous years and amounted to £60,000. We sold one Public House, the old Margate Store and two small plots of surplus land. We anticipate no Development Land Tax liability on these sales which come within the Government exemption limit.

#### BREWERY DEVELOPMENT

We have installed a new mash tun, copper, fermenting and collection vessels which, when in operation, will enable us to increase our output by 50%. It is anticipated that these should be in operation at the end of the year. All those concerned are to be congratulated on the smooth manner in which the operations have been carried out within the existing brewery premises causing the minimum of disruption during our peak brewing period. We now look forward with confidence to meeting any increased demand for our beers over the next few years.

The purchase of 10/15 Court Street has enabled us to extend the area at the rear to increase the fermenting capacity and we are now in the process of building an extension to the offices and restoring 10, 11 and 11a Court Street as a reception and training centre.

The installation of the new IBM System 34 computer was successfully completed early in 1979 and we were able to sell off the old IBM System 3 at nearly its book value.

#### FUTURE POLICY

The Directors do not feel that at the present time there should be any departure from the policy they are following for the expansion of the Company and the wisdom of containing the main trading area is particularly important in the light of the recent high increase in fuel costs. In view of the growing demand for accommodation in the South East the Directors are investigating the possibility of improving or extending the existing facilities at a number of Houses in this area and I am pleased to report that we have recently obtained Planning Permission to build twenty-four motel units at the "Duke of Kent" on the Thanet Way.

You will have been advised of our intention to change the Articles to allow a Technical Director class to be introduced. The Directors have been considering this step for some time as they feel the ability to make such appointments could be either a reward for long service or the stepping stone to appointment to the Board which will help strengthen our middle management and give a clearer career pattern. We have no immediate appointments in mind but the Directors feel it is desirable to have the power to do so subject to the Shareholders approving such a resolution.

#### CONCLUSION

I believe that an increase in turnover of £1.1m. and in a net trading profit before tax of £113,719 fully justifies the Company philosophy of remaining a family concern which is small enough to generate a spirit of unity and purpose amongst our staff, licensees and work force but is large enough to generate sufficient funds to expand and keep abreast of modern technology. I believe we can view the future with confidence although there may be a slowing down in growth compared to the substantial growth we have enjoyed over the past few years. I am certain that all employees have shared in this prosperity but it is important to remember that growth can only be achieved by working together as a team. It is important that all employees appreciate that their long-term future prosperity relies on the initiative and enterprise that has to go into serving the people as a whole and the desire for management and unions to work together.

I still believe that in Kent we could enjoy further growth from the considerable tourist industry especially when one considers that 18% of all tourists visiting the United Kingdom enter through the Port of Dover. It is for this reason that the Company are considering investment in letting accommodation in addition to continuing to update and improve facilities throughout our Houses.

I would like to pay tribute to our staff and employees and in particular to those connected with the difficult period relating to the brewery expansion. I am certain that all staff, employees and tenants will continue to enjoy the benefits from the success of the Company if we can work together to give the service, the product and the amenities in our Houses that the public require.

R. H. B. NEAME



## REPORT OF THE AUDITORS

*To the Members of SHEPHERD NEAME LIMITED.*

We have examined the accounts set out on pages 10 to 17 which have been prepared under the historical cost convention.

In our opinion these accounts give a true and fair view of the state of affairs at 30th June, 1979 and of the profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

ERNST & WHINNEY,  
*Chartered Accountants.*

57 Chiswell Street,  
London EC1Y 4SY.  
*10th October, 1979*

# SHEPHERD NEAME LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1979

		1979	1978
	Note	£	£
<b>TURNOVER . . . . .</b>	2	8,801,373	7,688,690
<b>TRADING PROFIT . . . . .</b>	3	684,538	611,801
Other income . . . . .	5	260,935	191,880
		945,473	803,681
Interest payable . . . . .	6	92,524	64,451
<b>PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS . . . . .</b>		852,949	739,230
Taxation . . . . .	7	455,508	381,736
<b>PROFIT AFTER TAXATION . . . . .</b>		397,441	357,494
Extraordinary items . . . . .	8	25,948	60,000
<b>PROFIT FOR THE YEAR . . . . .</b>		423,389	417,494
Balance brought forward . . . . .		20,000	20,000
<b>BALANCE AVAILABLE FOR APPROPRIATION . . . . .</b>		443,389	437,494
Dividends . . . . .	9	127,500	93,750
Transfer to reserves . . . . .	10	315,889	323,744
Balance carried forward . . . . .		£ —	£20,000

The notes on pages 13 to 17 form part of these accounts.

# SHEPHERD NEAME LIMITED

BALANCE SHEET AS AT 30th JUNE, 1979

ASSETS EMPLOYED	Note	£	1979 £	1978 £
FIXED ASSETS . . . . .	11		4,937,962	4,271,987
INVESTMENTS . . . . .	12		160,752	136,095
CURRENT ASSETS :				
Stocks . . . . .	13	631,008		654,803
Debtors . . . . .		1,048,537		868,609
Bank balances and cash . . . . .		41,304		21,281
		<u>1,720,849</u>		<u>1,544,693</u>
CURRENT LIABILITIES :				
Creditors . . . . .		1,451,839		1,134,128
Bank overdraft . . . . .	15	687,371		795,827
Club and trade deposits . . . . .		165,221		142,835
Current taxation . . . . .		215,317		199,053
Proposed dividends . . . . .		93,750		63,750
		<u>2,613,498</u>		<u>2,335,593</u>
NET CURRENT LIABILITIES . . . . .			(892,649)	(790,900)
CORPORATION TAX payable 1st January, 1981 .			(206,043)	(105,739)
			<u>£4,000,022</u>	<u>£3,511,443</u>
FINANCED BY				
SHAREHOLDERS' FUNDS:				
Share Capital . . . . .	14		1,500,000	1,500,000
Reserves . . . . .	10		1,252,658	936,769
Profit and Loss Account . . . . .			—	20,000
			<u>2,752,658</u>	<u>2,456,769</u>
DEBENTURE STOCK (secured) . . . . .	15		232,000	232,000
DEFERRED TAXATION . . . . .	16		1,015,364	822,674
			<u>£4,000,022</u>	<u>£3,511,443</u>

R. H. B. NEAME }  
COLIN NEAME } *Directors*

The notes on pages 13 to 17 form part of these accounts.

# SHEPHERD NEAME LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th JUNE, 1979

	1979		1978	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
Profit before Taxation and Extraordinary Items . . . . .		852,949		739,230
Charge against profits not involving the movement of funds:—				
Depreciation . . . . .		312,126		275,091
<b>FUNDS GENERATED FROM TRADING</b>		1,165,075		1,014,321
Disposal of Fixed Assets . . . . .		51,334		91,152
<b>TOTAL FUNDS GENERATED</b>		<u>£1,216,409</u>		<u>£1,105,479</u>
<b>APPLICATION OF FUNDS</b>				
Additions to Fixed Assets . . . . .	1,003,487		989,527	
Outlay on Trade Investments and Loans . . . . .	24,657		29,495	
Tax Paid . . . . .	146,250		108,763	
Dividends Paid . . . . .	97,500		86,000	
	<u>1,271,894</u>		<u>1,213,785</u>	
<b>MOVEMENT IN WORKING CAPITAL</b>				
(Decrease)/Increase in stocks . . . . .	(23,795)		98,518	
Increase in Debtors . . . . .	179,928		113,815	
(Increase)/Decrease in Creditors . . . . .	(317,711)		133,044	
Increase in Club Deposits . . . . .	(22,386)		(13,345)	
	<u>(183,964)</u>		<u>332,032</u>	
			<u>1,545,817</u>	
<b>MOVEMENT IN LIQUID FUNDS</b>				
Increase in Cash Balances . . . . .	20,023		9,444	
Decrease/(Increase) in bank overdraft . . . . .	108,456		(449,782)	
	<u>128,479</u>		<u>(440,338)</u>	
	<u>£1,216,409</u>		<u>£1,105,479</u>	

The notes on pages 13 to 17 form part of these accounts.

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### (a) Accounting Convention

The accounts are prepared under the historical cost convention.

#### (b) Fixed Assets

Fixed assets are stated at 1948 book value with subsequent additions or improvements at cost less Government grants received.

#### (c) Depreciation

Depreciation is provided on brewery freehold buildings. Other freehold buildings and land are not depreciated. It is the Company's policy to keep licensed properties in such a state of repair that the trade is protected and the aggregate residual value of premises is maintained at not less than book amount. Such expenditure is charged to profits in the year in which it is committed. Having regard to this policy any element of depreciation of these premises would, in the opinion of the directors, be immaterial.

Leaseholds are amortised over the terms of the leases, other fixed assets are depreciated at varying rates based upon their expected useful lives.

#### (d) Stocks

Stocks and stores are valued on a consistent basis at the lower of cost and net realisable value. Cost for own beers includes materials and duty with a suitable addition for variable production expenses. Farm work to land is not valued annually, the historical cost of £582 being included.

#### (e) Deferred Taxation

Provision is made for deferred taxation using the liability method on timing differences except for capital gains tax arising from the sale of properties.

#### (f) Repairs to Properties

The charge in the Accounts includes provision for the estimated cost of completing all work commenced before the accounting date.

#### (g) Pension Benefits

Pension benefits for certain employees are provided by a company scheme and are funded over the employees' periods of service. An unfunded liability estimated at £30,000 exists at 30th June, 1979 which will be eliminated by additional payments over the next three years.

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

2. **TURNOVER:** Amount receivable from net sale of goods supplied and services rendered arising from the trading activities of the Company. The figure for farm includes hops taken into the brewery at valuation prices. Value Added Tax is excluded.

	1979 £	1978 £
Brewery . . . . .	8,620,826	7,545,973
Farm . . . . .	180,547	142,717
	<u>£8,801,373</u>	<u>£7,688,690</u>

3. <b>GROSS PROFIT ON TRADING</b>	1,666,240	1,308,960
Less: Depreciation . . . . .	312,126	275,091
Repairs to licensed premises . . . . .	587,383	354,717
Remuneration of directors ( <i>Note 4</i> ) . . . . .	67,193	55,351
Remuneration of auditors . . . . .	15,000	12,000
<b>TRADING PROFIT</b>	<u>£684,538</u>	<u>£611,801</u>

4. <b>DIRECTORS' REMUNERATION</b>	£	£
Fees . . . . .	1,800	1,800
Other emoluments . . . . .	50,082	41,351
Pensions to directors or their widows . . . . .	9,918	8,931
Pension scheme contributions . . . . .	5,393	3,269
	<u>£67,193</u>	<u>£55,351</u>

Emoluments of the chairman amounted to . . . . . £16,242 £13,570

Other directors' emoluments were:—

	1979	1978
Not more than £2,500 . . . . .	2	2
Between £2,500 and £5,000 . . . . .	1	1
Between £5,001 and £7,500 . . . . .	—	—
Between £7,501 and £10,000 . . . . .	—	1
Between £10,001 and £12,500 . . . . .	1	—
Between £12,501 and £15,000 . . . . .	—	1
Between £15,001 and £17,500 . . . . .	1	—

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

	1979 £	1978 £		
<b>5. OTHER INCOME</b>				
Rental profit before charging repairs . . . . .	255,182	183,903		
From trade loans and unlisted securities . . . . .	4,572	7,573		
From bank deposits and sundries . . . . .	1,181	404		
	<u>£260,935</u>	<u>£191,880</u>		
<b>6. INTEREST PAYABLE</b>				
6% Debenture Stock . . . . .	13,920	13,920		
Less: on own holding . . . . .	1,347	672		
	<u>12,573</u>	<u>13,248</u>		
On bank overdrafts . . . . .	72,577	44,802		
On club and trade deposits . . . . .	5,806	5,306		
On other short term loans . . . . .	1,568	1,095		
	<u>£92,524</u>	<u>£64,451</u>		
<b>7. TAXATION</b>				
The charge based on the profits for the year comprises:—				
U.K. Corporation Tax at 52% (1978 - 52%) . . . . .	254,100	138,862		
Deferred Taxation transfer in respect of:—				
Capital Allowances . . . . .	212,231	217,496		
Stock Appreciation Relief . . . . .	(10,823)	25,378		
	<u>£455,508</u>	<u>£381,736</u>		
<b>8. EXTRAORDINARY ITEMS</b> consist of book profits on disposal of properties (less tax).				
<b>9. DIVIDENDS</b>				
'A' and 'B' Ordinary Shares—interim paid (2.25%) . . . . .	33,750	30,000		
—final proposed (6.25%) . . . . .	93,750	63,750		
	<u>£127,500</u>	<u>£93,750</u>		
<b>10. RESERVES</b>				
	General Capital £	Debenture Redemption £	General Revenue £	Total £
Balance at 1st July, 1978 . . . . .	33,835	—	902,934	936,769
Transfer . . . . .	(33,835)	—	33,835	—
From Profit and Loss Account . . . . .	—	13,530	302,359	315,889
	<u>—</u>	<u>£13,530</u>	<u>£1,239,128</u>	<u>£1,252,658</u>
Balance at 30th June, 1979 . . . . .	—	£13,530	£1,239,128	£1,252,658

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

### 11. FIXED ASSETS

The cost of the main categories of assets (other than non-brewery freehold and leasehold properties, for which see Note 1(c)) is written off by equal annual instalments, as follows:

Brewery buildings . . . . .	25 and 50 years
Plant and equipment . . . . .	5 – 13 years
Motor vehicles . . . . .	5 – 7 years
Fixtures . . . . .	5 – 10 years
Casks and kegs . . . . .	6 – 10 years

	Freehold Properties	Leasehold over 50 years	Properties under 50 years	Fixed Plant and Vehicles	Containers and Fixtures	Total
<b>Cost:</b>						
At 30th June, 1978 . . . . .	2,711,590	29,540	2,100	1,453,060	1,156,919	5,353,209
Additions . . . . .	296,364	—	—	452,663	254,460	1,003,487
Disposals . . . . .	(3,700)	—	—	(47,587)	(69,958)	(121,245)
At 30th June, 1979 . . . . .	3,004,254	29,540	2,100	1,858,136	1,341,421	6,235,451

<b>Accumulated Depreciation:</b>						
At 30th June, 1978 . . . . .	37,014	4,279	1,200	575,907	462,822	1,081,222
Charge for year . . . . .	5,588	308	112	131,021	175,097	312,126
On Disposals . . . . .	—	—	—	(40,632)	(55,227)	(95,859)
At 30th June, 1979 . . . . .	42,602	4,587	1,312	666,296	582,692	1,297,489

<b>Net book amounts:</b>						
At 30th June, 1979 . . . . .	£2,961,652	£24,953	£788	£1,191,840	£758,729	£4,937,962
At 30th June, 1978 . . . . .	£2,674,576	£25,261	£900	£868,950	£702,300	£4,271,987



# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

	1979 £	1978 £
<b>12. INVESTMENTS</b> (Trade loans and unlisted securities):		
Holdings of equity capital . . . . .	1,240	1,240
Loans to trade clubs, etc. . . . .	132,293	127,126
Own debenture stock purchased for redemption at cost (nominal value £32,700, 1978 £11,200) . . . . .	27,219	7,729
	<u>£160,752</u>	<u>£136,095</u>
At cost and directors' valuation . . . . .		
<b>13. STOCKS AND WORK IN PROGRESS</b>		
Raw materials . . . . .	35,643	39,665
Beer in process . . . . .	97,264	157,905
Finished products . . . . .	440,999	402,138
Stores . . . . .	28,054	25,666
Farm stocks . . . . .	29,048	29,429
	<u>£631,008</u>	<u>£654,803</u>
<b>14. SHARE CAPITAL</b>		
(Authorised, issued and fully paid):		
'A' Ordinary Shares of £1 each . . . . .	1,330,000	1,330,000
'B' Ordinary Shares of 2p each . . . . .	170,000	170,000
	<u>£1,500,000</u>	<u>£1,500,000</u>
<b>15. DEBENTURE STOCK</b>		
The 6% first mortgage redeemable debenture stock is secured on certain properties and by a floating charge on the undertaking and assets of the Company. The stock is redeemable either at par by instalments by operation of an annual sinking fund or through the cancellation of stock purchased by the Company and rendered to the trustees.		
Certain title deeds are also deposited with the bank as security for facilities granted.		
<b>16. DEFERRED TAXATION</b>	1979 £	1978 £
Tax on the excess of capital allowances claimed over related depreciation . . . . .	993,683	781,853
Tax in respect of relief under provisions relating to stock appreciation . . . . .	69,755	80,578
Other timing differences . . . . .	(7,896)	(8,357)
Advance Corporation Tax on proposed dividend . . . . .	(40,178)	(31,400)
	<u>£1,015,364</u>	<u>£822,674</u>
<b>17. CAPITAL COMMITMENTS</b>	£	£
Contracts for capital expenditure not provided for in the accounts amount to approximately:—		
Outstanding contracts . . . . .	176,000	180,000
Amounts authorised by the directors . . . . .	180,000	675,000
	<u>£356,000</u>	<u>£855,000</u>

# SHEPHERD NEAME LIMITED

## FIVE YEAR REVIEW

### PROFIT AND LOSS

Turnover . . . . .	
Trading Profit . . . . .	
Net Financial Charges . . . . .	
Profit before Tax . . . . .	
Taxation . . . . .	
Preference Dividends . . . . .	
Net Earnings for Ordinary Shares . . . . .	
Extraordinary items—Profits . . . . .	

1979 £'000	1978 £'000	1977 £'000	1976 £'000	1975 £'000
8,801	7,689	6,474	5,321	3,896
940 87	795 56	660 40	613 63	298 56
853 456	739 382	620 330	550 293	242 129
—	—	3	3	3
397 26	357 60	287 90	254 39	110 6
423	417	377	293	116

### DIVIDENDS ON ORDINARY SHARE CAPITAL

(adjusted for Scrip issue July 1977)

Net Dividends paid . . . . .	
Percentage . . . . .	
Before Extraordinary items:—	
Cover for Dividend	
Earnings per £1	

£127,500	£93,750	£78,400	£71,400	£54,600
8.50	6.25	5.60	5.10	3.90
3.12 26.50p	3.81 23.83p	3.66 20.50p	3.55 18.10p	2.02 7.86p

### PROFIT RETENTIONS

Profits of the Year . . . . .	
Depreciation . . . . .	

295 312	323 275	299 180	222 163	61 118
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### BALANCE SHEET

Assets Employed:—	
Fixed Assets . . . . .	
Investments and Loans . . . . .	
Stocks and Debtors . . . . .	

4,938 161 1,679	4,272 136 1,523	3,569 106 1,311	2,953 129 986	2,608 81 870
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Current Liabilities . . . . .	
Net Bank and Cash Balances . . . . .	

6,778 1,926 646	5,931 1,539 775	4,986 1,609 334	4,068 1,191 284	3,559 1,012 436
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Taxation payable 18 months hence . . . . .	
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4,206 206	3,617 106	3,043 96	2,593 89	2,111 2
4,000	3,511	2,947	2,504	2,109

### Financed by:—

Share Capital . . . . .	
Reserves . . . . .	

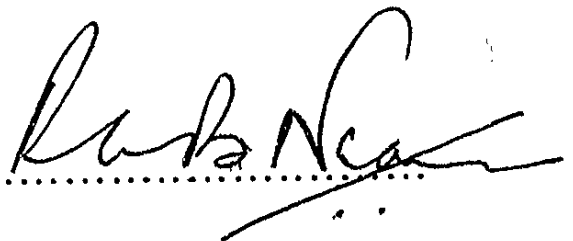
1,500 1,253	1,500 957	380 1,753	380 1,445	380 1,212
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Loan Capital . . . . .	
Deferred Tax . . . . .	

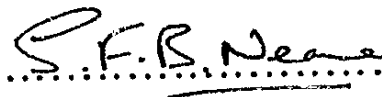
2,753 232 1,015	2,457 232 822	2,133 232 582	1,825 294 385	1,592 309 208
4,000	3,511	2,947	2,504	2,109

We certify that this is a true copy of every balance sheet laid before the company in general meeting during the period to which this return relates (including every document required by law to be annexed to the balance sheet) and a copy (certified as aforesaid) of the report of the auditors on, and of the report of the directors accompanying, each such balance sheet.

Signed by: R.H.B. Neame (Chairman)  
Director

  
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Signed by: S.F.B. Neame (Secretary)  
Director

  
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