

SHEPHERD NEAME LIMITED

138256/151

CONTENTS

REPORT AND ACCOUNTS FOR 1985

Page	1	Contents
	2	Notice of Meeting
	3	Directors and Officials
	4	Directors' Report
	6	Chairman's Report
	9	Auditors' Report
	10	Profit and Loss Account
	11	Balance Sheet
	12	Source and Application of Funds
	13	Accounting Policies
	14	Notes on the Accounts
	20	Five Year Review



SHEPHERD NEAME LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Seventy-first Annual General Meeting of the Company will be held at No. 10 Court Street, Faversham, on Friday 1st. November 1985 at 12 noon 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

B. J. CORK

Secretary

17 COURT STREET,
FAVERSHAM,
KENT.

9th October, 1985

SHEPHERD NEAME LIMITED

Directors

R. H. B. NEAME (Chairman)
S. F. B. NEAME (Vice-Chairman)
E. M. S. RUDGARD
E. R. JOHNSTON

Secretary

B. J. CORK

Technical Directors

B. I. BALLARD (Finance)
P. H. D. HARE-SCOTT (Free Trade/Retail)
F. E. THORNEYCROFT (Tied Trade)
J. S. WITHEY (Brewing)

Registered Office

17 Court Street, Faversham, Kent ME13 7AX

Auditors

Ernst and Whinney,
Becket House, 1 Lambeth Palace Road, London SE1 7EU

Bankers

National Westminster Bank PLC
13 Market Place, Faversham, Kent ME13 7AF

Stockbrokers

Fielding, Newson-Smith & Company,
Garrard House, 31 Gresham Street, London EC2V 7DX

SHEPHERD NEAME LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their SEVENTY-FIRST ANNUAL REPORT and accounts for the year ended 30th June 1985.

Principal Activities and Review of Business

The principal activities of the company continue to be the brewing, packaging, wholesaling and retailing of beer, wines and spirits, cider and aerated waters, property ownership, management of public houses, and farming.

A review of these activities is given in the Chairman's Report on page 6.

Accounts and Dividends

	£'000	£'000
Profit for the year before taxation and extraordinary items		2,050
Taxation		(865)
		<u>1,185</u>
Extraordinary items		476
		<u>1,661</u>
Leaving		
Out of which have been paid or provided:		
Interim dividend on the "A" and "B" Ordinary Shares of 2 ¼ %	(82)	
Proposed Final Dividend on the "A" and "B" Ordinary Shares of 9 ½ %	(285)	
		<u>(367)</u>
Leaving retained profits of		<u><u>1,294</u></u>

SHEPHERD NEAME LIMITED

Directors' Interests

The interests of the directors in the company's shares at 30th June 1985 (30th June 1984) are as follows:

	"A" Ordinary Shares		"B" Ordinary Shares	
	Beneficial	As Trustees	Beneficial	As Trustees
R. H. B. Neame	51,348 (52,044)	104,376 (198,505)	3,216,700 (3,216,700)	— (—)
S. F. B. Neame	21,061 (22,161)	10,361 (10,361)	180,850 (180,850)	— (—)
E. M. S. Rudgard	— (—)	— (—)	50,000 (50,000)	— (—)
E. R. Johnston	48,830 (48,830)	— (—)	610,600 (610,600)	— (—)

During the year Mr. C. R. B. Neame resigned on 8th October 1984 and Mr. K. A. W. Johnston retired on 23rd February 1985. Mr. E. W. Coulter did not offer himself for re-election on 2nd November 1984. Mr. S. F. B. Neame retires from the Board by rotation and offers himself for re-election.

Employees

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions in the company's employment.

The company provides employees with a summary of the financial position of the company and is continually aiming to provide them with information on matters of concern to them as employees.

Charitable and Political Contributions

The company donated £100 for political purposes and £1,124 for charitable purposes in the year.

Properties

In the opinion of the directors the market value of the properties considerably exceeds the amount included in the balance sheet. All such properties form an integral part of the company's business.

Auditors

Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the Annual General Meeting.

17 Court Street,
FAVERSHAM, Kent.
13th September, 1985.

By Order of the Board

B. J. CORK

Secretary



CHAIRMAN'S REPORT

The Annual General Meeting will be held in the Reception Centre at 10 Court Street adjoining the Brewery offices at 12 midday and will be followed by an Extraordinary General Meeting to consider proposals for an Employee Share Participation Scheme and Executive Share Scheme under the Finance Acts 1978 to 1985 and 1984 Finance Act. We recommend that these should be approved as they will encourage greater employee participation in ensuring the future success and prosperity of the Company.

In February Mr. K. A. W. Johnston retired from the Board on his 79th birthday. He gave invaluable service to the Brewery for 55 years and I am personally grateful to him for all the support he has given me over the last 29 years.

During the year, Mr. H. McCue, Mr. L. R. Wood and Mr. J. Taylor retired. All have given long and loyal service to the Company. Following from their departure, we have carried out a major reorganisation of our senior management. We have recruited four senior Managers and created a Technical Board to which day to day management will be devolved. I am sure that these moves towards greater involvement and responsibility of our new Management Team will make the Company more flexible and responsive to the challenges of future years.

Mr. Stuart Neame has been appointed Vice-Chairman.

Mr. Bernard Cork has been appointed Company Secretary.

We have also appointed four Technical Directors, Mr. B. I. Ballard (Finance); Mr. P. H. D. Hare-Scott (Managed Houses and Free Trade); Mr. F. E. Thorneycroft (Tenanted Trade); Mr. J. S. Withey (Brewing).

Mr. Ballard was previously Finance Director of Peck House Investments; Mr. Hare-Scott was with the Host Group and Mr. Withey was Head Brewer of Whitbread, Sheffield.

We also appointed Mr. D. Townshend as Distribution Manager, and Mr. G. Barnes as Assistant Company Secretary.

This major reorganisation has been carried out with relatively little disruption and we are already experiencing the benefits of a much stronger management team resulting from these appointments.

THE YEAR'S RESULTS

This is the first time in the Company's history that profits before taxation have exceeded £2,000,000, a result achieved by containing costs below the current annual level of inflation and increasing gross margins on our own products.

The profit after making provision for taxation shows a 20% increase on the previous year. After bringing into account extraordinary items, mainly being book profit arising from the sale of farmland, there remains the sum of £1,661,000 available for dividends and retention with the Company.

We are therefore recommending an increase in the final dividend to 9½% (1984 7%) which when added to the interim dividend already paid means we are proposing total dividends for the year of 12¼% which is a 29% increase over the dividend for the previous year.

BREWERY DEVELOPMENT

The new kegging plant and storage facilities have now been completed. We have also increased our lagering capacity at a cost of £181,000 by the addition of a new fermenting block containing five x 480 barrels conical fermenters with capacity to increase by a further three/four vessels if required. All this year's work will qualify for 75% initial capital allowances.

The decision to increase the lager capacity is as a result of the continuing increase in the sales of Hurlimann in the retail trade and the development of the take-home trade in non-returnable

bottles. We have also signed a new agreement with Hurlimann for us to brew a new low gravity lager under the trademark of Steinbock which will in 15 years time become the sole property of the Company. We feel that this agreement is an important development in the Company's history as it should ensure continued high utilisation of our brewing capacity. It is increasingly important for a Company of our size to brew all our own lagers as lager volumes could exceed 50% of total beer sales in the South by 1990.

Our bottling facilities have been developed to package Hurlimann for the take-home market and we have recently obtained a lager brewing and bottling contract to help fill our spare capacity.

BEER SALES

There has been a small decline in beer sales, mainly in the Free Trade where there is continuing pressure on profit margins and substantial loans play an important part in determining which brewer is selected to supply.

Hurlimann lager showed a further volume increase of 9.5%. If the present growth rate is sustained, it will become our leading brand by 1990. We are supplying in tanker to Wales and to a number of brewers and wholesalers in Surrey, Sussex and East Anglia, and in a new four bottle take-home pack to supermarkets and off-licences in London and the South.

During 1985 we have extensively advertised Hurlimann on TVS and Channel 4 which has contributed to sustaining the increase in sales and creating a wider demand within the Free Trade.

We have recently introduced Beamish Irish Stout, imported from Ireland, and initial reaction to this product indicates that it will be a useful addition to our product range. It is intended that we should keg Beamish Stout which will substantially improve the profit margin on our stout sales.

WINES, SPIRITS, CIDER AND MINERALS

We continue to experience a small decline in the volume of wines and spirits sales but profit margins continue to improve.

During the year we introduced VAT 69 whisky as our special house brand as we obtained exclusivity for this brand within our trading area. This has proved most successful and we expect growing support for the brand in view of recent developments within the distilling trade.

During the year we reached agreement with Schweppes to factor minerals throughout our Tied Estate which should improve profit margins on mineral sales to our houses.

Cider sales have remained constant and recent developments at Taunton Cider will be to our long-term benefit as shareholders.

TIED ESTATE

We have spent £1.5m on our programme of modernisation of our public houses, and during the year were pleased to acquire the lease of an additional house, the FitzWalter Arms.

We started building two new public houses, the first to be built by the company for over ten years. Singleton Barn, a magnificent tudor barn on the outskirts of Ashford, was opened on schedule in July and is depicted on the back cover of this report. Work is also progressing well on the new public house at Broadmead, on the outskirts of Folkestone. Both these houses have excellent locations close to large centres of population and will ensure that we continue to be represented in the expanding parts of the County.

Our Kentish shareholders will have been sad to read of the destruction by fire of the White Horse, Boughton in January. However, I am pleased to report that this was fully insured and work has already commenced on rebuilding the White Horse to an even higher standard than before. The new scheme will include improved accommodation.

We have not made any purchases of Free or other brewers' houses during the year as those that have been on the market have been overpriced for their potential.

We are encouraged by the Government's response to the possible introduction of flexible licensing hours. It would appear that the potential for developing employment opportunity within the licensed trade and through tourism is now widely recognised. The South East of England must be well situated to benefit from change and support of tourism and we are well aware of the opportunities that exist and have already submitted applications to the English Tourist Board for Section 4 grant monies to develop hotel accommodation within a number of our houses.

MANAGED HOUSES

We have shown a substantial improvement in profitability this year resulting from the appointment of a senior manager in place of our previous consultancy arrangements, together with increased investment in developing our managed houses. We shall continue with this investment programme as we believe that there is good profit potential in developing the retail side of our business.

QUEEN COURT FARM

As I reported to last year's Meeting, the majority of our farmland was sold last Autumn and I am pleased to report that all the farm employees consequently made redundant were offered new jobs, either at the Brewery or with other neighbouring farmers. We have subsequently sold a further 20 acres of land at Ospringe for over £100,000, leaving us with only those parts which we feel may have long-term planning potential.

The reduced farm enterprise will now concentrate on livestock (where disposal of waste brewery byproducts provides an important service to the Brewery), strawberries, blackcurrants and the vineyard.

I am delighted to report that the 1983 vintage of Queen Court wine won a further medal in this year's English Vineyards Association competition, this time in the section for previous years' vintages.

CONCLUSION

We will continue to rationalise our estate ensuring that we are maximising the use of our considerable property assets but always remembering that our prime objective is to maintain and develop retail outlets which specialise in the licensed trade if we are to continue to benefit from the production of beer.

Although the opportunity to purchase further outlets has diminished, there is still considerable potential within our own estate if the South East continues to expand, especially with the completion of the M.25 and the prospect of the Channel Tunnel within the next decade.

We will continue with limited and profitable investment in Free Trade loans but we expect increase in volume sales to result from the recognised quality of our products rather than the amount of money we are willing to lend.

We intend to develop the take-home trade only where it is profitable, and it is encouraging that there appears to be a growing demand for a local brewer's products within their recognised trading area.

Our investment in lager production and the new low gravity lager brewing agreement will stand us in excellent stead for the future and the development and recognition of our high gravity lager, Hurlimann, must be exceptional for breweries of a similar size to ourselves.

I have already made reference to our proposals for further employee involvement through the share scheme proposals to be submitted to the shareholders at the Extraordinary General Meeting. This is an important development in our strategy of improved employee participation and I strongly recommend approval of these two schemes if we are to ensure and reward the maximum commitment from all our employees.

Finally, I should like to pay a special tribute to our staff and employees who during the past year have experienced possibly the greatest single reorganisation in the Company's history, and to our licensees who continue to provide a first-class service to the public.

SHEPHERD NEAME LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

To the Members of SHEPHERD NEAME LIMITED

We have examined the accounts set out in pages 10 to 19 which have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs at 30th June 1985 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Ernst & Whinney
ERNST & WHINNEY,
Chartered Accountants

Becket House,
1 Lambeth Palace Road,
London SE1 7EU.
13th September, 1985

SHEPHERD NEAME LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1985

	Note	1985 £'000	1984 £'000
Turnover	1	15,784	14,802
Operating costs	2	(13,564)	(12,753)
Trading Profit		2,220	2,049
Interest payable	5	(170)	(157)
Profit Before Taxation and Extraordinary Items		2,050	1,892
Taxation	6	(865)	(905)
Profit on Ordinary Activities After Taxation		1,185	987
Extraordinary items	7	476	(625)
Profit for the Financial Year		1,661	362
Dividends	8	(367)	(285)
Retained Profit for the Year		1,294	77

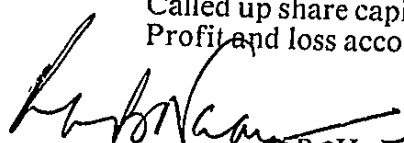
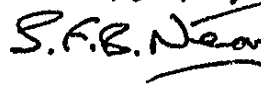
STATEMENT OF RETAINED PROFITS

	1985 £'000	1984 £'000
Balance at 1st July, 1984	3,783	3,706
Retained Profit for the Year	1,294	77
Balance at 30th June, 1985	5,077	3,783

SHEPHERD NEAME LIMITED

BALANCE SHEET — 30th JUNE 1985

	Note	1985 £'000	1984 £'000
Fixed Assets			
Tangible assets	9	10,636	9,152
Investments	10	337	285
		<u>10,973</u>	<u>9,437</u>
Current Assets			
Stocks	11	1,703	1,686
Debtors	12	2,086	1,817
Cash and Bank		9	12
		<u>3,798</u>	<u>3,515</u>
Creditors: amounts falling due within one year			
Bank overdraft		1,250	1,241
Trade and other creditors	13	2,592	2,266
Taxation		968	736
Proposed dividend		285	210
		<u>5,095</u>	<u>4,453</u>
Net Current Liabilities		<u>1,297</u>	<u>938</u>
Total Assets Less Current Liabilities		<u>9,676</u>	<u>8,499</u>
Creditors: amounts falling due after more than one year			
Corporation Tax payable 1st January, 1987		577	758
Other creditors	14	44	48
		<u>621</u>	<u>806</u>
Provisions for Liabilities and Charges	6	978	910
		<u>1,599</u>	<u>1,716</u>
		<u>8,077</u>	<u>6,783</u>
Capital and Reserves			
Called up share capital	15	3,000	3,000
Profit and loss account		5,077	3,783
		<u>8,077</u>	<u>6,783</u>

R. H. B. NEAME
 S. F. B. NEAME

Directors

13th September, 1985

SHEPHERD NEAME LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th JUNE, 1985

	1985		1984	
	£'000	£'000	£'000	£'000
Source of Funds				
Profit before Taxation and Extraordinary items		2,050		1,892
Extraordinary items excluding Taxation		428		350
Charge against profits not involving the movement of funds:				
Increase in provision on Fixed Asset Investments		4		6
Profit on sale of Tangible Assets included in Extraordinary items		(584)		(350)
Depreciation		627		576
Funds Generated from Trading		2,525		2,474
Disposal of Fixed Asset Investments		36		62
Disposal of Tangible Assets		726		422
Total Funds Generated		<u>3,287</u>		<u>2,958</u>
Application of Funds				
Additions to Tangible Assets	2,254		1,338	
Outlay on Fixed Asset Investments	92		44	
Tax paid	697		702	
Dividends paid	292		255	
		3,335		2,339
Movement in Working Capital				
Increase in Stocks	17		305	
Increase in Debtors	269		271	
Increase in Creditors	(322)		(288)	
		(36)		288
Movement in Liquid Funds				
Decrease in cash at bank and in hand	(3)		(3)	
(Increase)/decrease in bank overdraft	(9)		334	
		(12)		331
		<u>3,287</u>		<u>2,958</u>

SHEPHERD NEAME LIMITED

ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Tangible Assets

Tangible assets are stated at 1984 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 value, such expenditure being 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 are valued on a consistent basis at the lower of cost or net realisable value. Cost for own beers includes materials and duty with a suitable addition for variable production expenses.

(e) Deferred Taxation

Provision is made for deferred taxation using the liability method on timing differences which are not expected to continue for the future.

(f) Repairs to Properties

The charge in the accounts includes provision for the estimated cost of completing all work which had been commenced before the financial year end.

(g) Pension Benefits

Pension benefits for certain employees are provided by a company scheme and are funded over the employees' periods of service.

SHEPHERD NEAME LIMITED

NOTES ON THE ACCOUNTS — 30th JUNE 1985

1. Turnover

Turnover is the aggregate of amounts receivable from net sales of goods supplied, rents received and services rendered from the trading activities of the Company, excluding Value Added Tax.

2. Operating Costs

	1985	1984
	£'000	£'000
Raw materials, consumables and duty	5,475	5,100
Reduction (increase) in stocks of finished goods and work in progress.....	25	(242)
Staff costs: Wages and salaries	1,900	1,802
Social security costs	175	162
Other pension costs.....	61	54
Auditors' remuneration	24	22
Depreciation and other amounts written off tangible assets (see below)	609	577
Property repairs other than Brewery.....	627	636
Income from fixed asset investments	(12)	(16)
Other operating charges, including purchases of finished goods	4,680	4,658
	<u>13,564</u>	<u>12,753</u>

Included in the depreciation charge in Note 9 is £18,000 additional depreciation on farm assets. This amount has been treated as an extraordinary item (Note 7).

SHEPHERD NEAME LIMITED

NOTES ON THE ACCOUNTS — 30th JUNE 1985

3. Directors' Remuneration

	1985	1984
(a) Directors' Emoluments	£'000	£'000
Fees.....	2	2
Other emoluments.....	96	102
Pensions to directors or their widows.....	13	15
Pension Scheme contributions.....	6	7
	<u>117</u>	<u>126</u>
Emoluments of the Chairman, who was also the highest paid director this year	£34,986	£29,430
Highest paid director last year		£30,146
Other directors' emoluments were:—		
Not more than £5,000	1	2
Between £5,001 and £10,000	2	—
Between £10,001 and £15,000	1	2
Between £15,001 and £20,000	1	—
Between £25,001 and £30,000	—	1
Between £30,001 and £35,000	1	—

(b) Compensation for loss of office

During the year Mr. C. R. B. Neame received £110,000 as compensation for loss of office. This amount has been shown as an extraordinary item (Note 7).

4. Staff Numbers

The average number of persons with service contracts employed by the company, including directors, during the year, was as follows:—

	1985	1984
Production and Distribution	137	144
Management and Administration	61	54
Managed Houses	177	235
	<u>375</u>	<u>433</u>

SHEPHERD NEAME LIMITED

NOTES ON THE ACCOUNTS — 30th JUNE 1985

5. Interest Payable	1985 £'000	1984 £'000
Bank overdraft	145	137
Club and trade deposits	17	14
Other short term loans	8	6
	<u>170</u>	<u>157</u>

6. Taxation	1985 £'000	1984 £'000
(a) The charge based on the profits for the year comprises:		
U.K. Corporation Tax at 43.75% (1984 — 48.75%)	765	880
Deferred Taxation at 43.75% (1984 — 48.75%)	100	25
	<u>865</u>	<u>905</u>

(b) The accelerated capital allowances are calculated at the rate at which it is estimated they will reverse in future years.

(c) No provision has been made for deferred taxation on realised capital gains since it is expected that future levels of applicable expenditure will be sufficient to ensure that the gains will be rolled over for the foreseeable future.

The amount provided and the full potential in 1984 and 1985 is:

	Provided in the accounts		Full potential deferred taxation	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Capital allowances ..	1,100	1,000	1,100	1,000
Realised capital gains	—	—	398	270
Recoverable ACT ...	(122)	(90)	(122)	(90)
	<u>978</u>	<u>910</u>	<u>1,376</u>	<u>1,180</u>

7. Extraordinary Items	1985 £'000	1984 £'000
Surplus on sale of part of Queen Court Farm, less closure costs associated with the disposal ...	410	—
Surplus on disposal of properties	128	350
Terminal payment to Director (Note 3 (b)) less taxation relief thereon of £48,000	(62)	—
Deferred Taxation	—	(975)
	<u>476</u>	<u>(625)</u>

SHEPHERD NEAME LIMITED

NOTES ON THE ACCOUNTS — 30th JUNE, 1985

8. Dividends

	1985 £'000	1984 £'000
'A' and 'B' Ordinary Shares		
Interim paid 2¼ % (1984 — 2½ %)	82	75
Final proposed 9½ % (1984 — 7%)	<u>285</u>	<u>210</u>
	<u><u>367</u></u>	<u><u>285</u></u>

9. Tangible Assets

The cost of the main categories of assets, other than non-brewery freehold and leasehold properties, (Accounting Policy Note (c)) is written off by equal annual instalments commencing from the date that the assets are brought into use, as follows:—

	Between
Brewery Buildings	25 and 30 years
Plant and equipment	5 and 13 years
Motor vehicles	5 and 7 years
Fixtures	5 and 10 years
Casks and kegs	6 and 10 years

	Freehold Properties £'000	Leasehold Properties over 50 years £'000	Properties under 50 years £'000	Fixed Plant and Vehicles £'000	Containers and Fixtures £'000	Total £'000
Cost:						
At 30th June 1984 .	6,191	29	2	2,995	3,365	12,582
Additions	951	—	9	737	557	2,254
Disposals	<u>(100)</u>	<u>—</u>	<u>—</u>	<u>(188)</u>	<u>—</u>	<u>(288)</u>
At 30th June 1985 .	<u>7,042</u>	<u>29</u>	<u>11</u>	<u>3,544</u>	<u>3,922</u>	<u>14,548</u>
Accumulated Depreciation:						
At 30th June 1984 .	84	6	2	1,569	1,769	3,430
Charge for year . . .	10	—	—	303	314	627
On Disposals	<u>—</u>	<u>—</u>	<u>—</u>	<u>(145)</u>	<u>—</u>	<u>(145)</u>
At 30th June 1985 .	<u>94</u>	<u>6</u>	<u>2</u>	<u>1,727</u>	<u>2,083</u>	<u>3,912</u>
Net Book amounts:						
At 30th June 1985 .	<u>6,948</u>	<u>23</u>	<u>9</u>	<u>1,817</u>	<u>1,839</u>	<u>10,636</u>
At 30th June 1984 .	<u>6,107</u>	<u>23</u>	<u>—</u>	<u>1,426</u>	<u>1,596</u>	<u>9,152</u>

Included in additions is £48,000 (1984 — £28,000) of own work capitalized.

SHEPHERD NEAME LIMITED

NOTES ON THE ACCOUNTS — 30th JUNE, 1985

10. Fixed Asset Investments

	Unlisted Securities £'000	Trade Loans £'000	Total £'000
At cost:			
At 30th June 1984	8	305	313
Additions	—	92	92
Disposals	—	(49)	(49)
At 30th June 1985	<u>8</u>	<u>348</u>	<u>356</u>
Provisions:			
At 30th June 1984	—	29	29
Charge for year	—	4	4
On Disposals	—	(14)	(14)
At 30th June 1985	<u>—</u>	<u>19</u>	<u>19</u>
Net Book Amounts:			
At 30th June 1985	<u>8</u>	<u>329</u>	<u>337</u>
At 30th June 1984	<u>8</u>	<u>277</u>	<u>285</u>

In the Directors' opinion, the unlisted securities have a value of £26,000 (1984 — £22,800)

11. Stocks

	1985 £'000	1984 £'000
Raw materials	206	141
Beer in process	440	435
Finished goods	828	866
Stores	136	137
Farm stocks	93	107
	<u>1,703</u>	<u>1,686</u>

The replacement cost of stocks approximates to the value at which they are stated in the accounts.

12. Debtors

	1985 £'000	1984 £'000
Trade debtors	1,724	1,513
Other debtors	188	144
Prepayments and accrued income	174	160
	<u>2,086</u>	<u>1,817</u>

SHEPHERD NEAME LIMITED

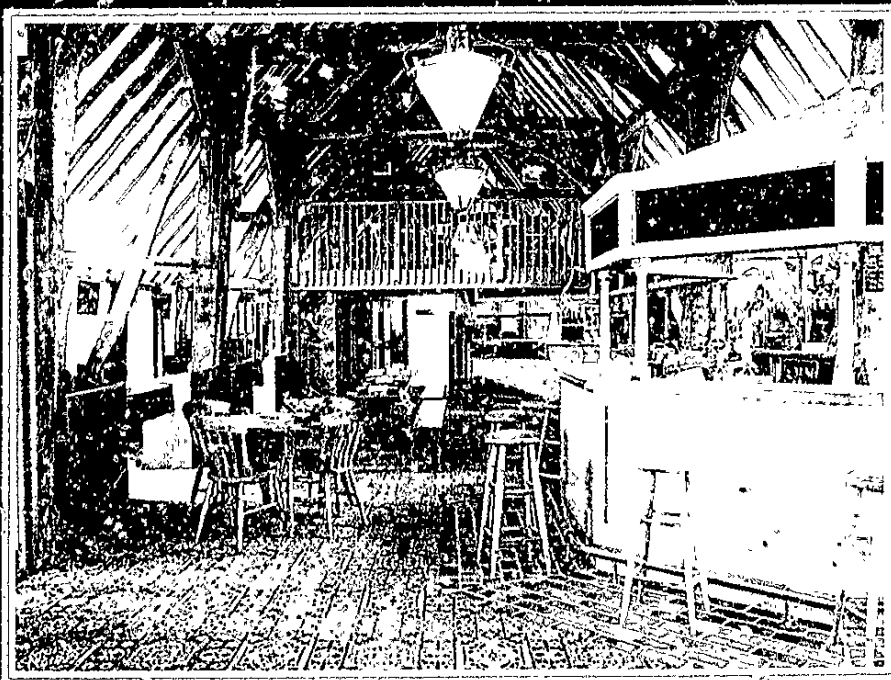
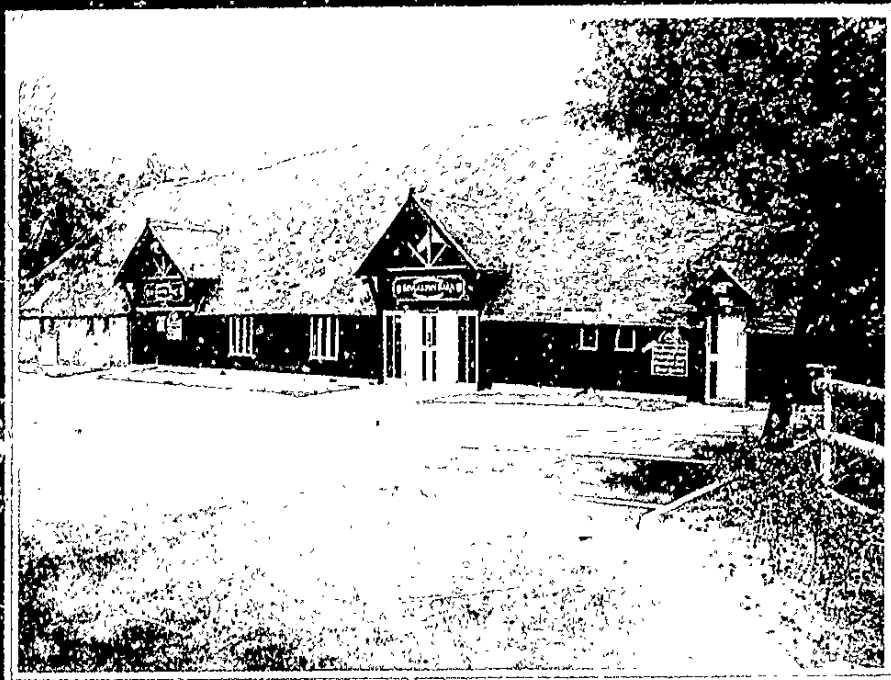
NOTES ON THE ACCOUNTS — 30th JUNE, 1985

13. Creditors: Amounts falling due within one year.	1985	1984
	£'000	£'000
Trade and other creditors:		
Trade creditors	865	787
Other taxation and social security	1,112	744
Other creditors	213	333
Accruals	125	143
Loans and trade deposits	277	259
	<u>2,592</u>	<u>2,266</u>
 14. Creditors: Amounts falling due after more than one year.	 1985	 1984
	£'000	£'000
Other creditors — Loans from suppliers	<u>44</u>	<u>48</u>
 15. Called Up Share Capital	 1985	 1984
	£'000	£'000
Authorised, allotted and fully paid:		
2,660,000 'A' Ordinary Shares of £1 each	2660	2660
17,000,000 'B' Ordinary Shares of 2p each	340	340
	<u>3,000</u>	<u>3,000</u>
 16. Capital Commitments	 1985	 1984
	£'000	£'000
Contracts for capital expenditure not provided for in the accounts amount to approximately:—		
Outstanding contracts	50	392
Amounts authorised by the directors	72	766
	<u>122</u>	<u>1,158</u>

SHEPHERD NEAME LIMITED

FIVE YEAR REVIEW

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
PROFIT AND LOSS					
Turnover	15,784	14,802	13,873	13,255	11,472
Trading Profit	2,220	2,049	1,835	1,761	1,572
Interest Payable	170	157	202	174	1
Profit before Tax	2,050	1,892	1,633	1,587	1,381
Taxation	865	905	697	685	491
Net Earnings for Ordinary Shares	1,185	987	936	902	890
Extraordinary Items	476	(625)	200	30	31
	<u>1,661</u>	<u>362</u>	<u>1,136</u>	<u>932</u>	<u>921</u>
DIVIDENDS ON ORDINARY SHARE CAPITAL					
Dividends paid	£367,500	£285,000	£247,500	£225,000	£198,750
Percentage	12.25%	9.5%	8.25%	7.5%	6.625%
Before Extraordinary Items:—					
Cover for Dividend	3.23	3.46	3.78	4.01	4.48
Earnings per £1	<u>39.50p</u>	<u>32.88p</u>	<u>31.18p</u>	<u>30.08p</u>	<u>29.67p</u>
PROFIT RETENTIONS	£'000	£'000	£'000	£'000	£'000
Profits of the Year	1,294	77	888	707	722
Depreciation	<u>627</u>	<u>577</u>	<u>563</u>	<u>503</u>	<u>442</u>
	<u>1,921</u>	<u>654</u>	<u>1,451</u>	<u>1,210</u>	<u>1,164</u>
BALANCE SHEET	£'000	£'000	£'000	£'000	£'000
Assets Employed:					
Tangible	10,636	9,152	8,457	7,809	6,825
Fixed Asset Investments	337	285	309	289	266
Stocks and Debtors	<u>3,789</u>	<u>3,503</u>	<u>3,004</u>	<u>2,777</u>	<u>2,395</u>
	14,762	12,940	11,770	10,875	9,486
Liabilities (current and term)	3,889	3,260	2,920	3,058	3,015
Bank and Cash	<u>1,241</u>	<u>1,229</u>	<u>1,560</u>	<u>1,424</u>	<u>955</u>
	9,632	8,451	7,290	6,393	5,516
Taxation payable 18 months hence	577	758	584	575	405
Deferred Taxation	<u>978</u>	<u>910</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>8,077</u>	<u>6,783</u>	<u>6,706</u>	<u>5,818</u>	<u>5,111</u>
Financed by:—					
Share Capital	3,000	3,000	3,000	3,000	1,500
Reserves	<u>5,077</u>	<u>3,783</u>	<u>3,706</u>	<u>2,818</u>	<u>3,611</u>
	<u>8,077</u>	<u>6,783</u>	<u>6,706</u>	<u>5,818</u>	<u>5,111</u>





SHEPHERD NEAME
MASTER BREWERS

Report and Accounts
1984/1985

