

1182734



## **Report and Accounts**

**30 September 2003**



(A company limited by guarantee)

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The Council presents its report and accounts for the year ended 30 September 2003.

**Principal Activities**

The principal activities of the Association are to promote the Brewing Industry and Licensed Trade generally and to consider and take action upon matters which may affect or concern the Brewing Industry and Licensed Trade.

**Future Developments**

No change in the activities of the company is presently foreseen.

**Review of Developments**

The group income and expenditure account discloses that total income of the Association and its subsidiaries for the year was £2,240,086 (2002 - £2,025,288). The surplus before taxation was £1,257,357 (2002 - £4,275 deficit). The retained surplus after tax was £880,535 (2002 - £8,666 deficit) and has been transferred to (from) reserves.

**Members of the Council**

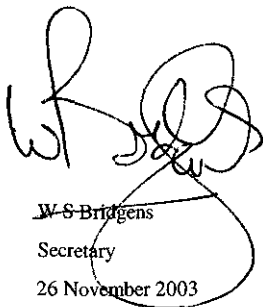
Full details of the membership of the Association's Council and changes therein during the year are given on page 2.

**Beneficial Interests**

None of the members had a beneficial interest in any contract with the Association.

**Auditors**

A resolution to reappoint CLB as auditors will be put to the Annual General Meeting.



W S Bridgens  
Secretary  
26 November 2003

|                                  |                                      |
|----------------------------------|--------------------------------------|
| J. Adnams                        | T. I. Green                          |
| D. Andrew                        | M. Hennessy (resigned 31/12/02)      |
| J.R. Arkell, T.D., D.L.          | G. Hodgson                           |
| N.J.B. Atkinson                  | C.T.H. Hopkins                       |
| J.Baer (appointed 01/05/03)      | M.A. Jenner                          |
| P.A. Baker (Chairman)            | P. Kendall                           |
| W.M. Barker                      | R.P. Kershaw                         |
| C.J.E. Bartholomew               | A. Latham                            |
| G.G. Bateman, J.P.               | D. Le Quesne (resigned 1/10/02)      |
| T. E. Bonham                     | C.P. Lees-Jones                      |
| F.E.J.G. Brackenbury C.B.E       | W.R. Lees-Jones, T.D.                |
| C.M. Brain                       | Captain B.C.M. Lewis                 |
| M.Bramley (appointed 09/10/02)   | W. McCosh, C.B.E (resigned 31/03/03) |
| R. Breare                        | D.S. McMullen                        |
| T.J.W. Bridge                    | R.H.B. Neame, C.B.E                  |
| P. Brook                         | M. Norris (resigned 01/05/03)        |
| J.R. Burrows (resigned 17/04/03) | C.J.R. Pope, T.D., D.L.              |
| D. Clarke                        | C. Povey                             |
| T. Clarke                        | C.P.W. Read (resigned 14/05/03)      |
| M. Clayton                       | P.B. Robinson                        |
| S. Cooper (appointed 17/04/03)   | K.D.S. Ross                          |
| M. A. T. Davies                  | J. Skingley (resigned 30/10/02)      |
| A.J. Day                         | P. R. Smith                          |
| C.J. Dent                        | D. Soley (appointed 09/10/02)        |
| G.G. Dickson (resigned 12/03/03) | J. Staughton                         |
| S.H. Wingfield Digby             | Sir Brian Stewart, C.B.E.            |
| E. Dinesen                       | P.F. Theakston                       |
| J. Dunsmore                      | D.G.F. Thompson                      |
| S. Dusanj (appointed 09/10/02)   | R. Thompson                          |
| N.S. Elgood                      | G.A. Thorley                         |
| R.A.S. Everard                   | G.E. Tuppen                          |
| B. Field                         | G. Turner                            |
| R Findlay                        | P. Ward                              |
| M.R.M. Foster                    | V. Wardman                           |
| A.G.F Fuller, C.B.E.             | P.R. Wells                           |
| R.A. Gilchrist                   | D.S. Welsh                           |
| S.C. Gilliland                   | L. Wood                              |
| S. Goodyear (appointed 14/05/03) | D.H. Woodhouse                       |
| D.Goulding (appointed 14/05/03)  | G. A. Wortley (resigned 02/10/02)    |
| R.M. Gray                        |                                      |

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the surplus or deficit of the Association for that period. In preparing those financial statements, the Council is required to:

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **Respective responsibilities of the directors and auditors**

As described on page 3 the Council is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

This report is made solely to the Association's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Council's report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council's remuneration and transactions with the company is not disclosed.

We read the Council's report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Association and of the Group as at 30 September 2003 and of the surplus and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**CLB**

Chartered Accountants and Registered Auditors

Aldwych House, 81 Aldwych

London, WC2B 4HP

26 November 2003

# British Beer & Pub Association

## Income and Expenditure Account for the twelve months ended 30 September 2003

|   |       | <i>Group</i><br><i>2003</i> | <i>Group</i><br><i>2002</i> | <i>BBPA</i><br><i>2003</i> | <i>BBPA</i><br><i>2002</i> |
|---|-------|-----------------------------|-----------------------------|----------------------------|----------------------------|
|   | Notes | £                           | £                           | £                          | £                          |
| <b>Turnover</b>   | 2     | <b>2,240,086</b>            | 2,025,288                   | <b>2,222,422</b>           | 2,031,795                  |
| Operating costs   | 3     | <b>4,735,697</b>            | 2,560,112                   | <b>2,587,628</b>           | 2,528,124                  |
| <b>Operating deficit before exceptional costs</b>               |       | <b>(2,495,611)</b>          | (534,824)                   | <b>(365,206)</b>           | (496,329)                  |
| Reorganisation income   | 3     | <b>104,235</b>              | 168,085                     | <b>104,093</b>             | 168,085                    |
| <b>Operating deficit</b>  |       | <b>(2,391,376)</b>          | (366,739)                   | <b>(261,113)</b>           | (328,244)                  |
| Profit on sale of tangible assets                               | 6     | <b>8,118</b>                | 4,819                       | <b>8,118</b>               | 4,819                      |
| Loss on sale of investments                                     | 6     | <b>(24,358)</b>             | (22,812)                    | <b>(24,358)</b>            | (22,812)                   |
| Profit on sale of building                                      | 6     | <b>3,250,000</b>            | 0                           | <b>0</b>                   | 0                          |
| <b>Surplus/(deficit) before interest and taxation</b>           |       | <b>842,384</b>              | (384,732)                   | <b>(277,353)</b>           | (346,237)                  |
| Net interest and dividend income                                | 6     | <b>414,973</b>              | 380,457                     | <b>404,778</b>             | 6,263,216                  |
| <b>Surplus/(deficit) on ordinary activities before taxation</b> |       | <b>1,257,357</b>            | (4,275)                     | <b>127,425</b>             | 5,916,979                  |
| Taxation on ordinary activities                                 | 7     | <b>(376,822)</b>            | (4,391)                     | <b>0</b>                   | 0                          |
| <b>Retained surplus/(deficit) for the financial year</b>        | 14    | <b>880,535</b>              | (8,666)                     | <b>127,425</b>             | 5,916,979                  |

The results were derived entirely from continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

Movement in reserves is set out in note 14.

The company and group have no recognised gains or losses other than those reflected above.

The notes on pages 5 -14 form part of these accounts

# British Beer & Pub Association

## Balance Sheet at 30 September 2003

|                                      |       | <i>Group</i>      | <i>Group</i> | <i>BBPA</i>      | <i>BBPA</i> |
|--------------------------------------|-------|-------------------|--------------|------------------|-------------|
|                                      |       | <i>2003</i>       | <i>2002</i>  | <i>2003</i>      | <i>2002</i> |
|                                      | Notes | £                 | £            | £                | £           |
| <b>Fixed assets</b>                  |       |                   |              |                  |             |
| Tangible assets                      | 8     | <b>220,900</b>    | 267,937      | <b>220,900</b>   | 267,937     |
| Investments                          | 9     | <b>1,553,511</b>  | 1,579,049    | <b>1,553,517</b> | 1,581,749   |
|                                      |       | <b>1,774,411</b>  | 1,846,986    | <b>1,774,417</b> | 1,849,686   |
| <b>Current assets</b>                |       |                   |              |                  |             |
| Stocks                               |       | <b>9,817</b>      | 9,602        | <b>0</b>         | 0           |
| Debtors                              | 10    | <b>370,479</b>    | 312,008      | <b>337,650</b>   | 314,433     |
| Cash at bank and in hand             | 11    | <b>9,700,056</b>  | 8,715,102    | <b>5,557,869</b> | 5,660,110   |
|                                      |       | <b>10,080,352</b> | 9,036,712    | <b>5,895,519</b> | 5,974,543   |
| <b>Current liabilities</b>           |       |                   |              |                  |             |
| Creditors                            | 12    | <b>702,602</b>    | 612,072      | <b>308,709</b>   | 590,427     |
| <b>Net current assets</b>            |       | <b>9,377,750</b>  | 8,424,640    | <b>5,586,810</b> | 5,384,116   |
| <b>Total assets less liabilities</b> |       | <b>11,152,161</b> | 10,271,626   | <b>7,361,227</b> | 7,233,802   |
| <b>Reserves</b>                      | 14    | <b>11,152,161</b> | 10,271,626   | <b>7,361,227</b> | 7,233,802   |

P A Baker



G E Tuppen



26 November 2003

)  
) Members of  
) the Council  
)

The notes on pages 5 -14 form part of these accounts

# British Beer & Pub Association

## Statement of Cash Flow for the twelve months ended 30 September 2003

|   |       | <i>Group</i><br><i>2003</i> | <i>Group</i><br><i>2002</i> | <i>BBPA</i><br><i>2003</i> | <i>BBPA</i><br><i>2002</i> |
|---|-------|-----------------------------|-----------------------------|----------------------------|----------------------------|
|   | Notes | £                           | £                           | £                          | £                          |
| <b>Cash flow from operating activities</b>                              |       |                             |                             |                            |                            |
| Net operating deficit   |       | (2,391,376)                 | (366,739)                   | (261,113)                  | (328,244)                  |
| Depreciation charge   | 8     | 107,739                     | 115,839                     | 107,739                    | 115,839                    |
| Increase in stocks  |       | (215)                       | (3,898)                     | 0                          | 0                          |
| (Increase)/decrease in debtors  |       | (58,471)                    | 575,926                     | (23,217)                   | 480,199                    |
| Decrease in creditors   |       | (281,901)                   | (777,376)                   | (281,718)                  | (203,405)                  |
| Net cash (outflow)/inflow from operating activities                     |       | (2,624,224)                 | (456,248)                   | (458,309)                  | 64,389                     |
| <b>Returns on investments and servicing of finance</b>                  |       |                             |                             |                            |                            |
| Interest income   |       | 386,173                     | 351,166                     | 239,351                    | 233,925                    |
| Dividend income   |       | 28,800                      | 29,291                      | 165,427                    | 6,029,291                  |
| Net cash inflow from returns on investments and servicing<br>of finance |       | 414,973                     | 380,457                     | 404,778                    | 6,263,216                  |
| <b>Taxation</b>   |       |                             |                             |                            |                            |
| Corporation tax paid  |       | (4,391)                     | (228,618)                   | 0                          | 0                          |
| <b>Capital expenditure and financial investment</b>                     |       |                             |                             |                            |                            |
| Purchase of tangible fixed assets                                       |       | (66,534)                    | (65,388)                    | (66,534)                   | (65,388)                   |
| Sale of tangible fixed assets   |       | 3,263,950                   | 18,504                      | 13,950                     | 18,504                     |
| Sales less purchases of investments                                     |       | 1,180                       | 3,120                       | 3,874                      | 3,120                      |
| Net cash inflow/(outflow) from investing activities                     |       | 3,198,596                   | (43,764)                    | (48,710)                   | (43,764)                   |
| <b>Increase/(decrease) in cash in the period</b>                        | 11    | <b>984,954</b>              | <b>(348,173)</b>            | <b>(102,241)</b>           | <b>6,283,841</b>           |
| <b>Reconciliation of net cash flow to movement in debt</b>              |       |                             |                             |                            |                            |
| Increase/(decrease) in cash in the period                               |       | 984,954                     | (348,173)                   | (102,241)                  | 6,283,841                  |
| Net cash at 1 October 2002  |       | 8,715,102                   | 9,063,275                   | 5,660,110                  | (623,731)                  |
| <b>Net cash at 30 September 2003</b>                                    | 11    | <b>9,700,056</b>            | <b>8,715,102</b>            | <b>5,557,869</b>           | <b>5,660,110</b>           |



**1 Accounting Policies****Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Basis of consolidation**

The group accounts consolidate the accounts of the Association and all the subsidiaries.

**Investments**

Investments are stated at the lower of cost and net realisable value.

**Stocks**

Stocks, which comprise goods held for resale, are valued at the lower of cost and net realisable value.

**Depreciation**

The cost of fixed assets is depreciated by equal instalments over the expected useful lives of the assets as follows:

|   |             |
|---|-------------|
| Leasehold Improvements                  | 4 - 5 years |
| Fixtures, fittings, tools and equipment | 3 - 4 years |
| Plant, machinery and motor vehicles     | 4 years     |

**Operating Leases**

Rental costs under operating leases are charged to the profit and loss account over the period of the lease.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Pensions**

The group operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives within the group.

**2 Turnover**

Turnover comprises subscriptions from members and other receipts, and is earned in the United Kingdom.

**3 Operating Costs**

|                         | <i>Group</i>     | <i>Group</i>     | <i>BBPA</i>      | <i>BBPA</i>      |
|-------------------------|------------------|------------------|------------------|------------------|
|                         | <i>2003</i>      | <i>2002</i>      | <i>2003</i>      | <i>2002</i>      |
|                         | £                | £                | £                | £                |
| Staff costs:            |                  |                  |                  |                  |
| - Wages and salaries    | 857,894          | 841,356          | 857,894          | 841,356          |
| - Social security costs | 91,164           | 87,914           | 91,164           | 87,914           |
| - Pension costs         | 150,299          | 157,143          | 150,299          | 157,143          |
| - Other staff costs     | 103,772          | 106,070          | 103,772          | 106,070          |
| Depreciation            | 107,739          | 115,839          | 107,739          | 115,839          |
| Other operating charges | 3,424,829        | 1,251,790        | 1,276,760        | 1,219,802        |
|                         | <b>4,735,697</b> | <b>2,560,112</b> | <b>2,587,628</b> | <b>2,528,124</b> |

Reorganisation income includes the writing back of an accrual for legal fees which is no longer required and a staff redundancy. (2002 - relocation to new offices and a staff redundancy.)

Included within other operating charges for the group for 2003 is a Gift Aid payment of £2,093,600 to The Institute & Guild of Brewing.

**4 Operating Deficit**

|   | <i>Group</i>   | <i>Group</i>   | <i>BBPA</i>    | <i>BBPA</i>    |
|---|----------------|----------------|----------------|----------------|
|   | <i>2003</i>    | <i>2002</i>    | <i>2003</i>    | <i>2002</i>    |
|   | £              | £              | £              | £              |
| This is stated after charging:              |                |                |                |                |
| Hire of plant and machinery                 | 39,583         | 37,698         | 39,583         | 37,698         |
| Leasehold property rents                    | 103,606        | 105,737        | 103,606        | 105,737        |
| Auditors' remuneration - audit services     | 7,400          | 8,300          | 6,600          | 7,500          |
| Auditors' remuneration - non audit services | 1,825          | 0              | 1,700          | 0              |
|   | <b>152,414</b> | <b>151,735</b> | <b>151,489</b> | <b>150,935</b> |

**5 Council Members and Employees**

None of the Council members receive any remuneration.

The Association and its subsidiaries employed an average of 22 persons during the period (2002 - 24)

**6 Other Income**

|                                   |                  |                |                |                  |
|-----------------------------------|------------------|----------------|----------------|------------------|
| Loss on sale of investments       | (24,358)         | (22,812)       | (24,358)       | (22,812)         |
| Profit on sale of tangible assets | 8,118            | 4,819          | 8,118          | 4,819            |
| Profit on sale of building        | 3,250,000        | 0              | 0              | 0                |
| Dividends from listed investments | 28,800           | 29,291         | 28,800         | 29,291           |
| Dividend from group undertaking   | 0                | 0              | 136,627        | 6,000,000        |
| Interest income                   | 386,173          | 351,166        | 239,351        | 233,925          |
|                                   | <b>3,648,733</b> | <b>362,464</b> | <b>388,538</b> | <b>6,245,223</b> |

**7 Taxation on ordinary activities**

|  | <i>Group</i><br><i>2003</i> | <i>Group</i><br><i>2002</i> | <i>BBPA</i><br><i>2003</i> | <i>BBPA</i><br><i>2002</i> |
|--|-----------------------------|-----------------------------|----------------------------|----------------------------|
|  | £                           | £                           | £                          | £                          |
| <b>a) Analysis of charge in period</b> |                             |                             |                            |                            |
| Current tax:                           |                             |                             |                            |                            |
| UK Corporation tax                     | 376,822                     | 4,391                       | 0                          | 0                          |
| Over/under provision in prior year     | 0                           | 0                           | 0                          | 0                          |
| Total current tax                      | 376,822                     | 4,391                       | 0                          | 0                          |
| Deferred Tax                           | 0                           | 0                           | 0                          | 0                          |
| Taxation on ordinary activities        | 376,822                     | 4,391                       | 0                          | 0                          |

**b) Factors affecting tax charge for the period**

The tax charge for the period is higher than the standard rate of income tax in the UK of 30% (2002:19.5%).

The differences are explained below.

|   |                  |                |                |                  |
|---|------------------|----------------|----------------|------------------|
| <b>Surplus/(deficit) on ordinary activities before taxation</b>                         | <b>1,257,357</b> | <b>(4,275)</b> | <b>127,425</b> | <b>5,916,979</b> |
| Expected tax charge/(credit) at standard rate of UK corporation tax of 30% (2002:19.5%) | 377,207          | (834)          | 38,228         | 1,153,811        |
| Effects of:   |                  |                |                |                  |
| Expenses not deductible for tax purposes  | 3,428            | 5,996          | 3,428          | 2,768            |
| Depreciation for year less capital allowances   | 9,833            | 4,106          | 9,833          | 4,106            |
| Untaxed dividends   | (8,683)          | (5,712)        | (49,628)       | (1,175,712)      |
| Profit on disposal of fixed assets  | (2,435)          | (940)          | (2,435)        | (940)            |
| Loss on the sale of investments   | 2,654            | 1,775          | 2,654          | 0                |
| Adjustment in respect of capital gain on sale of property                               | 0                | 0              | 0              | 0                |
| Over/under provision in prior year  | 0                | 0              | 0              | 0                |
| Effect of different tax rates   | (3,104)          | 0              | 0              | 0                |
| Losses group relieved   | 0                | 0              | 0              | 15,967           |
| Marginal Relief   | (101)            | 0              | (101)          | 0                |
| Offset against tax losses carried forward   | (1,979)          | 0              | (1,979)        | 0                |
| Tax charge  | 376,822          | 4,391          | 0              | 0                |

**8 Tangible Assets***Group and Association***Cost or valuation:**

At 1 October 2002

Additions

Disposals

At 30 September 2003

|                      | £                   | £                | £               | £              |
|----------------------|---------------------|------------------|-----------------|----------------|
|                      | <i>Leasehold</i>    | <i>Fixtures</i>  | <i>Motor</i>    |                |
|                      | <i>Improvements</i> | <i>and plant</i> | <i>vehicles</i> | <i>Total</i>   |
| At 1 October 2002    | 122,766             | 175,934          | 172,828         | 471,528        |
| Additions            | 0                   | 3,303            | 63,231          | 66,534         |
| Disposals            | 0                   | 0                | (91,136)        | (91,136)       |
| At 30 September 2003 | <b>122,766</b>      | <b>179,237</b>   | <b>144,923</b>  | <b>446,926</b> |

**Depreciation:**

At 1 October 2002

Charge for the period

Disposals

At 30 September 2003

|                       |               |                |               |                |
|-----------------------|---------------|----------------|---------------|----------------|
| At 1 October 2002     | 29,531        | 65,872         | 108,188       | 203,591        |
| Charge for the period | 28,067        | 44,100         | 35,572        | 107,739        |
| Disposals             | 0             | 0              | (85,304)      | (85,304)       |
| At 30 September 2003  | <b>57,598</b> | <b>109,972</b> | <b>58,456</b> | <b>226,026</b> |

**Net Book Value:**

At 30 September 2003

At 30 September 2002

|                      |               |               |               |                |
|----------------------|---------------|---------------|---------------|----------------|
| At 30 September 2003 | <b>65,168</b> | <b>69,265</b> | <b>86,467</b> | <b>220,900</b> |
| At 30 September 2002 | 93,235        | 110,062       | 64,640        | 267,937        |

**9 Investments**

Shares in subsidiaries

Listed in Great Britain

Listed overseas

Cash on deposit

|                         | <i>Group</i>     | <i>Group</i> | <i>BBPA</i>      | <i>BBPA</i> |
|-------------------------|------------------|--------------|------------------|-------------|
|                         | <i>2003</i>      | <i>2002</i>  | <i>2003</i>      | <i>2002</i> |
|                         | £                | £            | £                | £           |
| Shares in subsidiaries  | 0                | 0            | 6                | 2,700       |
| Listed in Great Britain | <b>1,032,087</b> | 1,049,291    | <b>1,032,087</b> | 1,049,291   |
| Listed overseas         | <b>515,926</b>   | 515,926      | <b>515,926</b>   | 515,926     |
| Cash on deposit         | <b>5,498</b>     | 13,832       | <b>5,498</b>     | 13,832      |
|                         | <b>1,553,511</b> | 1,579,049    | <b>1,553,517</b> | 1,581,749   |

The market value at 30 September 2003 of listed investments and cash held by the group and the Association was £1,397,861 (30 September 2002 - £1,189,080).

The wholly-owned subsidiaries at 30 September 2003 were Brewing Publications Limited which publishes and sells brewing industry literature and The Brewing Research Foundation Limited and its subsidiary Research Property Company Limited. These companies are incorporated and operate principally in Great Britain. All shares held are ordinary shares.

# British Beer & Pub Association

Notes to the Accounts  
at 30 September 2003

## 10 Debtors

|                                    | <i>Group</i><br><i>2003</i> | <i>Group</i><br><i>2002</i> | <i>BBPA</i><br><i>2003</i> | <i>BBPA</i><br><i>2002</i> |
|------------------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|
| <i>Amounts due within one year</i> | <i>£</i>                    | <i>£</i>                    | <i>£</i>                   | <i>£</i>                   |
| Trade debtors                      | 645                         | 2,083                       | 0                          | 0                          |
| Amounts owed by group undertakings | 0                           | 0                           | 15,173                     | 5,549                      |
| VAT debtor                         | 12,684                      | 49,352                      | 11,912                     | 48,311                     |
| Other debtors                      | 288,891                     | 129,965                     | 242,306                    | 129,965                    |
| Prepayments and accrued income     | 68,259                      | 130,608                     | 68,259                     | 130,608                    |
|                                    | <b>370,479</b>              | <b>312,008</b>              | <b>337,650</b>             | <b>314,433</b>             |

## 11 Cash and Cash Equivalents

*Cash at bank and in hand*

|                           |                  |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|------------------|
| At 1 October 2002         | 8,715,102        | 9,063,275        | 5,660,110        | (623,731)        |
| Net cash inflow/(outflow) | 984,954          | (348,173)        | (102,241)        | 6,283,841        |
| At 30 September 2003      | <b>9,700,056</b> | <b>8,715,102</b> | <b>5,557,869</b> | <b>5,660,110</b> |

## 12 Creditors

*Amounts falling due within one year*

|                                    |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|
| Trade creditors                    | 13,176         | 7,479          | 0              | 0              |
| Amounts owed to group undertakings | 0              | 0              | 0              | 358            |
| Taxation and social security       | 408,614        | 35,460         | 32,719         | 32,158         |
| Other creditors                    | 103,739        | 222,751        | 103,542        | 222,529        |
| Accruals                           | 177,073        | 346,382        | 172,448        | 335,382        |
|                                    | <b>702,602</b> | <b>612,072</b> | <b>308,709</b> | <b>590,427</b> |

## 13 Deferred Taxation

*The potential amount of deferred tax not provided for the Association is:*

|  |                  |                  |
|--|------------------|------------------|
| Capital Allowances in excess of depreciation | 4,682            | 24,473           |
| Trading Losses                               | (291,291)        | (293,270)        |
|  | <b>(286,609)</b> | <b>(268,797)</b> |

The potential tax asset of the group and company arising from tax losses carried forward and excess depreciation over capital allowances are set out above. As the recoverability of these amounts in the foreseeable future is uncertain, the potential deferred tax assets have not been recognised.

## 14 Reserves

|                                  |                   |                   |                  |                  |
|----------------------------------|-------------------|-------------------|------------------|------------------|
| At 1 October 2002                | 10,271,626        | 10,280,292        | 7,233,802        | 1,316,823        |
| Surplus/(deficit) for the period | 880,535           | (8,666)           | 127,425          | 5,916,979        |
| At 30 September 2003             | <b>11,152,161</b> | <b>10,271,626</b> | <b>7,361,227</b> | <b>7,233,802</b> |

Each member of the Association is guarantor for £1.

**15 Financial Commitments**

There are no amounts authorised but not contracted for by the group and the Association (2002 - £nil)

The Association has annual commitments under non-cancellable operating leases as set out below:

|                          | <i>Land &amp; buildings</i> |                | <i>Plant &amp; machinery</i> |               |
|--------------------------|-----------------------------|----------------|------------------------------|---------------|
|                          | <i>2003</i>                 | <i>2002</i>    | <i>2003</i>                  | <i>2002</i>   |
|                          | <i>£</i>                    | <i>£</i>       | <i>£</i>                     | <i>£</i>      |
| Leases expiring:         |                             |                |                              |               |
| Within one year          | 0                           | 0              | 0                            | 0             |
| Within two to five years | 100,340                     | 100,340        | 40,060                       | 38,152        |
| Thereafter               | 0                           | 0              | 0                            | 0             |
|                          | <b>100,340</b>              | <b>100,340</b> | <b>40,060</b>                | <b>38,152</b> |

**16 Related Party Transactions**

No details are shown of related party transactions with companies in which the ultimate parent company holds 90% or more of the voting rights in line with the exemptions stated in Financial Reporting Standard 8.

**17 Ultimate controlling party**

There is no ultimate controlling party.

**18 Pension Commitments**

The Association contributes to a defined benefit pension scheme for its employees. The assets of the scheme are held by trustees separately from those of the Association. As at 1 July 2000 this defined pension scheme was closed to new employees. Future new employees will go into a money purchase stakeholder scheme. A full actuarial valuation of the defined benefit scheme was carried out at 1/10/2002 and updated to 30/9/2003 by a qualified actuary. The major assumptions used by the actuary to calculate the scheme liabilities under FRS17 were in nominal terms:

|   | At year end<br>30/09/2003 | At year end<br>30/09/2002 | At year end<br>30/09/2001 |
|---|---------------------------|---------------------------|---------------------------|
| Rate of increase in salaries              | 3.90%                     | 3.50%                     | 3.70%                     |
| Rate of increase of pensions in payment   | 2.70%                     | 2.30%                     | 2.50%                     |
| Rate of increase of pensions in deferment | 2.70%                     | 2.30%                     | 2.50%                     |
| Discount Rate                             | 5.30%                     | 5.40%                     | 2.50%                     |
| Inflation Assumption                      | 2.70%                     | 2.30%                     | 2.30%                     |

The assets of the scheme and the expected rate of return were:

|   | Long-Term    |            | Long-Term    |            | Long-Term    |            |
|---|--------------|------------|--------------|------------|--------------|------------|
|   | Asset Return | Value at   | Asset Return | Value at   | Asset Return | Value at   |
|   | Expected     | Year End   | Expected     | Year End   | Expected     | Year End   |
|   | at year end  | 30/09/2003 | at year end  | 30/09/2002 | at year end  | 30/09/2001 |
|   | 30/09/2003   | £000's     | 30/09/2002   | £000's     | 30/09/2001   | £000's     |
| Equities  | 5.00%        | 3,455      | 7.40%        | 3,050      | 8.10%        | 3,777      |
| Bonds   | 3.00%        | 998        | 4.90%        | 798        | 6.10%        | 718        |
| Property  | 4.00%        | 93         | 5.90%        | 136        | 6.60%        | 197        |
| Total market value of assets                                  |              | 4,546      |              | 3,984      |              | 4,692      |
| Actuarial value of liability                                  |              | (7,733)    |              | (7,988)    |              | (6,385)    |
| Recoverable surplus/(deficit) in the scheme                   |              | (3,187)    |              | (4,004)    |              | (1,693)    |
| Related deferred tax asset/(liability)                        |              | 0          |              | 0          |              | 0          |
| Net pension asset/(liability)                                 |              | (3,187)    |              | (4,004)    |              | (1,693)    |
| Net pension asset/(liability) attributable to the Association |              | (2,205)    |              | (2,771)    |              | (1,036)    |

The British Beer & Pub Association provides pensions for its employees through a group pension fund, which is administered and maintained independently of the Association's finances. The fund is a defined benefit scheme which was established to enable a number of autonomous but related employers to operate a pension scheme among a wider membership base. As such it is not possible for individual employers to identify its share of the movement in the reserves and gains and losses of the fund.

The share of the pension deficit for which the Association is accountable in 2003 and 2002 has been calculated on the basis of its active and deferred membership liabilities as at 30 September 2002. This amounts to 69.2% (2002 - 69.2%; 2001 - 61.2%). In 2001 the share of the deficit was based on the total pensionable payroll as at 30/9/2001.

**Net Assets**

|  |         |         |         |
|--|---------|---------|---------|
| Net assets excluding pension asset/(liability) | 11,152  | 10,272  | 10,280  |
| Pension liability                              | (2,205) | (2,771) | (1,036) |
| Net assets including pension liability         | 8,947   | 7,501   | 9,244   |

**Reserves**

|  |         |         |         |
|--|---------|---------|---------|
| Income and expense reserve excluding pension liability | 11,152  | 10,272  | 10,280  |
| Pension liability                                      | (2,205) | (2,771) | (1,036) |
| Income and expense reserve                             | 8,947   | 7,501   | 9,244   |