



# YATES BROTHERS WINE LODGES PLC

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ANNUAL REPORT AND ACCOUNTS

31st March 1991



THE TALENT ESTABLISHED 1880

VATES'S

ESTABLISHED 1884

WINE & SPIRITS

## GROUP PROFILE

**Y**ates Brothers Wine Lodges PLC is a privately controlled holding company. Its subsidiary and associated companies are engaged in the importing, retailing and wholesaling of wines, spirits and beers.

Our aim is through strong and progressive management to enhance shareholder value, represented by increased earnings, assets and dividends per share, with the minimum risk. To achieve this aim we will remain independent from our suppliers, encourage flexible management and devote resources to training at all levels.

These key factors, together with the establishment of worthwhile incentives which motivate executives and managers to establish and meet ambitious, but realistic, targets and our caring approach to both employees and customers, will ensure the future progress of the group.



*Stephen Burridge, Operations Director, Yates's Wine Lodges Limited*

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## FIVE YEAR SUMMARY

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>	<u>1987</u> <u>£000</u>
<b>Income statement</b>					
Turnover	£25,034	£19,851	£15,606	£12,075	£9,358
Operating profit	2,432	2,183	1,708	1,155	808
Profit on ordinary activities	2,151	2,159	1,804	1,227	821
Taxation	(768)	(715)	(595)	(447)	(138)
Minority interest	(35)	(3)	(18)	1	-
Extraordinary items	59	483	(1)	123	1,428
Profit for the shareholders	1,407	1,924	1,190	904	2,111
Dividends	272	236	167	91	59
Retained profit	£1,135	£1,688	£1,023	£813	£2,052
<b>Balance sheet</b>					
Fixed assets	29,927	28,139	14,458	12,633	10,596
Net current liabilities	(3,343)	(2,814)	(645)	(1,694)	(272)
	26,584	25,325	13,813	10,939	10,324
Deferred liabilities	(705)	(493)	(395)	(302)	(255)
	£25,879	£24,832	£13,418	£10,637	£10,069
<b>Capital and reserves</b>					
Ordinary share capital	5,233	2,616	2,614	2,264	2,263
Reserves	20,646	22,216	10,804	8,373	7,806
	£25,879	£24,832	£13,418	£10,637	£10,069
<b>Flow of funds</b>					
Funds generated from operations	£3,672	£3,224	£2,775	£1,976	£1,368
Net capital expenditure	£3,327	£4,547	£2,824	£2,668	£1,578
<b>For each ordinary share</b>					
Earnings	6.4	6.9	5.9	4.3	3.9
Dividends	1.30	1.125	0.80	0.50	0.325
Net assets	124	119	66	59	58

The figures have been adjusted to take account of the capitalisation issue in 1991.  
The freehold and long leasehold properties were revalued in 1990.

**— DIRECTORS AND ADVISORS —**

**President**

Sir Richard D Martin-Bird CBE, TD, DL

**Directors**

C J Martin-Bird (Chairman)  
P A Dickson FRICS (Managing)  
J D Bee MA, FCA  
M C Lewis  
W W Van Riemsdijk (non-executive)  
G J McLeod FCA, ACMA (non-executive)

**Registered Office**

54 Carnarvon Street  
Manchester  
M3 1HB  
Tel: 061 834 4691  
Fax: 061 835 3959

**Secretary**

J D Bee MA, FCA

**Bankers**

National Westminster Bank Plc  
10 Yorkshire Street  
Oldham  
Lancashire  
OL1 1QT

**Auditors**

Grant Thornton  
Heron House  
Albert Square  
Manchester  
M2 5HD

**Stockbrokers**

Allied Provincial Securities Limited  
St James's Court  
30 Brown Street  
Manchester  
M60 2JE

## GROUP STRUCTURE

The group structure anticipates an increasing level of responsibility being devolved to the boards of the subsidiary companies, control being operated by budgets and careful monitoring of cash flows.

Currently each main board executive director has responsibility for one of the subsidiaries.

On 1st January 1991, we appointed two directors to subsidiary companies. Philip Walker was appointed as financial director of Yates's Wine Lodges Limited and John Butterworth as sales and operations director of Yates's Mainstream Limited.

Philip, aged 32, is a Chartered Accountant, having qualified with Price Waterhouse in Manchester in 1983. He remained with Price Waterhouse for five years, becoming a manager. He joined the group in January 1989, as financial controller.

John, aged 48, spent much of his career with a national brewer where he was major accounts sales manager, before joining the group, as sales manager at Yates's Mainstream Limited, in August 1989.



*Phil Walker, Financial Director, Yates's Wine Lodges Limited*

## — CHAIRMAN'S STATEMENT —

Trading conditions during the year on which we are now reporting have been disturbed by an exceptionally wide variety of events.

Despite these factors, which began with the World Cup and included the impact of the poll tax, high interest rates and the Gulf War, many of our outlets continued to trade at or near their budgeted figures. However, in general, the new branches which we opened last year and early in this year are taking longer to build their core trade to the levels which we had projected.

Under these circumstances, I am pleased to report that our operating profit has increased by 11% to £2.43m.

The increased level of bank borrowings arising from last year's heavy capital expenditure and the high interest rates which prevailed during the year, have resulted in an interest cost more than doubled to £432,000. This together with a higher tax charge, reduced the earnings per share to 6.4p (1990: 6.9p).

We are continuing our policy of increasing the proportion of profit paid out in dividend. The directors propose a final dividend of 0.85p, making a total of 1.30p for the year, an increase of 15%.

For the first time, we offered our shareholders the option to take shares instead of cash for the interim dividend. One hundred and thirty-nine shareholders took shares and we propose to offer a similar option for the final dividend.

Trading conditions since the end of the period have been more stable. Assuming this continues, we anticipate a return to growth in earnings for the current period.

During the year we completed a review of our strategy for the next five years. This has confirmed the strength and stability of our business and highlighted the growth opportunities available to the group. Peter Dickson has been appointed as group managing director and we have also promoted two executives, Phil Walker and John Butterworth, to directorships of subsidiary companies.

Once again, I thank all our employees whose efforts have produced these results. When trading conditions are difficult extra commitment is required. This has been willingly given.

Finally, I would like to acknowledge the contribution made by our non-executive directors. Whilst being strongly supportive, they are, at the same time, genuinely independent minds on our board.

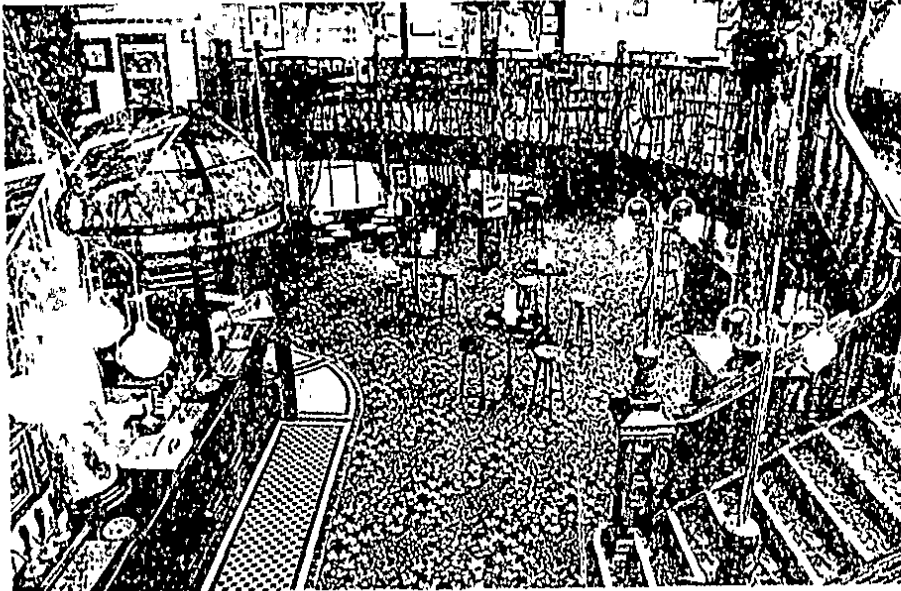
*Christopher Martin-Bird*

Christopher J Martin-Bird  
CHAIRMAN



## — REVIEW OF OPERATIONS —

Brand development in a changing industry and consolidation in uncertain trading conditions have been the hallmarks of the year under review.



*The gallery and bar at Birkenhead Wine Lodge*

In the summer of last year, we reviewed our appraisals of the trading prospects for all the developments which were in progress, in the light of the declining economic scene and the short term prospects for property values. As a result of this review we cancelled all proposed acquisitions to which we were not committed. Whilst this policy continued through to our year end, we have subsequently become more active in seeking additional sites; our high priority areas being in the East Pennines and Midland regions.

The postponement of our acquisition programme has provided an opportunity to assess the likely impact of social and demographic change, up to the millennium, on our retail brand, Yates's Wine Lodge. We commissioned market research, which was focused on extending our daytime trading potential. The results of this have helped us to revise and modify our brand strategy.

Our retail concept and the standards of shop fitting we undertake in the branches reduce the need for frequent major refurbishment work that has typified our industry over the

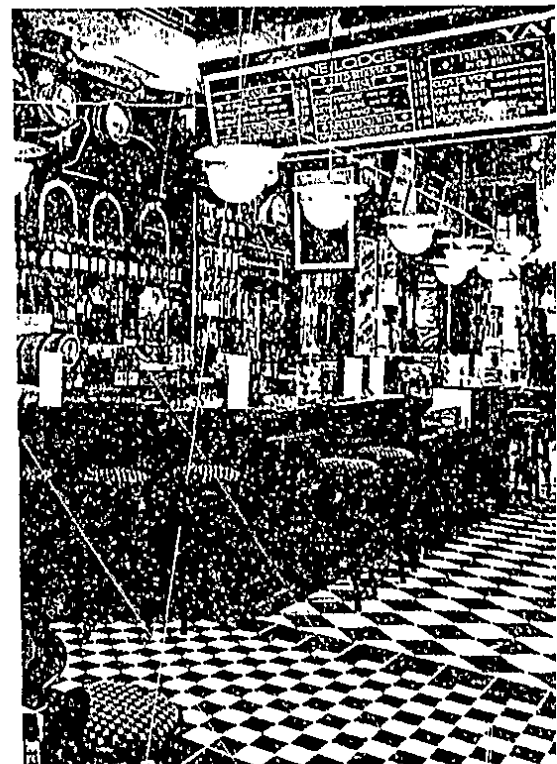
last decade. That does not imply complacency on our part, but a reflection that the customer is no longer "courted" by the latest interior design scheme. The consumer is searching

a food and beverage operation which offers a range of products and services with a commitment to quality a maintenance of standard in an original and well designed environment.

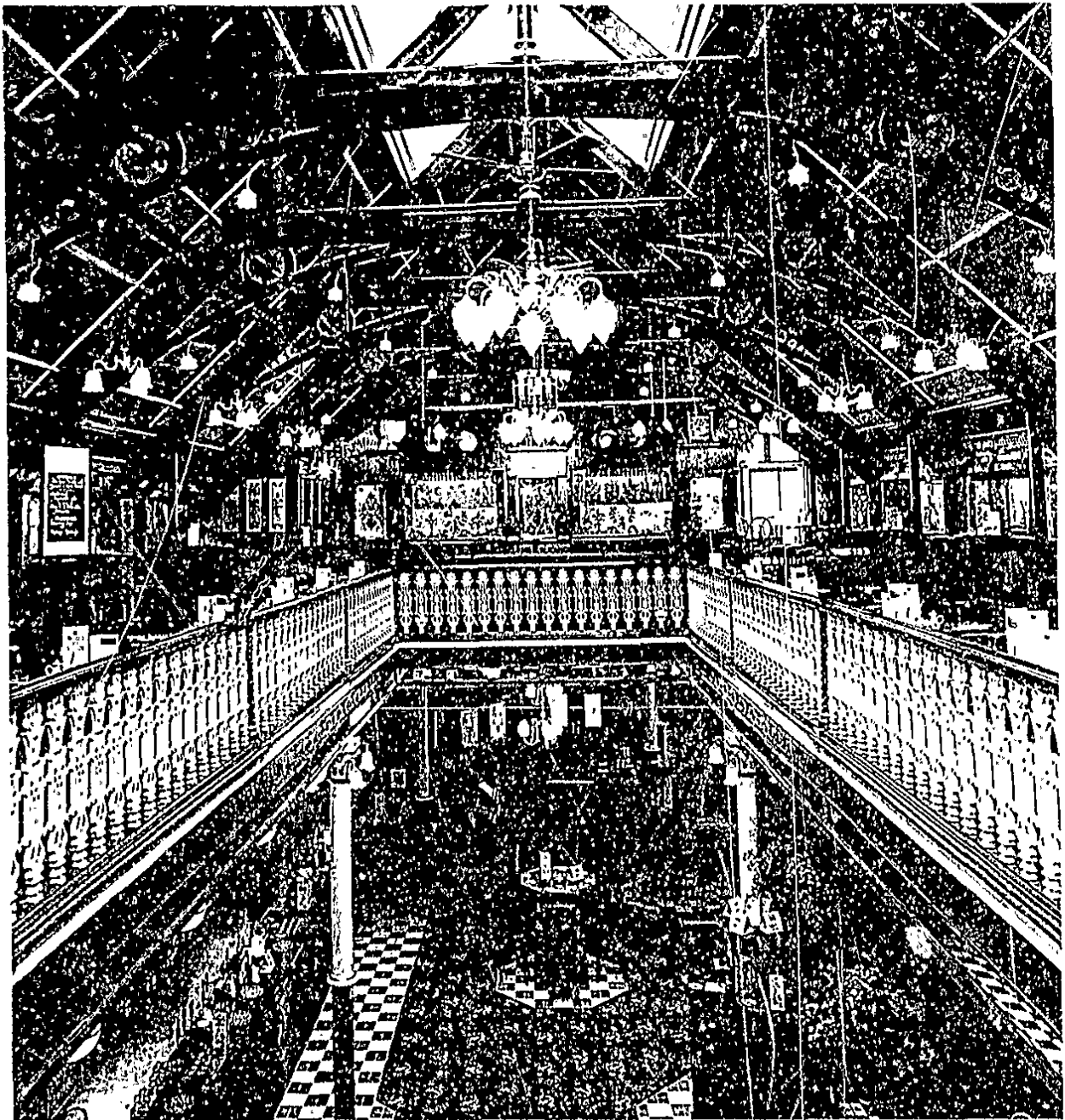
In the early part of the year, we completed the new branch development started last year when we opened Wine Lodges in Birkenhead and Birmingham and a new Courtney & Co, in the

of the city centre of Manchester. Before Christmas we extensively refurbished our property in Queen Street, Glasgow, introducing Yates's first Wine Lodge north of the border.

*Yates's Wine Lodge, Glasgow*



## — REVIEW OF OPERATIONS —



*The Gallery at Nottingham Wine Lodge*

We reopened our Nottingham flagship in early May this year, after an extensive restoration project. The improved facilities have had a significant impact on sales. Our outlet in Bootle on Merseyside, which formerly traded as a 'freehouse', is being transformed into another Wine Lodge.

Our industry is beginning to see the authorities using the powers given to them under the 1988 Licensing Act. It is not in our interest to tolerate the unsociable activities

which can lead to action being taken under the Act, and our company rules are designed to avoid these problems. Our promotion of non-alcoholic drinks over the Christmas period, which received endorsement from a number of police authorities, is an example of our approach. Problems will, however, inevitably arise and we believe that the authorities must show a willingness to solve these by positive co-operation rather than a rigid adherence to general directives.

## — REVIEW OF OPERATIONS —



John Buttersworth, Sales Director (right) with Phil Mulcahy, Yates's Mainstream Limited

Our wholesaling business has continued to flourish. Yates's Mainstream Limited's sales have again shown exceptional growth - this year of 61%. The most pleasing aspect of this has been the increased sales of our own branded fortified and table wines. Our growing customer base includes cash and carries, multiples, breweries and wholesalers.

The industry's upheaval caused by the MMC report has continued apace. The further decline of the brewer's tie is likely to leave a supply distribution gap in the relationship between brewer/brand owner on the one hand and pub operator on the other. Our wholesale business is well positioned to take advantage of the emerging new structure of the industry.

We are also prepared, through our subsidiary company Addison and Co Limited, to take advantage of the opportunities which should arise to create a tenanted estate by acquiring pubs, which whilst not suitable for Wine Lodges, will provide both long term capital growth and the opportunity to expand Yates's

Mainstream Limited's business as a supplier. We have arranged finance for Addison & Co Limited which will not affect our retail expansion plans.

A view of the bar, Birmingham Wine Lodge

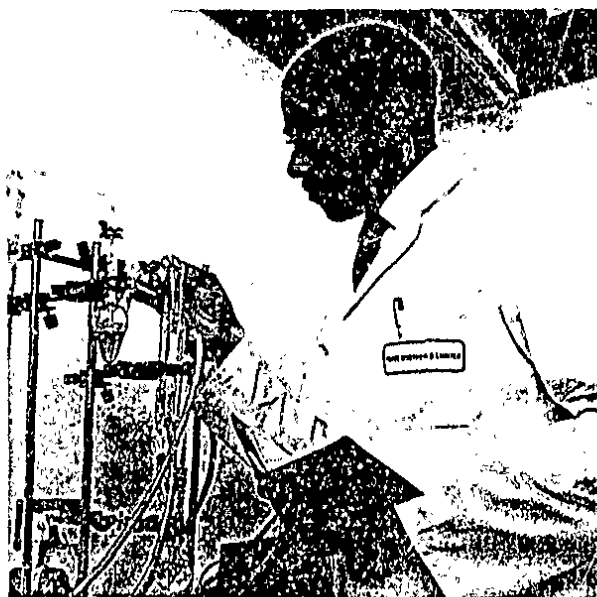


## — REVIEW OF OPERATIONS —

It has been a tough year for the airline industry. Despite this, Universal Wines & Spirits Limited has produced impressive sales and profit growth, gaining market share in the domestic market. We have now set up bottling facilities in Spain and California, as well as in France. This will enable us to provide an unparalleled range of wine with potential appeal to European and American airlines. Whilst we are currently incurring start up costs, we expect UWS to begin to benefit from this investment in the latter part of the current year but more demonstrably in the years ahead.

Investment in our infrastructure has continued. The new computer is fully installed and operational having come on stream on the 1st April 1991, following three months of parallel running with the old equipment. We are already gaining benefit from up to date information technology in all areas of operation, but the greatest impact is in sales analysis and order processing. We have also renewed some bottling and bulk storage plant to improve efficiency and capacity.

*Mike Piercy, Managing Director (right) with David Ratcliffe, Universal Wines & Spirits Limited*



*Paul Jackson, Quality Control Chemist*

As a result of the postponement of our acquisition programme, net capital expenditure was lower than we had projected, at £3.3m. Bank borrowings increased because we brought forward our shipping schedule for Australian White wine in view of the potential disruption which could have arisen from a prolonged Gulf War and a higher level of trade debtors, which rose in line with the growth of our wholesale businesses.

Our plans to relocate have moved nearer completion with negotiations in their final stages for the acquisition of existing premises situated between Bolton and Manchester. Although they will require significant adaptation, we feel we should take this opportunity whilst the property market is at a low ebb.

Finally, our year end results do not do full justice to the great deal of hard work, effort and enthusiasm that has been shown by all our executives and staff. In thanking them, I am confident that we will reap the benefit of their endeavours in the current year.

Peter A Dickson  
GROUP MANAGING DIRECTOR

## **DIRECTORS' REPORT**

The directors present their report together with the accounts, which were approved by the board today, for the period ended 31st March 1991.

### **Principal activities**

The chairman's statement and the managing director's review of operations report on the group's activities and future developments.

### **Dividends**

The directors recommend a final dividend of 0.85p per share, making with the interim dividend of 0.45p, a total for the period of 1.30p (1990: 1.125p), an increase of 15%.

### **Fixed assets**

Movements in fixed assets are shown in note 11 to the accounts.

### **Employees**

The group places great importance on the involvement of its employees. They are kept informed of developments through a newsletter and regular meetings.

All employees are encouraged to participate in internal or external training schemes to enhance their career prospects.

There is a savings related share option scheme for employees at all levels.

The group supports the employment of disabled people wherever possible, both in recruitment and in retention of those who become disabled during their employment.

### **Directors**

The present members of the board are listed below. They have served on the board throughout the period.

C J Martin-Bird	J D Bee (Secretary)
P A Dickson	M C Lewis
W W Van Riemsdijk	G J McLeod

P A Dickson and M C Lewis retire in accordance with the articles of association and, being eligible, offer themselves for re-election.

The directors' interests in the share capital and in transactions with the company are shown in notes 10 and 18 to the accounts.

## **DIRECTORS' REPORT**

### **General information.**

No significant charitable or political contributions were made during the period. It is the group's policy to support local charities and initiatives in the areas in which we trade.

The company is a close company for taxation purposes.

### **Auditors**

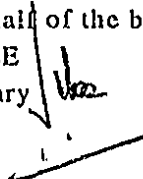
Grant Thornton have indicated their agreement to continue as auditors.

### **Annual general meeting**

In addition to the routine business at the Annual General Meeting there are a number of other resolutions which will be proposed as special business. Notice of the meeting and explanatory notes are given on pages 32 to 34. The directors unanimously recommend that you vote in favour of all the resolutions, as they propose to do, in respect of their own beneficial holdings, totalling 3,848,002 shares, representing 18% of the issued share capital.

Registered Office:  
54 Carnarvon Street  
Manchester  
M3 1HB  
5th June 1991

On behalf of the board  
J D BEE  
Secretary



# GROUP INCOME STATEMENT

52 weeks to 31st March 1991

			<u>1991</u>	<u>1990</u>
	<u>Note</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Turnover	2		25,034	19,851
Cost of sales			<u>11,935</u>	<u>9,333</u>
Gross profit			13,099	10,518
Distribution costs		8,541		6,699
Administration expenses		2,019		1,505
Exceptional items	2	<u>102</u>		<u>142</u>
			<u>10,662</u>	<u>8,346</u>
			2,437	2,172
Share of (loss)/profit of associated undertaking			<u>(5)</u>	<u>11</u>
Operating profit			2,432	2,183
Income from investments	4	151		156
Interest payable	2	<u>(432)</u>		<u>(180)</u>
			<u>(281)</u>	<u>(24)</u>
Profit on ordinary activities before taxation	2		2,151	2,159
Taxation	5		<u>768</u>	<u>715</u>
Profit on ordinary activities after taxation			1,383	1,444
Minority interest			<u>35</u>	<u>3</u>
			1,348	1,441
Extraordinary items	7		<u>59</u>	<u>483</u>
Profit for the period			1,407	1,924
Dividends	8		<u>272</u>	<u>236</u>
Retained profit	19		<u>£1,135</u>	<u>£1,688</u>
Earnings per share	9		6.4p	6.9p

# COMPANY BALANCE SHEET

At 31st March 1991

	Note	1991 £000	1990 £000
<b>Fixed assets</b>			
Property & equipment	11	29,347	28,120
Investments	12	<u>271</u>	<u>271</u>
		29,618	28,391
<b>Current assets</b>			
Debtors	14	1,058	1,118
Creditors: amounts falling due within one year	15	<u>2,499</u>	<u>1,825</u>
Net current liabilities		<u>(1,441)</u>	<u>(707)</u>
Total assets less current liabilities		28,177	27,684
Creditors: amounts falling due after more than one year	16	2,180	2,784
Provision for liabilities and charges	6	<u>705</u>	<u>493</u>
		<u>2,885</u>	<u>3,277</u>
		<u>£25,292</u>	<u>£24,407</u>
<b>Capital and reserves</b>			
Called up share capital	17	5,233	2,616
Reserves	19	<u>20,059</u>	<u>21,791</u>
		<u>£25,292</u>	<u>£24,407</u>

*CJ Martin-Bird*  
CJ MARTIN-BIRD  
Chairman

*J D BEE*  
J D BEE  
Finance director



# GROUP BALANCE SHEET

At 31st March 1991

	Note	<u>1991</u> £000	<u>1990</u> £000
<b>Fixed assets</b>			
Property & equipment	11	29,914	28,128
Investments	12	<u>13</u>	<u>11</u>
		29,927	28,139
<b>Current assets</b>			
Stocks	13	2,125	1,696
Debtors	14	1,901	1,239
Cash at bank and in hand		<u>125</u>	<u>72</u>
		4,151	3,007
Creditors: amounts falling due within one year	15	<u>7,494</u>	<u>5,821</u>
Net current liabilities		(3,343)	(2,814)
Total assets less current liabilities		26,584	25,325
Provision for liabilities and charges	6	<u>705</u>	<u>493</u>
		<u>£25,879</u>	<u>£24,832</u>
<b>Capital and reserves</b>			
Called up share capital	17	5,233	2,616
Reserves	19	20,641	22,216
Minority interest		<u>5</u>	<u>-</u>
		<u>£25,879</u>	<u>£24,832</u>

*C J Martin-Bird*  
C J MARTIN-BIRD  
Chairman

*J D Bee*  
J D BEE  
Finance director

# **GROUP SOURCE & APPLICATION OF FUNDS** 52 weeks to 31st March 1991

	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
<b>Inflow from trading operations</b>		
Profit on ordinary activities		
before taxation	2,151	2,159
Depreciation	1,522	1,068
Loss/(profit) on disposal of		
fixed assets	5	(3)
(Profit)/loss on disposal of investments	<u>(6)</u>	<u>-</u>
	<u>3,672</u>	<u>3,224</u>
<b>Other operating (outflows)/inflows:</b>		
Fixed asset disposals	47	18
Investment in associated undertakings	<u>5</u>	<u>(9)</u>
	52	<u>9</u>
* Working capital	(993)	365
Fixed asset purchases	(3,634)	(6,405)
Taxation	(591)	(719)
Dividends	<u>(246)</u>	<u>(189)</u>
	(5,464)	(6,948)
	<u>(5,412)</u>	<u>(6,939)</u>
	(1,740)	(3,715)
<b>Net outflows from operations</b>		
<b>Non-operating inflows/(outflows):</b>		
Proceeds from sales of properties	260	1,840
Other extraordinary costs	(62)	(76)
Investments	(7)	-
Shares issued, including premium	<u>5</u>	<u>-</u>
	<u>£(1,544)</u>	<u>£(1,951)</u>
<b>Decrease in net cash</b>		
* Stocks	(429)	(128)
Debtors	(612)	(189)
Creditors	<u>48</u>	<u>682</u>
	<u>£(993)</u>	<u>£365</u>

## NOTES TO THE ACCOUNTS

### 1. Accounting policies

The following paragraphs describe the group's principal accounting policies which are consistent with those followed in the previous period.

#### Consolidation

The group accounts comprise the accounts of the company and of its subsidiaries for the 52 weeks ended 31st March 1991 and are prepared on the historical cost basis, modified to include the revaluation of certain fixed assets.

#### Turnover

Turnover represents the value of goods and services supplied to customers outside the group and excludes VAT.

#### Income from investments

Investment income comprises external rents receivable less attributable outgoings, dividends received and interest receivable.

#### Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the group. It is the group's policy to maintain its properties in a state of good repair to prolong their useful lives, and, in the case of freehold and long leasehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on these properties.

Depreciation of other fixed assets is calculated by the straight line method and the annual rates applicable to the principal categories are:

Short leasehold premises	-	Period of lease
Plant and equipment	-	3/10 years
Motor vehicles	-	4 years

## **NOTES TO THE ACCOUNTS**

### **1. Accounting policies (cont'd)**

#### **Investments**

Investments are included at cost less provision for diminution in value.

#### **Stocks**

Stocks are valued at the lower of cost, which includes attributable overhead expenditure, and net realisable value.

#### **Taxation**

Provision for deferred taxation is only made when there is a reasonable probability that a liability will crystallize.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, to the extent that foreign currency liabilities are covered by forward exchange contracts, at the appropriate contract rate.

Monetary assets and liabilities in foreign currencies, not covered by forward exchange contracts, are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Goodwill**

Purchased goodwill is written off to reserves on acquisition.

#### **Associated undertaking**

The group's share of the profit or loss of the associated undertaking is included in the consolidated profit and loss account. The group's share of post acquisition retained profits and reserves is added to the cost of the investment in the consolidated balance sheet.

#### **Pensions**

The cost of pensions is provided on a systematic basis over the period during which the group benefits from employees' services. The cost is calculated actuarially and takes into account the amortisation of past surpluses or deficits.

#### **Lease premiums**

Lease premiums are taken to the profit and loss account in the period in which they are received.

## NOTES TO THE ACCOUNTS

### 2. Turnover and profit on ordinary activities before taxation

All the turnover arises within the United Kingdom.  
Profit on ordinary activities is stated after:

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Auditors remuneration	£25	£28
Hire of plant and machinery	£72	£20
Depreciation	£1,522	£1,068
Bank overdraft interest	£432	£180
Exceptional items:		
Costs of temporary closures	227	144
Loss/(profit) on disposal of equipment	5	(2)
Lease premium	(130)	—
	<u>£102</u>	<u>£142</u>

### 3. Associated undertaking

Share of trading (loss)/profit	(6)	11
Taxation	<u>1</u>	<u>(3)</u>
Retained (loss)/profit	£(5)	£8

### 4. Income from investments

Net property income	126	135
Unlisted investments	1	1
Interest received	<u>24</u>	<u>20</u>
	<u>£151</u>	<u>£156</u>

### 5. Taxation

UK corporation tax @ 34% (1990: 35%)	579	511
Prior period underprovision	42	—
Deferred taxation (see note 6)	<u>147</u>	<u>204</u>
	<u>£768</u>	<u>£715</u>

## NOTES TO THE ACCOUNTS

### 6. Deferred taxation

Deferred taxation has been provided in the accounts and the total potential liabilities are set out below. The amount of £0.7m (1990: £0.6m) not provided represents a contingent liability at the balance sheet date.

#### The group and the company

	<u>Provided</u>		<u>Not Provided</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1st April 1990	493	395	582	-
Charge for the period	147	204	-	-
Prior period underprovision	27	-	-	-
Extraordinary tax credit	(12)	(91)	-	-
Advance corporation tax	50	(15)	-	-
Realised capital gains	<u>-</u>	<u>-</u>	<u>153</u>	<u>582</u>
At 31st March 1991	<u>£705</u>	<u>£493</u>	<u>£735</u>	<u>£582</u>
Represented by:				
Accelerated capital allowances	561	543	-	-
Advance corporation tax	-	(50)	-	-
Short term timing differences	157	-	-	-
Losses	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	705	493	-	-
Realised capital gains	<u>-</u>	<u>-</u>	<u>735</u>	<u>582</u>
	<u>£705</u>	<u>£493</u>	<u>£735</u>	<u>£582</u>

There are unrelieved tax losses of £120,000 available to a subsidiary undertaking.

No account has been taken of any taxation liability which might arise if properties were sold at their revalued amounts.

## NOTES TO THE ACCOUNTS

### 7. Extraordinary Items

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Profits on sale of investments	6	-
Profits on sale of properties	-	68
Profits on sale of discontinued outlets	103	402
Property valuation fees	-	(40)
Abortive acquisition costs	<u>(62)</u>	<u>(36)</u>
	47	394
Attributable tax credit	<u>12</u>	<u>89</u>
Net extraordinary profit	<u>£59</u>	<u>£483</u>

### 8. Dividends

Interim - 0.45p per share (1990: 0.40p)	94	84
Final - 0.85p per share (1990: 0.725p)	<u>178</u>	<u>152</u>
	<u>£272</u>	<u>£236</u>

Shareholders were given an option to take new ordinary shares in the company in lieu of the interim dividend. 139 shareholders took advantage of this facility and 4,589 new shares were issued to them.

The directors propose to give a similar option in respect of the final dividend.

If approved by the shareholders, the final dividend will be paid on 16th September 1991 to shareholders on the register on 15th July 1991.

### 9. Earnings per share

The calculation of earnings per share is based on the adjusted weighted average number of issued ordinary shares of 20,926,620 (1990: 20,922,316) and earnings of £1,348,000 (1990: £1,441,000) being the profit after taxation but before extraordinary items.

## NOTES TO THE ACCOUNTS

### 10. Staff costs and numbers (including directors)

	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	4,476	3,404
Profit related remuneration	278	262
Social security	352	289
Pension costs	<u>5</u>	<u>5</u>
	<u>£5,111</u>	<u>£3,960</u>

The average number of employees  
of the group during the year was:

	<u>Number</u>	<u>Number</u>
Retail sales - full time	361	339
- part time	309	290
Warehouse and production	24	27
Office and administration	<u>97</u>	<u>80</u>
	<u>791</u>	<u>736</u>

Staff costs include remuneration (including  
pensions) in respect of directors as follows:

	<u>£000</u>	<u>£000</u>
Fees	-	6
Salaries	254	193
Profit related remuneration	<u>13</u>	<u>44</u>
	<u>£267</u>	<u>£243</u>

The remuneration, excluding pension contributions, of the Chairman, who was the highest paid director, amounted to £69,000 (1990: £61,000). The other directors' remuneration was in the following ranges:-

	<u>Number</u>	<u>Number</u>
£0 to £5,000	2	4
£55,001 to £60,000	-	3
£60,001 to £65,000	1	-
£65,001 to £70,000	2	-

£4,500 has been paid to Abacarter Limited, a company controlled by J D Bee, in respect of secretarial services rendered to a subsidiary company.

£5,000 has been paid to G J M Associates in respect of the services of G J McLeod as a director.



## NOTES TO THE ACCOUNTS

### 11. Property and equipment

<u>The group</u>	<u>Property</u> <u>£000</u>	<u>Equipment</u> <u>£000</u>	<u>Total</u> <u>£000</u>
<b>Cost or valuation</b>			
At 1st April 1990	22,776	8,525	31,301
Additions at cost	719	2,915	3,634
Disposals	(218)	(277)	(495)
At 31st March 1991	<u>£23,277</u>	<u>£11,163</u>	<u>£34,440</u>
<b>Accumulated depreciation</b>			
At 1st April 1990	270	2,903	3,173
Charge for the period	140	1,382	1,522
Disposals	—	(169)	(169)
At 31st March 1991	<u>£410</u>	<u>£4,116</u>	<u>£4,526</u>
<b>Net book value</b>			
31st March 1991	<u>£22,867</u>	<u>£7,047</u>	<u>£29,914</u>
1st April 1990	<u>£22,506</u>	<u>£5,622</u>	<u>£28,128</u>
 <u>The company</u>	 <u>Property</u> <u>£000</u>	 <u>Equipment</u> <u>£000</u>	 <u>Total</u> <u>£000</u>
<b>Cost or valuation</b>			
At 1st April 1990	22,776	8,501	31,277
Additions at cost	719	2,774	3,493
Disposals	(675)	(257)	(932)
At 31st March 1991	<u>£22,820</u>	<u>£11,018</u>	<u>£33,838</u>
<b>Accumulated depreciation</b>			
At 1st April 1990	270	2,887	3,157
Charge for the period	134	1,378	1,512
Disposals	(25)	(153)	(178)
At 31st March 1991	<u>£379</u>	<u>£4,112</u>	<u>£4,491</u>
<b>Net book value</b>			
31st March 1991	<u>£22,441</u>	<u>£6,906</u>	<u>£29,347</u>
1st April 1990	<u>£22,506</u>	<u>£5,614</u>	<u>£28,120</u>

## NOTES TO THE ACCOUNTS

### 11. Property and equipment (cont'd)

The cost or valuation of property comprises:

	The group		The company	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Revalued in 1990				
Cost	6,857	6,601	6,823	6,601
Revaluation surplus	<u>12,667</u>	<u>12,793</u>	<u>12,451</u>	<u>12,793</u>
	19,524	19,394	19,274	19,394
At historical cost	<u>3,753</u>	<u>3,382</u>	<u>3,546</u>	<u>3,382</u>
	<u>£23,277</u>	<u>£22,776</u>	<u>£22,820</u>	<u>£22,776</u>

The net book value of property comprises:

	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Freehold	18,347	18,216	18,097	18,216
Long leasehold	1,177	1,177	1,177	1,177
Short leasehold	<u>3,343</u>	<u>3,113</u>	<u>3,167</u>	<u>3,113</u>
	<u>£22,867</u>	<u>£22,506</u>	<u>£22,441</u>	<u>£22,506</u>

The only properties on which depreciation is being provided are short leaseholds costing £3.7m.

## NOTES TO THE ACCOUNTS

### 12 Fixed asset investments

#### The group

	<u>Associated undertakings</u> £000	<u>Unquoted investments</u> £000	<u>Total</u> £000
At 1st April 1990	9	2	11
Additions	<u>2</u>	<u>—</u>	<u>2</u>
At 31st March 1991	£11	£2	£13

The director's valuation of the unquoted investments at 31st March 1991 was £30,000 (1990: £30,000).

The investment in associated undertakings consists of a 50% interest in Bouchard Ainc (International) Limited, which is involved in wholesaling (£4,000) and unconsolidated subsidiaries (£7,000). These interests are all held by Universal Wines & Spirits Limited.

#### The company

	<u>Shares in group companies</u> £000	<u>Unquoted investments</u> £000	<u>Total</u> £000
At 1st April 1990 and 31st March 1991	£269	£2	£271

The principal subsidiaries at 31st March 1991 are listed below:-

<u>Name</u>	<u>Class</u>	<u>% holding</u>	<u>Activity</u>
Yates's Wine Lodges Limited	Ordinary	100	Retail
Yates's Mainstream Limited	Ordinary	100	Wholesale
Yates Brothers Limited	Ordinary	100	Bottling
Addison & Co Limited	Ordinary	100	Property
	Preference	100	
Universal Wines & Spirits Limited	Ordinary	75	Wholesale

## NOTES TO THE ACCOUNTS

### 13. Stocks

	The group	
	1991 £000	1990 £000
Goods for resale	671	572
Stock in hand	1,251	874
Consumable stores	203	250
	<u>£2,125</u>	<u>£1,696</u>

The holding company holds no stocks.

### 14. Debtors - amounts falling due within one year

	The group		The company	
	1991 £000	1990 £000	1991 £000	1990 £000
Trade debtors	1,319	929	76	18
Dividends receivable from group undertakings	-	-	760	1,010
Amounts owed by associated undertaking	95	51	-	-
Other debtors	307	239	121	85
Prepayments	130	20	51	5
Advanced corporation tax recoverable	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
	<u>£1,901</u>	<u>£1,239</u>	<u>£1,058</u>	<u>£1,118</u>

### 15. Creditors - amounts falling due within one year

Bank overdraft	4,005	2,408	1,998	1,249
Trade creditors	1,418	2,032	4	230
Amounts owed to associated undertaking	138	55	-	-
Social security and other taxes	649	257	-	-
Corporation tax payable	526	523	100	78
Other creditors	23	42	2	-
Accruals	557	352	217	116
Dividend	<u>178</u>	<u>152</u>	<u>178</u>	<u>152</u>
	<u>£7,494</u>	<u>£5,821</u>	<u>£2,499</u>	<u>£1,825</u>

## NOTES TO THE ACCOUNTS

### 16. Creditors - amounts falling due after more than one year

	<u>The company</u>	
	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
Amounts owed to group companies	<u>£2,180</u>	<u>£2,784</u>

### 17. Share capital

#### Authorised

26,000,000 ordinary shares of 25p each	<u>£6,500</u>	<u>£3,250</u>
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On the 14th September 1990, the authorised share capital was increased by the creation of 13,000,000 additional ordinary shares of 25p each.

#### Allotted, called up and fully paid

	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
20,930,819 ordinary shares of 25p each (1990: 10,463,115)	<u>£5,233</u>	<u>£2,616</u>

On 14th September 1990, 10,463,115 ordinary shares were issued to shareholders as a bonus of one share for each share held.

On 1st March 1991, 4,589 25p ordinary shares were issued at 100p per share, in lieu of the cash dividend payable on that date.

Under the savings related share option scheme, employees hold options to subscribe for up to 357,381 (1990: 162,000) ordinary shares, at prices between 62.5p and 107p per share, exercisable between 1992 and 1995.

Under the share option schemes for executives, directors and executives hold options to subscribe for up to 1,045,300 (1990: 425,000) ordinary shares at prices between 82.5p and 130p per share, exercisable between 1991 and 1997.

## NOTES TO THE ACCOUNTS

### 18. Directors' Interests

The directors who held office at 31st March 1991 had the following beneficial interests in the shares of the company:

	<u>31st March 1991</u>	<u>1st April 1990</u>
	<u>25p shares</u>	<u>25p shares</u>
C J Martin-Bird	1,889,900	944,950
P A Dickson	1,240,548	620,257
J D Bee	486,000	244,000
M C Lewis	228,968	115,450
W W Van Riemsdijk	578	288
G J McLeod	2,008	Nil

Non beneficial interests were:

C J Martin-Bird	509,566	253,768
P A Dickson	10,000	5,000
J D Bee	2,306	1,153

J D Bee, P A Dickson and M C Lewis each have options to subscribe for 14,902 25p ordinary shares under the company's savings related share option scheme.

Under the executive share option schemes, C J Martin-Bird, J D Bee, P A Dickson and M C Lewis each have options to subscribe for 218,000 25p ordinary shares. W W Van Riemsdijk has options over 26,300 25p ordinary shares.

The company made an interest free loan to M C Lewis, prior to his appointment as a director of the company, to enable him to purchase 34,000 ordinary shares. At 31st March 1991, £14,065 is still outstanding. This amount is repayable by instalments out of the dividends on these ordinary shares.

There have been no changes in the directors' shareholdings since 31st March 1991.

The group maintains directors' and officers' liability insurance in respect of the directors and officers of group companies.

## NOTES TO THE ACCOUNTS

### 19. Reserves

#### The group

	<u>Profit &amp; loss account</u> <u>£000</u>	<u>Reval- uation reserve</u> <u>£000</u>	<u>Share premium account</u> <u>£000</u>	<u>Total</u> <u>£000</u>
At 1st April 1990	7,678	12,794	1,744	22,216
Arising on issue of shares	-	-	3	3
Bonus issue	-	(2,616)	-	(2,616)
Release of provision for minority interest	30	-	-	30
Transfer on sales	-	(127)	-	(127)
Retained profit for the period	<u>1,135</u>	<u>-</u>	<u>-</u>	<u>1,135</u>
At 31st March 1991	<u>£8,843</u>	<u>£10,051</u>	<u>£1,747</u>	<u>£20,641</u>

#### The company

At 1st April 1990	7,253	12,794	1,744	21,791
Arising on issue of shares	-	-	3	3
Bonus issue	-	(2,616)	-	(2,616)
Transfer on sales	-	(343)	-	(343)
Retained profit for the period	<u>1,224</u>	<u>-</u>	<u>-</u>	<u>1,224</u>
At 31st March 1991	<u>£8,477</u>	<u>£9,835</u>	<u>£1,747</u>	<u>£20,059</u>

No profit and loss account is presented for the company as permitted by Section 230(3) of the Companies Act 1985.

The profit and loss account of the parent company has been approved by the board of directors.

## NOTES TO THE ACCOUNTS

### 20. Capital commitments

	<u>The group and the company</u>	
	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
Contracted for but not provided in these accounts	390	1,112
Authorised by the directors but not contracted for	<u>925</u>	<u>2,580</u>
	<u>£1,315</u>	<u>£3,692</u>

### 21. Contingent liabilities

There are contingent liabilities in respect of:

Bills discounted by certain group companies in the normal course of business.

Guarantees given by the company in the normal course of business in respect of bank facilities granted to group companies.

### 22. Pensions

The group operates a defined benefit scheme for full time employees, the assets of which are held in separate trustee administered funds. An actuarial assessment has been carried out by an independent qualified actuary at 31st March 1989. The assumptions which have the most significant effects on the result of the valuation are those relating to the rate of return on investments and the rates of salary increases. It was assumed that the investment return would exceed the rate of salary increases by 2% and that pensions would increase in line with scheme benefits.

The valuation showed that the value of the scheme's assets was £4.1m and exceeded 160% of the projected benefits accruing to members. The total pension cost to the group was £Nil (1990: £Nil) after taking account of the amortisation of the scheme surplus over the average future working lifetime of employees.



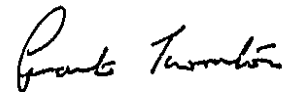
## REPORT OF THE AUDITORS

Grant Thornton 

To the members of Yates Brothers Wine Lodges PLC

We have audited the accounts on pages thirteen to thirty in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and the group as at 31st March 1991, and of the profit and source and application of funds of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Heron House  
Albert Square  
Manchester  
M2 5HD

GRANT THORNTON  
Chartered Accountants

5th June 1991

## **NOTICE OF THE ANNUAL GENERAL MEETING**

The forty-first Annual General Meeting of Yates Brothers Wine Lodges PLC will be held at the St James's Club, Charlotte Street, Manchester on Wednesday 11th September 1991 at 4.00 p.m. for the transaction of the following business:-

### **As routine business**

1. To adopt the accounts for the 52 weeks ended 31st March 1991 and the reports of the directors and auditors thereon.
2. To declare a dividend.
3. To elect directors.
4. To re-elect the auditors and authorise the directors to fix their remuneration.

### **As special business**

#### **5. Ordinary resolution (scrip dividend)**

THAT the directors be and they are hereby authorised to exercise the powers conferred on them by Article 134(A) of the company's Articles of Association in respect of any dividend to be declared by the directors before the Annual General Meeting of the company in 1996.

#### **6. Ordinary resolution (directors' authority to allot shares)**

THAT the general authority conferred on the directors by Article 9(B) of the company's Articles of Association be renewed for a period of five years from the date of the passing of this resolution and that for such period the prescribed amount (as referred to in that Article) be £750,000.

#### **7. Special resolution (dis-application of pre-emption rights)**

THAT subject to the passing of the above resolution the authority and the power conferred on the directors by Article 9 (authority to allot securities) of the company's Articles of Association be and they are hereby renewed for the period expiring on the date of the Annual General Meeting of the company to be held in 1992 and that for the purposes of Article 9(B), the prescribed amount for the above period shall be £250,000.

## NOTICE OF THE ANNUAL GENERAL MEETING

### 8. Special resolution (savings related share option scheme amendment):

THAT the directors be and they are hereby authorised, subject to and forthwith upon the approval of the Board of Inland Revenue thereto, to amend as necessary the rules of The Yates Brothers Wine Lodges PLC Savings Related Share Option Scheme including:-

- (a) To permit holders on the exercise of their options to accept shares from the company's employee benefit trust.
- (b) To do all acts and things necessary to carry the amendments into effect and to obtain the approval of the Board of Inland Revenue to this scheme.
- (c) As described in the explanatory notes accompanying this notice of meeting.

### 9. Special resolution (executive share option scheme amendment)

THAT the directors be and they are hereby authorised, subject to and forthwith upon the approval of the Board of Inland Revenue thereto, to amend as necessary the rules of The Yates Group Executive Share Option Scheme including:-

- (a) To permit holders on the exercise of their options to accept shares from the company's employee benefit trust.
- (b) To do all acts and things necessary to carry the amendments into effect and to obtain the approval of the Board of Inland Revenue to this scheme.
- (c) As described in the explanatory notes accompanying this notice of meeting.

By order of the board

J D BEE  
Secretary  
22nd July 1991

#### Note:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. Such proxy need not be a member of the company. A proxy form is enclosed; completion of the proxy form does not preclude your attendance at the meeting and voting in person if you so wish.

## **EXPLANATORY NOTES TO THE ANNUAL GENERAL MEETING**

Formal notice of the Annual General Meeting is on pages 32 and 33. The following notes are offered in explanation of the resolutions representing special business and follow the order in which each resolution appears in the notice of meeting.

### **Resolution 5**

This resolution gives your directors authority to offer shareholders the option to receive new Ordinary shares in the company instead of cash in respect of any dividends declared by the company during the next five years.

### **Resolution 6**

When the company adopted new Articles of Association in 1986, Article 9(B) authorised the directors to be able to allot relevant securities in the company for a period of five years ending on the 30th September 1991. Under the power contained in the Article you are asked to renew that authority for a further period of five years.

### **Resolution 7**

This resolution maintains the flexibility given at last year's Annual General Meeting in respect of the company's financing arrangements and extends your board's authority under Section 89 of the Companies Act 1985 to allot shares in certain circumstances otherwise than pro rata to all the shareholders. The authority will come up for renewal at the next Annual General Meeting.

### **Resolutions 8 and 9**

The company has recently established an employee benefit trust. The objects of the trust are to buy shares in the company, or other investments, and to hold these for the benefit of all the employees and former employees and their relatives. Distributions from the trust are at the discretion of the Trustees. Your directors are advised that shares in the company held in the trust should be available to satisfy the exercise of options arising from the company's share option schemes. To achieve this the rules of the savings related share option scheme (Resolution 8) and the executive share option scheme (Resolution 9) will need to be amended.

You will also be aware that in the Budget speech this year the Chancellor of the Exchequer announced proposals to enhance the benefits of employee share schemes. These include:-

- (i) Increasing the permitted maximum savings under the savings related share option scheme from £150 per month to £250 per month.
- (ii) In certain circumstances granting executives share options at an exercise price equal to 85% or more of the market value, rather than 100% as currently required.

The detailed requirements for these changes will not be clear until the Finance Act has been enacted. Your board may however wish to implement some or all of these changes prior to next year's Annual General Meeting. Shareholders are therefore asked to authorise the directors to make any relevant changes to the rules of the company's share schemes.