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# SHEPHERD NEAME LIMITED

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Seventh Annual General Meeting of the Company will be held at the Offices of the Company on 6th November, 1981 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.  
14th October, 1981.



# **SHEPHERD NEAME LIMITED**

## **REPORT AND ACCOUNTS 1981**

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# SHEPHERD NEAME LIMITED

## DIRECTORS:

R. H. B. NEAME (*Chairman*)

COLIN R. B. NEAME (*Vice-Chairman*)

K. A. W. JOHNSTON

E. W. COULTER

C. A. W. DAWES

S. F. B. NEAME

## REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their SIXTY-SEVENTH ANNUAL REPORT and ACCOUNTS for the year ended 30th June, 1981.

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, available for appropriation, amounts to . . . . .		920,812
Out of which have been paid or provided for:		
Interim Dividend on the "A" and "B" Ordinary Shares of 3.25% net . . . . .	48,750	
Proposed Final Dividend on the "A" and "B" Ordinary Shares of 10% net . . . . .	150,000	
		<u>198,750</u>
leaving amount to be retained . . . . .		<u><u>£722,062</u></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 344 and their remuneration amounted to £1,345,186.

No political donations were made in the year, charitable donations amounted to £1,200.

No goods were exported during the year.

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, 1981 (1st July, 1980) 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)	535,700 (560,600)	109,100 (109,100)
R. H. B. Neame	28,412 (29,062)	91,925 (91,925)	1,616,600 (1,584,050)	— (—)
C. R. B. Neame	16,989 (17,839)	73,283 (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	38,813 (42,813)	— (—)	102,300 (102,300)	— (—)
S. F. B. Neame	12,530 (12,530)	7,000 (6,000)	61,750 (61,750)	— (—)

Mr. E. W. Coulter 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.

Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with ~~Section 14~~ of the Companies Act 1976 a resolution proposing their re-appointment will be ~~submitted~~ at the annual general meeting.

By Order of the Board,

S. F. B. NEAME, S.F.B. Neame  
Secretary.

17 Court Street,  
Faversham.  
14th October, 1981.

## CHAIRMAN'S REPORT

This year we shall be holding Extraordinary General Meetings of the "A" and "B" Shareholders immediately before the Annual General Meeting.

The Directors are unanimously recommending a bonus issue for both these classes of Share and are proposing amendments to the Articles in respect of their future transferability.

The proposals for a bonus issue of Shares indicate the Directors' confidence in the future of the Company and take the opportunity of capitalising the substantial reserves built up over the past few years.

I hope that as many Shareholders as possible will be able to attend these meetings as the proposals are an important part of the development of the future policy of the Company.

We have now finished our new office block in 12/15 Court Street and Shareholders will have an opportunity of a conducted tour after the meeting.

### THE YEAR'S RESULTS

The net profit before taxation amounts to £1,381,084 an increase of £292,385 compared to that of 1980. After deducting tax of £490,955 and adding extraordinary profits of £30,683 arising mainly from the sales of properties there remains available for appropriation £920,812.

In recommending a final dividend of 10% making a total for the year of 13.25% the Directors have decided to increase the total distribution for the year by 23.25% over last year and feel that this is fully justified. The proposed total distribution remains nearly 4½ times covered by the profit for the year. The retained profit after distribution will be sufficient for us to consider a capital programme of approximately £1,000,000 relating to the continued updating and development of the business in the forthcoming year.

It will be noted that the Company has not included a Current Cost Accounts Statement and this is referred to in the Auditors' Report. The Directors feel that the very high cost of producing Current Cost Accounts is not justified as they would be no more appropriate than the Company's present methods of allowing for inflation for the purposes of management decisions.

### BREWERY DEVELOPMENT

The completed work on 10/15 Court Street which includes excellent new office facilities and a new reception/training centre has been well received by all those visiting or working in them. It has enabled us to expand our storage facilities for draught beer and this will allow us to meet increases in demands for draught beer, although loading facilities will remain congested and if the trade was to expand rapidly we would have to consider major alteration works to this area.

During the year we have replaced the bottle labeller and have improved quality control by installing an automatic empty bottle inspector and a fill-height detector within the line.

We have also made improvements to various other parts of plant including installing spent grain discharge gear in our mash tuns.

We have installed our own four-pint canning line and it is proposed to introduce Master Brew XX and Hürlimann lager in cans in time for the Christmas trade.

Unfortunately we lost our planning appeal for the expansion of the Wine and Spirit Store. We submitted an alternative scheme which we felt met many of the points raised in opposition to our first planning proposal. However, Swale Borough Council have turned down this scheme which will necessitate us going to Appeal once more. Even if we are fortunate in winning this Appeal, the development of the Wine and Spirit Store could cost up to ten times the original budgeted cost due to the substantial delay and special building and planning requirements that will be imposed on us. Regrettably this is a fairly common occurrence throughout the country and is probably one of the main underlying reasons why industrial development has not taken place as fast as a growth economy demands.

#### BEER SALES

The volume of tied trade sales was the same as last year, and there was a minimal increase in free trade sales. As the volume of national beer sales is about 7% less than last year we feel that it is satisfactory to have retained our level of trading even if the recession is not as severe in the South East as other parts of the country. Our cask and keg beers continue to show an increase but our own bottled beer sales have now fallen below 20% of all beer sales. While the present recession continues it is unlikely that volume sales will increase; but there is little doubt that our policy of holding beer prices is helping to attract a greater traffic through our houses and to maintain our volume of beer sales as for the first time in a decade the cost of a pint of beer has become price sensitive.

I am also of the opinion that we are enjoying the benefit of considerable expenditure on the development of our Public Houses over the past few years and we are holding our trade and possibly increasing the number of customers because the facilities are of a high standard and we have attracted the right people to become tenants. The balance of Tied to Free Trade continues in accordance with our policy.

#### WINES, SPIRITS AND CIDERS

The volume of wine and spirit sales is down by 3% over the year but this decline is considerably less than national trends and we are still obtaining an increased profit margin as there is a growing demand for products which we purchase from the Clansouth Buying Consortium.

There was a 2% volume reduction in the sale of cider but there was a substantial increase in gross profit resulting from our membership of the Taunton Cider Company as we are continuing to expand this brand in our Tied Estate.

#### TIED ESTATE

We purchased a further six houses at a cost of over £400,000: The Railway Tavern, London N.16.; The George, Leeds; Duke of Sussex, London E.2.; Norfolk Arms, Gravesend; Welsh Harp, London E.9.; and The Albion, London E.8.

During the year we ran a trial training course for our tenants. This was most successful and it is proposed to run these on a regular basis for all new tenants in future years. We feel that it is essential for the long term benefit of the Tied House system in this country that we should be able to select the correct personality for a Public House who can be trained to a high standard of management so that it is profitable both for himself and the brewery.

#### MANAGED HOUSES

The Managed Houses made a good contribution to profits during the year and as we have eliminated the majority of loss making Houses which we hold under temporary management during major alteration works, we expect that this department will continue to make an increased contribution towards the profit in future years.

After careful consideration the Directors have decided to carry out a £100,000 Steak House development at the Crown at Chislehurst. This is our first development of this type and if it is successful we shall be investigating further sites that might be suitable for a similar type of development.

#### FARM

Queen Court has shown a small increase in profit from £7,339 to £9,734 this year. Income from the hop crop was maintained but there was a 35% reduction in income from blackcurrants and strawberries.

The success of our experiments in feeding brewery waste products to pigs obtained national recognition, and we are continuing to develop our piggery.

Unfortunately wages continue to increase faster than the market value of our products and a disappointing result is inevitable if the projected income from a high value crop does not materialise.

#### CAPITAL INVESTMENT

The total capital expenditure for the year on all plant, property and fixtures was £1,741,908 which has been financed from within the Company by retained profits, the sale of surplus assets, and by extending our bank borrowing facilities.

#### FUTURE POLICY

The Directors are reviewing the rate of capital investment for the future in view of the fact that there are no signs that we are recovering from the present recession and it is likely that interest rates will continue at their present high level in the foreseeable future. Interest payments this year cost us some £30,000 more than last year, and although our total level of borrowing is such that interest is not a major charge against the company's profits, we must give serious consideration to the level of investment that we should consider in the next year.

We should like to continue to develop and improve our Tied Estate so as to maintain a reasonable balance between our Tied and Free Trade. Unfortunately the cost of purchasing property has escalated considerably and it is now much harder to obtain a satisfactory return on the investment.

#### CONCLUSION

This has been a particularly hard year for trading. Nevertheless we have achieved a net trading profit increase of 27% with only a minimal volume increase. I believe that this return fully justifies our previous investment policy in respect of brewery plant, major Public House alterations and expansion of our Tied Estate. The result indicates that your Company is soundly based and is well able to meet the present recession. Although it continues to expand it remains a family concern with close lines of communication that allow all members of staff, licensees and the work force to remain in immediate contact with senior management. This generates a commitment by all to work together for the future prosperity of the Company.

I would like to pay tribute to our staff and employees for their continued hard work during the past year which is essential if we are to continue to work as a team to ensure that our customers are afforded a good service, a fine product and excellent hospitality in all our Public Houses.

R. H. S. NEAME

# SHEPHERD NEAME LIMITED

## 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. Our audit has been carried out in accordance with approved auditing standards.

In our opinion these accounts give a true and fair view of the state of affairs at 30th June, 1981 and of the profit, changes in retained profits and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

The accounts do not contain the current cost accounts as required by Statement of Standard Accounting Practice No. 16.

*Ernst & Whinney*  
ERNST & WHINNEY,  
*Chartered Accountants.*

57 Chiswell Street,  
London EC1Y 4SY.  
14th October, 1981.



# SHEPHERD NEAME LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1981

		1981	1980
	Note	£	£
TURNOVER . . . . .	1	11,079,275	9,512,323
TRADING PROFIT . . . . .	2	1,128,248	885,430
Other income . . . . .	4	332,556	223,777
		1,537,314	1,215,407
Interest payable . . . . .	5	155,230	125,708
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS . . . . .		1,381,084	1,088,699
Taxation . . . . .	6	490,955	370,798
PROFIT AFTER TAXATION . . . . .		890,129	717,901
Extraordinary items . . . . .	7	30,683	15,562
PROFIT FOR THE YEAR . . . . .		920,812	733,563
Dividends . . . . .	8	198,750	161,250
PROFIT RETAINED . . . . .		£722,062	£572,313

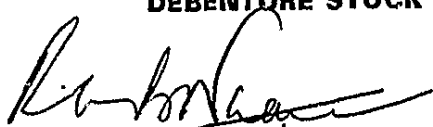
## STATEMENT OF RETAINED PROFITS

	1981	1980
	£	£
BALANCES AT 1st JULY, 1980	2,838,463	2,316,096
PROFIT RETAINED FOR THE YEAR . . .	722,062	572,313
BALANCE AT 30th JUNE, 1981 . . . . .	£3,510,471	£2,888,409

# SHEPHERD NEAME LIMITED

BALANCE SHEET AS AT 30th JUNE, 1981

ASSETS EMPLOYED	Note	1981	1980
		£	£
<b>FIXED ASSETS . . . . .</b>	9	6,825,142	5,569,333
<b>INVESTMENTS . . . . .</b>	10	265,783	204,676
<b>RECOVERABLE ADVANCE</b>			
<b>CORPORATION TAX . . . . .</b>		64,286	51,429
<b>CURRENT ASSETS :</b>			
Stocks . . . . .	11	1,030,896	923,201
Debtors . . . . .		1,299,962	1,183,195
Bank balances and cash . . . . .		30,594	28,371
		<u>2,361,452</u>	<u>2,134,767</u>
<b>CURRENT LIABILITIES :</b>			
Creditors . . . . .		2,021,998	1,664,893
Bank overdraft . . . . .		985,805	753,396
Club and trade deposits . . . . .		167,452	169,904
Current taxation . . . . .		465,744	310,376
Proposed dividends . . . . .		150,000	120,000
		<u>£3,790,999</u>	<u>3,018,569</u>
<b>NET CURRENT LIABILITIES . . . . .</b>		(1,429,547)	(883,802)
<b>CORPORATION TAX :</b>			
Payable 1st January, 1983 . . . . .		(404,693)	(324,727)
		<u>£5,320,971</u>	<u>£4,616,909</u>
<b>FINANCED BY</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
Share Capital . . . . .	12	1,500,000	1,500,000
Reserves . . . . .		3,610,471	2,888,409
		5,110,471	4,388,409
<b>DEBENTURE STOCK (secured) . . . . .</b>	13	210,500	228,500
		<u>£5,320,971</u>	<u>£4,616,909</u>





R. H. B. NEAME  
COLIN NEAME

Directors

# SHEPHERD NEAME LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th JUNE, 1981

	1981		1980	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
Profit before Taxation and Extraordinary Items . .		1,381,084		1,088,699
Charge against profits not involving the movement of funds:—				
Depreciation . . . . .		441,534		386,335
<b>FUNDS GENERATED FROM TRADING</b>		1,822,618		1,475,034
Disposal of Fixed Assets . . . . .		73,763		23,627
<b>TOTAL FUNDS GENERATED</b>		<u>£1,896,381</u>		<u>£1,498,661</u>
<b>APPLICATION OF FUNDS</b>				
Additions to Fixed Assets . . . . .	1,741,908		1,026,196	
Outlay on Trade Investments and Loans . . . . .	77,622		46,899	
Tax Paid . . . . .	268,478		160,410	
Dividends Paid . . . . .	168,750		135,000	
	<u>2,256,758</u>		<u>1,368,505</u>	
<b>MOVEMENT IN WORKING CAPITAL</b>				
Increase in Stocks . . . . .	107,695		292,193	
Increase in Debtors . . . . .	116,767		134,658	
Increase in Creditors . . . . .	(357,105)		(213,054)	
Decrease/(Increase) in Club Deposits . . . . .	2,452		(4,683)	
	<u>(130,191)</u>		<u>209,114</u>	
<b>MOVEMENT IN LIQUID FUNDS</b>				
Increase/(Decrease) in Cash Balances . . . . .	2,223		(12,933)	
Increase in Bank Overdraft . . . . .	(232,409)		(66,025)	
	<u>(230,186)</u>		<u>(78,958)</u>	
	<u>£1,896,381</u>		<u>£1,498,661</u>	

# **SHEPHERD NEAME LIMITED**

## **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 only if there is a reasonable probability that a liability will arise in the foreseeable future.

Advance corporation tax relating to the proposed dividends, insofar as it is not offset against deferred taxation, is carried forward on the basis that it will be recoverable in future periods.

### **(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 £22,000 exists at 30th June, 1981 which will be eliminated by additional payments over the next six years.

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

1. **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.

	1981	1980
	£	£
Brewery . . . . .	10,840,770	9,336,852
Farm . . . . .	238,435	226,031
	<u>£11,079,205</u>	<u>£9,562,883</u>

2. <b>GROSS PROFIT ON TRADING</b>	2,132,848	1,830,516
Less: Depreciation . . . . .	441,534	386,335
Repairs to licensed premises . . . . .	434,905	458,650
Remuneration of directors (Note 3) . . . . .	98,061	82,401
Remuneration of auditors . . . . .	20,000	17,500
<b>TRADING PROFIT</b>	<u>£1,138,348</u>	<u>£885,630</u>

3. <b>DIRECTORS' REMUNERATION</b>	£	£
Fees . . . . .	1,800	1,800
Other emoluments . . . . .	76,448	63,155
Pensions to directors or their widows . . . . .	11,617	10,617
Pension scheme contributions . . . . .	8,196	6,829
	<u>£98,061</u>	<u>£82,401</u>

Emoluments of the chairman . . . . .	£23,623	£19,895
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Other directors' emoluments were:—

	1981	1980
Not more than £5,000 . . . . .	2	2
Between £5,001 and £10,000 . . . . .	1	1
Between £10,001 and £15,000 . . . . .	—	—
Between £15,001 and £20,000 . . . . .	1	2
Between £20,001 and £25,000 . . . . .	1	—

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

	1981 £	1980 £
<b>4. OTHER INCOME</b>		
Rental profit before charging repairs . . . . .	393,364	323,850
From trade loans and unlisted securities . . . . .	5,547	5,768
From bank deposits and sundries . . . . .	55	159
	<u>£398,966</u>	<u>£329,777</u>
<b>5. INTEREST PAYABLE</b>		
6% Debenture Stock . . . . .	13,675	13,920
Less: on own holding . . . . .	(1,752)	(1,962)
	<u>11,923</u>	<u>11,958</u>
On bank overdrafts . . . . .	129,723	103,765
On club and trade deposits . . . . .	9,630	8,232
On other short term loans . . . . .	4,954	2,753
	<u>£156,230</u>	<u>£126,708</u>
<b>6. TAXATION</b>		
(a) The charge based on the profits for the year comprises:—		
U.K. Corporation Tax at 52% (1980 - 52%) . . . . .	487,432	390,479
Adjustments relating to prior years . . . . .	3,523	(19,681)
	<u>£490,955</u>	<u>£370,798</u>
(b) No provision has been made for deferred taxation, since it is expected that future levels of capital expenditure and stocks will be adequate to ensure that taxation deferred by the respective reliefs attracted will not be payable in the foreseeable future. Had provision been made for the full potential liability the following amounts would have been necessary:—		
Capital Allowances . . . . .	1,261,496	1,081,997
Realised Capital Gains . . . . .	88,000	87,000
Stock Appreciation Relief . . . . .	148,401	148,416
	<u>£1,497,897</u>	<u>£1,317,413</u>
<b>7. EXTRAORDINARY ITEMS</b>		
Book profits on disposal of properties . . . . .	29,198	15,137
Surplus arising from redemption of debentures . . . . .	1,485	525
	<u>£30,683</u>	<u>£15,662</u>
<b>8. DIVIDENDS</b>		
'A' and 'B' Ordinary Shares—		
Interim paid 3.25% (1980 2.75%) . . . . .	48,750	41,250
Final proposed 10% (1980 8.0%) . . . . .	150,000	120,000
	<u>£198,750</u>	<u>£161,250</u>

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

	1981 £	1980 £
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<b>5. INTEREST PAYABLE</b>		
6% Debenture Stock . . . . .	13,675	13,920
Less: on own holding . . . . .	(1,752)	(1,962)
	<u>11,923</u>	<u>11,958</u>
On bank overdrafts . . . . .	129,723	103,765
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<b>8. DIVIDENDS</b>		
'A' and 'B' Ordinary Shares—		
Interim paid 3.25% (1980 2.75%) . . . . .	48,750	41,250
Final proposed 10% (1980 8.0%) . . . . .	150,000	120,000
	<u>£198,750</u>	<u>£161,250</u>

# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

### 9. FIXED ASSETS

The cost of the main categories of assets (other than non-brewery freehold and leasehold properties, for which see Accounting Policy Note (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, 1980 . . . . .	3,440,936	29,540	2,100	2,098,187	1,650,789	7,221,552
Additions . . . . .	927,176	—	—	379,667	435,065	1,741,908
Disposals . . . . .	(3,931)	—	—	(46,827)	(39,404)	(90,162)
At 30th June, 1981 . . . . .	4,364,181	29,540	2,100	2,431,027	2,046,450	8,873,298

#### Accumulated

##### Depreciation:

At 30th June, 1980 . . . . .	50,188	4,895	1,424	817,280	778,432	1,652,219
Charge for year . . . . .	6,757	308	112	204,254	230,103	441,534
On Disposals . . . . .	—	—	—	(32,689)	(12,908)	(45,597)
At 30th June, 1981 . . . . .	56,945	5,203	1,536	988,845	995,627	2,048,156

#### Net book amounts:

At 30th June, 1981 . . . . .	£4,307,236	£24,337	£564	£1,442,182	£1,050,823	£6,825,142
At 30th June, 1980 . . . . .	£3,390,748	£24,645	£676	£1,280,907	£872,357	£5,569,333



# SHEPHERD NEAME LIMITED

## NOTES ON THE ACCOUNTS

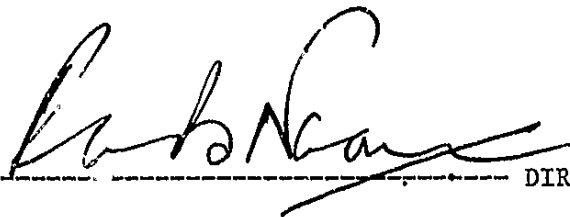
	1981 £	1980 £
<b>10. INVESTMENTS (Trade loans and unlisted securities):</b>		
Holdings of equity capital . . . . .	8,128	8,128
Loans to trade clubs, etc. . . . .	249,926	172,304
Own debenture stock purchased for redemption at cost (nominal value £11,200, 1980 £29,200) . . . . .	7,729	24,244
At cost and directors' valuation . . . . .	<u>£265,783</u>	<u>£204,676</u>
<b>11. STOCKS AND WORK IN PROGRESS</b>		
Raw materials . . . . .	59,920	50,653
Beer in process . . . . .	304,054	171,565
Finished products . . . . .	517,368	570,336
Stores . . . . .	93,327	87,432
Farm stocks . . . . .	56,227	43,215
	<u>£1,030,896</u>	<u>£923,201</u>
<b>12. 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>13. 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>14. CAPITAL COMMITMENTS</b>	£	£
Contracts for capital expenditure not provided for in the accounts amount to approximately:—		
Outstanding contracts . . . . .	132,000	240,000
Amounts authorised by the directors . . . . .	141,000	183,000
	<u>£273,000</u>	<u>£423,000</u>

# SHEPHERD NEAME LIMITED

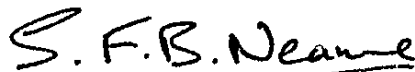
## FIVE YEAR REVIEW

	1981 £'000	1980 £'000	1979 £'000	1978 £'000	1977 £'000
<b>PROFIT AND LOSS</b>					
Turnover . . . . .	11,079	9,563	8,801	7,689	6,474
Trading Profit . . . . .	1,532	1,210	940	795	660
Net Financial Charges . . . . .	151	121	87	56	40
Profit before Tax . . . . .	1,381	1,089	853	739	620
Taxation . . . . .	491	371	254	131	134
Preference Dividends . . . . .	—	—	—	—	3
Net Earnings for Ordinary Shares . . . . .	890	718	599	608	483
Extraordinary items—Profits . . . . .	31	15	26	60	90
	921	733	625	668	573
<b>DIVIDENDS ON ORDINARY SHARE CAPITAL</b> (adjusted for Scrip issue July 1977)					
Net Dividends paid . . . . .	198,750	£161,250	£127,500	£93,750	£78,400
Percentage . . . . .	13.25	10.75	8.50	6.25	5.60
Before Extraordinary items:—					
Cover for Dividend . . . . .	4.48	4.45	4.70	6.49	6.16
Earnings per £1 . . . . .	59.33p	47.86p	39.90p	40.53p	32.20p
<b>PROFIT RETENTIONS</b>					
Profits of the Year . . . . .	722	572	497	574	495
Depreciation . . . . .	442	386	312	275	180
<b>BALANCE SHEET</b>					
Assets Employed:—					
Fixed Assets . . . . .	6,825	5,569	4,938	4,272	3,569
Investments and Loans . . . . .	266	205	161	136	106
Recoverable A.C.T. . . . .	64	51	40	31	29
Stocks and Debtors . . . . .	2,331	2,106	1,679	1,523	1,311
Current Liabilities . . . . .	9,486	7,931	6,818	5,962	5,015
Net Bank and Cash Balances . . . . .	2,805	2,265	1,926	1,539	1,609
	955	725	646	775	334
Taxation payable 18 months hence . . . . .	5,726	4,941	4,246	3,648	3,072
	405	325	198	98	96
	5,321	4,616	4,048	3,550	2,976
Financed by:—					
Share Capital . . . . .	1,500	1,500	1,500	1,500	380
Reserves . . . . .	3,611	2,888	2,316	1,818	2,364
Loan Capital . . . . .	5,111	4,388	3,816	3,318	2,744
	210	228	232	232	232
	5,321	4,616	4,048	3,550	2,976

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 and a copy of the report of the auditors on, and of the report of the directors accompanying, each such balance sheet.



DIRECTOR



SECRETARY