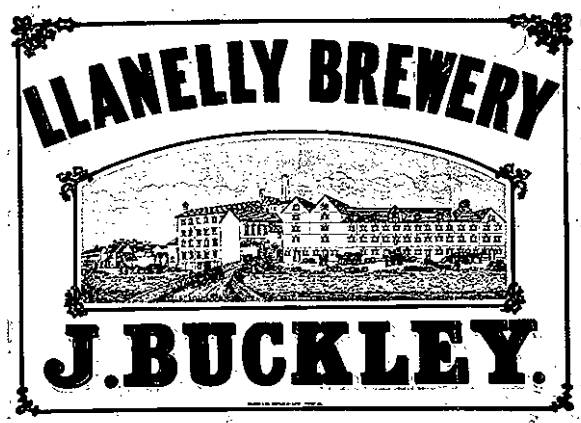


CHAIRMAN'S REVIEW

The year to 30th September 1995 has been a challenging one for Brewers in South Wales. The overall market is still in decline as the pressure on disposable income from alternative leisure activities continues. It is difficult to improve margins significantly in such a competitive trading environment without adverse effect either on the quality of the product or the level of service to the customer. As you are aware your Company believes these elements of its activities are crucial to sustained success, and they will not be compromised.

The results of the Company's operations are set out in the Directors' Report and Accounts, and show turnover of £21.3 million and operating profit of £0.9 million. Gross margins have improved slightly and operating profit was satisfactory taking account of all the circumstances, but on a strict pro-rata basis was a little disappointing. This is due firstly to trading volumes which were lower than planned and secondly to the significant investments, discussed below, in new products, free trade, and public houses, aimed at building future success. Net assets of the Group have increased to £7.7 million from £7.5 million last year.

I commented last year on new senior appointments in Sales and Marketing, and proposals to improve our product range. To support a refocused approach to the market and after extensive research the Crown Buckley range of cask ales was relaunched with distinctive new badging under the 'Putting the Ale in Wales' banner.



AROLWG Y CADEIRYDD

Bu'r flwyddyn hyd at 30ain Medi 1995 yn un llawn her i Fragwyr yn Ne Cymru. Mae'r farchnad yn gyffredinol yn dal i ddirywio wrth i'r pwysau ar incwm i'w wario o du gweithgareddau hamdden eraill barhau. Mae'n anodd gwella maint yr elw yn sylweddol mewn amgylchedd masnachu cystadleuol heb amharu ar naill ai ansawdd y cynnyrch neu lefel y gwasanaeth i'r cwsmer. Fel y gwyddoch mae eich Cwmni yn credu bod yr elfennau hyn o'i weithgareddau yn hollbwysig i gynnal llwyddiant, ac ni chânt eu cyfaddawdu. Nodir canlyniadau gweithrediadau'r Cwmni yn Adroddiad y Cyfarwyddwyr a'r Cyfrifon, a dangosant drosiant o £21.3 miliwn ac elw gweithredol o £0.9 miliwn. Mae maint gros yr elw wedi gwella ychydig ac roedd yr elw gweithredol yn foddhaol o gofio'r holl amgylchiadau, ond ar sail pro-rata gaeth roedd ychydig yn siomedig. Mae hyn yn gyntaf oherwydd maint masnachu a oedd yn is na'r disgwyl ac yn ail oherwydd y buddsoddiadau sylweddol, a drafodir isod, mewn cynnyrch newydd, masnach rydd, a thafarndai, sy'n anelu at adeiladu llwyddiant yn y dyfodol. Mae asedau net y Grŵp wedi cynyddu i £7.7 miliwn o £7.5 miliwn y llynedd.





Executive Directors - right to left

MIKE SALTER
Managing Director

RICHARD CUNNINGHAM
Deputy Managing Director &
Operations Director

PHIL MOORE
Sales Director

JAMES BARRETT
Finance Director &
Company Secretary



DAVID INNS
Non-Executive Chairman



JEFF HARRIS
Non-Executive Director



ANDY SMITH
Non-Executive Director

Two new cask products - James Buckley Ale at 3.9% ABV, and CPA at 3.4% ABV were successfully introduced in the Spring. In September Buckleys Best Bitter keg was re-launched as a 'smooth' nitrogenated product. Initial reactions from the trade and consumers are very encouraging and we now believe we have a range of draught ale and lager products second to none. This view is supported by trading volumes in the first three months of the new financial year which are showing an improvement against last year in a market still in decline.

For the take home trade the company recently launched a 'widget' can version of Buckleys Best Bitter and this is or will be appearing in a number of supermarket and major cash and carry chains. This initiative is likely to be extended to other products in 1996.

The significant expenditure involved in these developments is essential to consolidate our position in the market place for the future.

A new bottling line was installed at Pontyclun in February to enable us to service the increasing demands for contract packaging and we continue to develop our brewing and kegging contracts for other Brewers. Contracting has become a significant contributor to profit and provides an opportunity to add value to the Company's operations.

The vital relationship between the Company and the Shareholder Clubs with whom it trades is as strong as ever but as we suggested last year the trading realities dictate that we also seek new profit opportunities elsewhere. The accounts show that we increased our investment in the free trade by a gross figure of almost £1.7 million (1993/94 - £1.5 million).

Cyfeiriais y llynedd at uwch benodiadau newydd mewn Gwerthiant a Marchnata, ac argymhellion i wella ein hystod cynnyrch. I ategu ymagwedd newydd tuag at y farchnad ac ar ôl ymchwil helaeth, ail-lansiwyd amrywiaeth cwrw casgen Crown Buckley gydag arwydd newydd o dan y faner 'Putting the Ale in Wales'.

Cyflwynwyd dau gynnyrch casgen newydd - Cwrw James Buckley gyda 3.9% ABV a CPA gyda 3.4% ABV yn llwyddiannus yn y Gwanwyn. Ym mis Medi ail-lansiwyd cwrw casgen Buckleys Best Bitter fel cynnyrch 'esmwyth' gyda nitrogen. Roedd yr ymateb cychwynnol gan fasnachwyr a defnyddwyr yn galonogol iawn a chredwn yn awr fod gennym amrywiaeth o gwrw casgen a lager heb eu tebyg. Ategir y farn hon gan faint y masnachu yn nhri mis cyntaf y flwyddyn ariannol newydd sy'n dangos gwelliant yn erbyn y flwyddyn ddiwethaf mewn marchnad sydd yn dal i ddirywio.

Ar gyfer y fasnach gartref, lansiodd y cwmni fersiwn can 'widget' o Buckleys Best Bitter yn ddiweddar a bydd hyn yn ymddangos mewn nifer o archfarchnadoedd a siopau 'cash and carry' os nad ydyw'n barod. Mae'n debyg y bydd y fenter hon yn cael ei hymestyn i gynnyrch eraill ym 1996.

Mae'r gwariant sylweddol sy'n gysylltiedig â'r datblygiadau hyn yn hanfodol i atgyfnerthu ein safle yn y farchnad yn y dyfodol.



We have purchased four public houses during the financial year at a cost of £0.8m. Progress in this area has not been as fast as we had hoped but prices remain high for the better prospects and we need to take a very hard-nosed approach to major investments of this nature.

The cost of financing our investments explains the significant increase in the costs of borrowing shown in the Accounts. For small highly-g geared Companies like ours every effort that the Chancellor can make to reduce the interest burden will increase our opportunities to invest for profitable expansion.

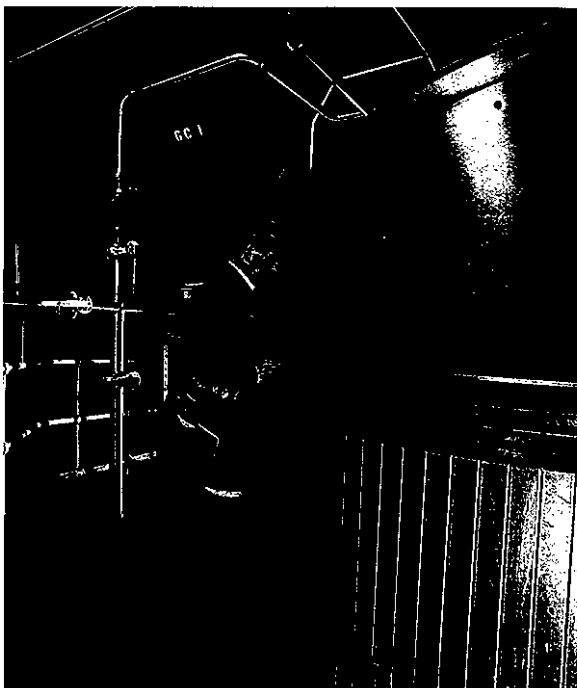
I have talked about the strength of our trading relationships. The Company's relationship with all the people who work in it is just as crucial. I would like to thank them all for the unstinting effort and loyalty they have demonstrated during the last year. I would also like to thank the elected members of the Advisory Committee for the support, help and advice they have given to the Management of the Company both in formal meetings and in the trade. Mel Jenkins and Harry Pidgeon have represented the CIU and played a full and useful part. I thank them also.



Gosodwyd llinell potelu newydd ym Mhontyclun ym mis Chwefror i'n galluogi i wasanaethu'r galwadau cynyddol am becynnu cytundebol ac rydym yn parhau i ddatblygu ein cytundebau bragu a chasgen ar gyfer Bragwyr eraill. Mae cytundebu wedi dod yn ddull sylweddol o gyfrannu tuag at elw ac yn rhoi cyfle i ychwanegu gwerth at weithrediadau'r Cwmni.

Mae'r berthynas hanfodol rhwng y Cwmni a'r Clybiau Cyfranddalwyr sy'n gwneud busnes gydag ef, mor gryf ag erioed ond fel yr awgrymwyd gennym y llynedd mae gwirioneddau masnachu yn gofyn ein bod hefyd yn chwilio am gyfleoedd elw newydd rywle arall. Mae'r cyfrifon yn dangos ein bod wedi cynyddu ein buddsoddiad yn y fasnach rydd gan ffigwr gros o bron i £1.7 miliwn (1993/94 - £1.5 miliwn). Rydym wedi prynu pedair tafarn yn ystod y flwyddyn ariannol am £0.8m. Nid yw cynnydd yn y maes hwn wedi bod mor gyflym â'r disgwyl ond erys prisiau yn uchel iawn ar gyfer rhagolygon gwell ac mae angen i ni gymryd ymagwedd wynebgaled tuag at fuddsoddiadau mawr o'r natur hon. Mae cost ariannu ein buddsoddiadau yn egluro'r cynnydd sylweddol yn y costau benthyca a ddangosir yn y Cyfrifon. Ar gyfer Cwmnïau bach penodol-gystadleuol fel ein cwmni ni, bydd pob ymdrech y gall y Canghellor ei gwneud i leihau'r baich llog yn cynyddu ein cyfleoedd i fuddsoddi ar gyfer tyfu gydag elw.

Rwyf wedi siarad am gryfder ein cysylltiadau masnachu. Mae perthynas y Cwmni â'r holl bobl sy'n gweithio ynddo yr un mor bwysig. Hoffwn ddiolch i bob un ohonynt am yr ymdrech a'r teyrngarwch a ddangoswyd ganddynt yn ystod y flwyddyn ddiwethaf. Hoffwn ddiolch hefyd i aelodau etholedig y Pwyllgor Ymgynghorol am y gefnogaeth, y cymorth a'r cyngor a roddwyd i Reolwyr y Cwmni mewn cyfarfodydd ffurfiol ac ar lefel masnachu. Mae Mel Jenkins a Harry Pidgeon wedi cynrychioli'r CIU ac wedi chwarae rhan lawn a defnyddiol. Diolch hefyd iddynt hwy.



We were all saddened by the sudden death of Mike Hooper. He had played an important role in the early months of the new Company.

No report would be complete without reference to the increasing illegal imports from the Continent. This continues to be a real threat particularly to smaller brewers like ourselves and our employees. The Government must take steps to equate levels of duty between the United Kingdom and Europe.

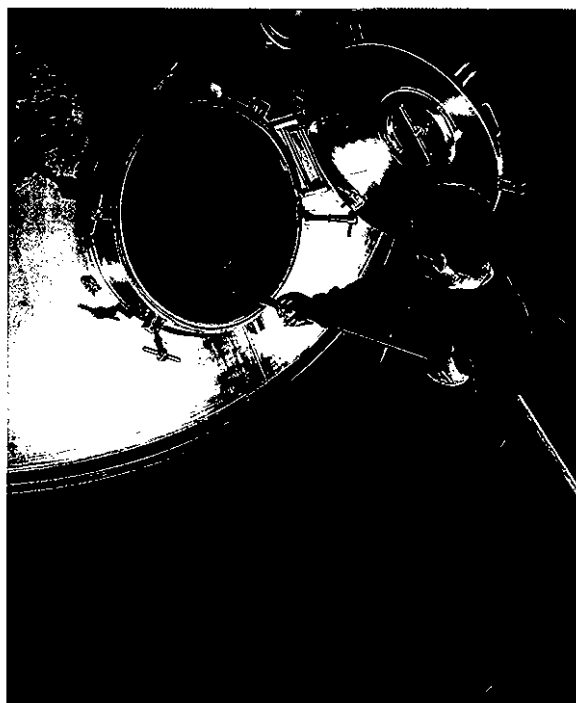
The Company has made progress in the last twelve months and much of the achievement should bear fruit in the future. We cannot however assume that the market place or economic environment will improve in the near term. We need therefore to take the opportunities which present themselves to us and to build on the strengths the Company undoubtedly has, its customers, its people, its products and its service. I have every confidence that it will do that.

Tristwch o'r mwyaf i ni gyd oedd clywed am farwolaeth sydyn Mike Hooper. Roedd wedi chwarae rhan bwysig ym misoedd cynnar y Cwmni newydd.

Ni fyddai unrhyw adroddiad yn gyflawn heb gyfeirio at y mewnforyon anghyfreithlon cynyddol o'r Cyfandir. Mae hyn yn parhau i fod yn fygythiad gwirioneddol yn enwedig i fragwyr llai fel ni a'n gweithwyr. Mae'n rhaid i'r Llywodraeth gymryd camau i gydraddoli lefelau mewnforyo rhwng y Deyrnas Gyfunol ac Ewrop.

Mae'r Cwmni wedi gwneud cynnydd yn y deuddeg mis diwethaf a dylai llawer o'r hyn a gyflawnwyd ddwyn ffrwyth yn y dyfodol. Fodd bynnag, ni allwn gymryd yn ganiatâol y bydd y farchnad neu'r amgylchedd economaidd yn gwella yn y dyfodol agos. Felly mae angen i ni gymryd y cyfleoedd sy'n codi ac adeiladu ar y cryfderau heb os sydd gan y Cwmni, ei gwsmeriaid, ei bobl, ei gynnyrch a'i wasanaeth. Rwyf yn gwbl ffyddiog y bydd yn gwneud hynny.

David Inns
Chairman
Cadeirydd





YOU'RE MISSING THE
BEST BIT



QUALITY AND CHOICE

South Wales is one of the most discerning beer markets in the UK and one in which the demand for traditional ales is increasing. Crown Buckley combines two fine Welsh brewing heritages and with nearly 250 years of brewing tradition, the Company has a thorough understanding of the market demands.

Crown Buckley's cask conditioned ales are brewed traditionally in Llanelli, Dyfed, using only the finest ingredients to provide a high quality range. During 1994 consumer research was undertaken which gave direction to a total redesign for Buckleys Best Bitter, a 'family look' for other ales, and opportunities for new product development. Buckleys Best Bitter, at 3.7% ABV, is Crown Buckley's highest volume brand with virtually all accounts pouring either the cask conditioned form or the nitrogenated brewery conditioned form. The new look for Buckleys Best Bitter takes its circular shape from a celtic cross. A hint of red surrounding the image of a bard contrasts with the main colours of blue and cream to engender impact at the bar whilst maintaining a link with past heritage.

FLEXIBILITY AND VALUE

The range of products sold by licensed premises which are serviced by Crown Buckley include many categories in addition to ales. Retailers and consumers in the 1990's have become increasingly 'value conscious' and consequently have demanded higher quality for less cost. Crown Buckley, therefore, in addition to its fine ales, provides market leading lagers such as Kronenbourg 1664, Fosters Lager and Harp. Both draught and bottled national ales are available in addition to the top names in ciders and minerals. The range of wines and spirits offered has been fully reviewed and improved to meet the growing demand in the market.





INNOVATION

In brewery conditioned form, Buckleys Best Bitter has become Crown Buckley's first nitrogenated 'smooth' product and indeed was the first such product from a Welsh regional brewer. Wales has always had an eye for a good looking pint and the thick, creamy head on top of a bright beer, which is full of taste, is a powerful combination. Initial consumer reaction tells us we have a winner.

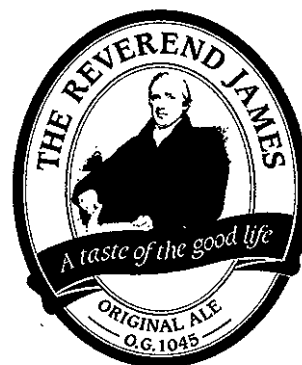
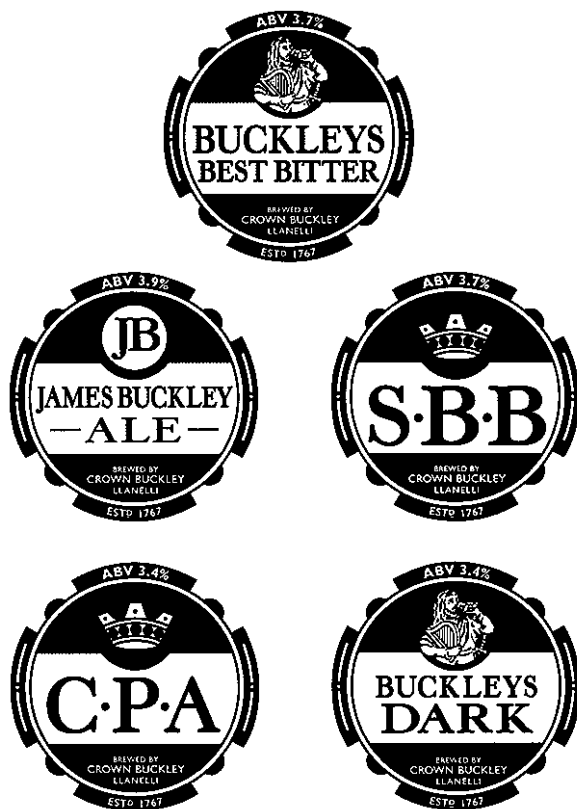
Buckleys Best Bitter was relaunched in a widget can, with a colour scheme reflecting that of the draught product, adapted to gain significant impact on shelves in major supermarkets and convenience stores in the South Wales region. The 'widget' device contained within the can ensures a thick, creamy head for the take home drinker.

Consumer research was conducted to test the new design for Buckleys Best Bitter, to identify gaps in the brand portfolio, and to identify names for new brands. In respect of

names, the research indicated that drinkers were interested in brand names which were part of the brewing heritage. Two new brands were added to the cask conditioned range in 1995; one with 'Buckley' in the name, the other with 'Crown'. Firstly, as a complement to Buckleys Best Bitter in the middle gravity market, James Buckley Ale, at 3.9% ABV, was launched with advertising support which stressed the 'JB' bar call, for example: 'Just Brilliant'. Consumer research showed that all drinkers interviewed preferred the taste of JB to their usual pint. Secondly, as a value for money proposition, CPA in cask conditioned form, at 3.4% ABV, was launched. Draught CPA proved an overnight success to ensure that the 'champagne of the valleys' name will live on.

Crown Buckley is committed to providing local ales for local tastes so long as demand exists at an economic level. Such local ales include Buckleys Dark, an all malt mild ale with an ABV of 3.4% and SBB which has ABV of 3.7% with a rounded, mature hop palate and a rich finish.

The premium brand in Crown Buckley's range is Reverend James Original Ale, named after the eighteenth century founder of the brewery. Full bodied and warming, rich in palate, spicy and aromatic, the beer is brewed to 4.5% ABV using a century old recipe. 'The Reverend' is regularly appearing as a guest beer throughout South Wales and South West England.





PUTTING THE ALE IN WALES

The advent of nitrogenated 'smooth' beer means that Crown Buckley, which is equally committed to cask ales, can now offer a truly comprehensive range of ales in a variety of ways. The combination of commercial confidence and close connection with the community means that Crown Buckley can continue to live up to the slogan 'Putting the Ale in Wales'.

Sponsorship remains a key element, involving the Company and its brands at local level. Buckleys Best Bitter is involved in a wide range of local rugby, soccer, snooker, darts, pool and quizzes emphasising its position as the local pint throughout South Wales.

At a Company level, Crown Buckley is associated with high profile events such as The Welsh Proms at St David's Hall, The Pontardawe Festival and Chapter Arts Centre. In 1995, a new venue was found for The Welsh Jazz Society in central Cardiff, which provided a branding opportunity for Crown Buckley in front of a discerning audience.

OPPOSITE: The Brunel Arms, Pontyclun

BELOW: Sales Director, Phil Moore with winners of the Llanharry Giant Vegetable Show.

BELOW RIGHT: Managing Director, Mike Salter, with Peter Hain, MP at the opening of The Pontardawe Inn.



ABOVE: 'The Four Bars in Sandys', Cardiff - a new venue for The Welsh Jazz Society

BELOW: Deputy Managing Director, Richard Cunningham, and Head Brewer, Don Jeffrey, with Gary Coles and Rory Gowland of Swansea CAMRA, announcing the 10th Annual Swansea Beer Festival.



LOYALTY PAYS

The motto of the former Crown Brewery was 'Loyalty Pays' which reflected the close ties with customers in the South Wales heartland.

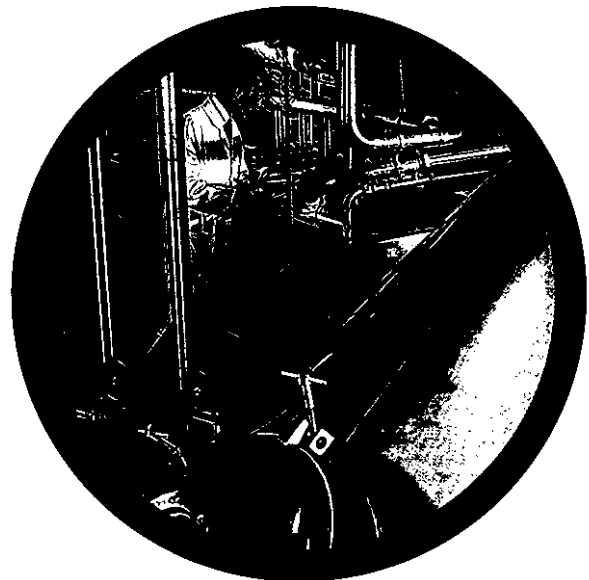
Loyalty is as important a factor as it ever was. In today's licensed trade, Crown Buckley takes considerable steps to maintain loyalty. Excellent products, new products, an energetic and expert sales team, flexible and efficient distribution and technical services departments are all expected by the customer and delivered by Crown Buckley. Long service is also an important reflection of loyalty and many employees of Crown Buckley have served the Company all their working lives. 'The personal touch' of dealing with a local brewer is appreciated by customers and one which Crown Buckley is committed to keeping.

THE TASK AHEAD

Crown Buckley is committed to a programme of expansion through both free and tied outlets, supported by a growing presence in off trade. An investment programme is already under way to achieve greater awareness for Crown Buckley brands both in South Wales and in the UK as a whole. In 1995 Crown Buckley has shown how an energetic plan of innovation and professionalism, spurred by the confidence of independence, can counter market decline and build customer loyalty as the route to expansion.



Ten employees of Crown Buckley who had achieved 290 years of service between them, received long service awards in 1995.



DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1995. Comparative figures shown are for the 16 months from commencement of trade to 30 September 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company and group were the brewing of beer and the wholesaling and retailing of beer, cider, wines, spirits and minerals.

Turnover for the year was £21,281,000 and the profit before taxation was £573,000.

The Directors' Report should be read in conjunction with the Chairman's Statement which includes a review of the business for the year and an indication of future developments.

DIVIDENDS AND RETAINED PROFIT

During the year, dividends on 8% preferred ordinary shares, 15% "A" preference shares and 8% "B" preference shares have been paid totalling £306,000 (1994 - £368,000). At 30 September 1995 dividends of £14,000 have been accrued, and the retained profit of £201,000 has been transferred to reserves.

DIRECTORS

The directors who held office in the year were:

D G Inns	(Chairman)
J C Harris	
J A Smith	
M A J Salter	
R B Cunningham	
P R Moore	
J S Barrett	
E L Ashford	(Resigned 20 February 1995)
J M Hooper	(Died 15 February 1995)
P Jones	(Appointed 20 February 1995)
B Lansley	(Appointed 20 February 1995)

There have been no changes in directors since 30 September 1995.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The beneficial shareholdings of the directors (including their families) in the company were as follows:

	At 30 September 1995	At 30 September 1994 (or date of appointment)
Ordinary shares		
MA J Salter	47,001	47,001
R B Cunningham	43,000	43,000
P R Moore	30,000	30,000
J S Barrett	30,000	30,000
Preferred ordinary shares		
JA Smith	495	495
"A" preference shares		
D G Inns	500	—
J C Harris	500	—
MA J Salter	2,505	2,505
R B Cunningham	2,005	2,005
P R Moore	1,000	1,000
J S Barrett	1,000	1,000
P Jones	100	100
B Lansley	252	252

ADVISORY COMMITTEE

The following persons served on the Advisory Committee, authorised to represent the holders of "A" preference shares, during the year:

I Evans (Chairman of Advisory Committee)

E L Ashford

M Jenkins *

P Jones

B Lansley

C S Lewis

H J Pidgeon *

R E Thomas

* CIU representatives

EMPLOYEES

Wherever possible consultation takes place with employees or their representatives with the aim of ensuring that their views have been taken into account when decisions which are likely to affect their interests are made.

Applications for employment by disabled persons are fully considered, bearing in mind their aptitudes and abilities. Where a member of staff becomes disabled every effort is made to ensure their employment continues.

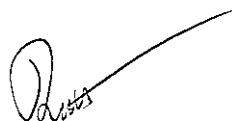
FIXED ASSETS

Movements in fixed assets during the year are shown in note 10 to the accounts. Expenditure in the year includes £771,000 on public house acquisitions and £431,000 on packaging plant at Pontyclun.

AUDITORS

On 1 February 1996 our auditors will change the name under which they practise to Deloitte & Touche. A resolution for the reappointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J S Barrett
Secretary

31 January 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF CROWN BUCKLEY LIMITED

We have audited the financial statements on pages 17 to 35 which have been prepared under the accounting policies set out on pages 20 and 21.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 15 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 company and the group as at 30 September 1995 and of their profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co.

Chartered Accountants and
Registered Auditors

31 January 1996

Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF2 1TS

PROFIT AND LOSS ACCOUNT year ended 30 September 1995

	Note	Group and Company Year ended 30 September 1995 £'000	Group and Company 16 months ended 30 September 1994 £'000
Turnover - continuing operations		21,281	28,253
Cost of sales		14,166	19,158
Gross profit		7,115	9,095
Net operating expenses	2	6,210	7,425
Operating profit - continuing operations	3	905	1,670
Interest receivable and similar income		38	88
Interest payable and similar charges	7	(370)	(297)
Profit on ordinary activities before taxation		573	1,461
Tax on profit on ordinary activities	8	77	107
Profit on ordinary activities after taxation		496	1,354
Dividends	9	295	393
Retained profit transferred to reserves	19	201	961

The only recognised gain for the period was the profit above and accordingly no separate statement of recognised gains and losses is shown.

A statement of movements in reserves is given in notes 17, 18 and 19.

The notes on pages 20 to 35 form part of the financial statements.

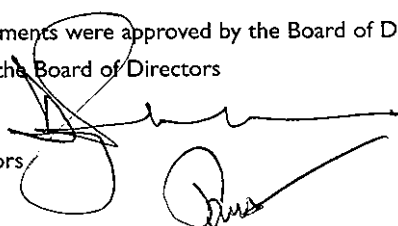
BALANCE SHEETS 30 September 1995

	Note	1995		1994	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Tangible assets	10	5,876	5,876	4,335	4,335
Investments	11	6,812	6,812	6,138	6,138
		<u>12,688</u>	<u>12,688</u>	<u>10,473</u>	<u>10,473</u>
Current assets					
Stocks	12	793	793	762	762
Debtors	13	3,722	3,722	3,158	3,158
Cash at bank and in hand		137	137	1,329	1,329
		<u>4,652</u>	<u>4,652</u>	<u>5,249</u>	<u>5,249</u>
Creditors: amounts falling due within one year	14	<u>(5,152)</u>	<u>(8,850)</u>	<u>(4,942)</u>	<u>(8,640)</u>
Net current assets/(liabilities)		<u>(500)</u>	<u>(4,198)</u>	<u>307</u>	<u>(3,391)</u>
Total assets less current liabilities		12,188	8,490	10,780	7,082
Creditors: amounts falling due after more than one year	14	<u>(3,926)</u>	<u>(3,926)</u>	<u>(2,728)</u>	<u>(2,728)</u>
Provisions for liabilities and charges	15	<u>(545)</u>	<u>(545)</u>	<u>(545)</u>	<u>(545)</u>
		<u>7,717</u>	<u>4,019</u>	<u>7,507</u>	<u>3,809</u>
Capital and reserves					
Called up share capital	16	737	737	719	719
Share premium account	17	1,737	1,737	1,737	1,737
Capital reserve	18	4,081	383	4,090	392
Profit and loss account	19	1,162	1,162	961	961
Total shareholders' funds		<u>7,717</u>	<u>4,019</u>	<u>7,507</u>	<u>3,809</u>
Shareholders' funds are attributable to:					
Equity shareholders' funds		4,805	1,107	4,613	915
Non-equity shareholders' funds		<u>2,912</u>	<u>2,912</u>	<u>2,894</u>	<u>2,894</u>
		<u>7,717</u>	<u>4,019</u>	<u>7,507</u>	<u>3,809</u>

These financial statements were approved by the Board of Directors on 31 January 1996

Signed on behalf of the Board of Directors

D G Inns }
J S Barrett } Directors



CONSOLIDATED CASH FLOW STATEMENT year ended 30 September 1995

	Note	Year ended 30 September 1995		16 months ended 30 September 1994	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	4		1,107		3,610
Returns on investments and servicing of finance					
Interest received		38		88	
Interest paid		(335)		(276)	
Interest element of finance lease rental payments		(35)		(21)	
Dividends paid		(306)		(368)	
Net cash outflow from returns on investments and servicing of finance			(638)		(577)
Taxation					
ACT paid			(77)		(65)
Investing activities					
Purchase of tangible fixed assets		(1,560)		(628)	
Trade loan advances		(1,678)		(1,499)	
Sale of tangible fixed assets		113		29	
Trade loan repayments		881		842	
Cash inflow on acquisition of business	20	-		269	
Repayment of loan to Guinness Plc		(188)		(5,625)	
Acquisition costs paid		-		(738)	
Net cash outflow from investing activities			(2,432)		(7,350)
Net cash outflow before financing			(2,040)		(4,382)
Financing					
Shares issued		9		2,500	
Bank loans received		1,450		2,500	
Grant received		-		1,125	
Bank loan repayments		(583)		(275)	
Capital element of finance lease rental repayments		(262)		(139)	
Net cash inflow from financing	22		614		5,711
(Decrease)/increase in cash and cash equivalents	23		(1,426)		1,329

NOTES TO THE ACCOUNTS year ended 30 September 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiaries Crown Brewery PLC, Crown Buckley Taverns Limited and Filbuk 313 Limited. The financial statements for the subsidiaries are made up to 30 September 1995.

Turnover

Turnover, arising entirely in the UK, represents the value of goods sold to customers during the period excluding Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of fixed assets over the expected useful economic lives of the assets concerned. Additional provision is made as appropriate when a permanent diminution in the value of an asset is identified. The annual depreciation rates are:

- | | | |
|--|---|--------------------------------|
| i) Freehold brewery buildings | - | 2% per annum straight line |
| ii) Freehold public houses | - | Nil, see below |
| iii) Other freehold premises | - | 2% per annum straight line |
| iv) Plant and machinery | | |
| Beer service equipment | - | 10% per annum straight line |
| Kegs and casks | - | 10% per annum straight line |
| Brewery plant and equipment | - | 6 ⅓% per annum straight line |
| v) Motor vehicles | - | 25% per annum reducing balance |
| vi) Fixtures and fittings and computer equipment | - | 20% per annum straight line |

Freehold public houses are not depreciated, it being group policy to maintain them to such standards that the estimated residual values are at least equal to their book values. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where stocks have been produced by the group, cost comprises brewing materials and the attributable proportion of direct labour and overheads incurred in production.

Bottles and cases are stated at net realisable value, which is taken to be the deposit value chargeable to customers.

Grants

Government grants received for the purchase of assets are treated as deferred income and credited to the profit and loss account over the expected economic life of the assets concerned.

NOTES TO THE ACCOUNTS year ended 30 September 1995

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes to the extent that it is probable that a liability for taxation will crystallise.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to the profit and loss account to write off the assets over their expected useful lives.

Finance lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account on a basis which reflects the amounts financed under these arrangements.

All other operating leases and annual rentals are charged to the profit and loss account on a straight line basis over the lease terms.

Pensions

Pension costs are charged to the profit and loss account so as to spread the cost of pensions over the employees' average working lives. Variations from regular pension costs arising from actuarial valuations are charged or credited to the profit and loss account using the "mortgage" method of amortisation.

2. NET OPERATING EXPENSES

	Group and Company Year ended 30 September 1995 £'000	Group and Company 16 months ended 30 September 1994 £'000
Net operating expenses for the period comprise		
Administrative expenses	880	1,017
Establishment costs	3,730	4,337
Brewing costs	655	837
Sales and marketing costs	670	876
Distribution costs	338	411
	<u>6,273</u>	<u>7,478</u>
Other operating income	(63)	(53)
	<u>6,210</u>	<u>7,425</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

3. OPERATING PROFIT

	Group and Company Year ended 30 September 1995 £'000	Group and Company 16 months ended 30 September 1994 £'000
Operating profit for the period is stated after charging		
Auditors' remuneration	22	18
Depreciation on owned fixed assets	402	556
Depreciation on fixed assets held under finance leases and hire purchase contracts	162	79
Directors' emoluments (note 5)	366	389
Rentals under operating leases - hire of plant and machinery	45	119
- other	40	37
and after crediting		
Rentals receivable	33	44

Non audit expenses paid to the auditors during the period amounted to £9,000 (1994-£24,000).

4. RECONCILIATION OF GROUP OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group and Company Year ended 30 September 1995 £'000	Group and Company 16 months ended 30 September 1994 £'000
Operating profit for the period	905	1,670
Depreciation charges	564	635
Profit on sale of tangible fixed assets	(74)	(4)
Provisions made against loans to customers	123	-
Amortisation of grant received	(161)	(143)
(Increase)/decrease in stocks	(31)	299
(Increase)/decrease in debtors	(189)	579
(Decrease)/increase in creditors	(30)	574
	<u>1,107</u>	<u>3,610</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

5. DIRECTORS' EMOLUMENTS

	Group and Company Year ended 30 September 1995 £'000	Group and Company 16 months ended 30 September 1994 £'000
Directors of the company received the following emoluments including pension contributions		
Fees	16	22
Other emoluments	350	367
	<u>366</u>	<u>389</u>
 Directors' emoluments (excluding pension contributions) include amounts at annual rates paid to		
Chairman	15	15
Highest paid director	<u>96</u>	<u>76</u>
	No.	No.
Other directors received amounts in the following bands		
£ 0 - £5,000	6	2
£ 5,001 - £10,000	-	2
£50,001 - £55,000	-	2
£60,001 - £65,000	-	1
£65,001 - £70,000	2	-
£80,001 - £85,000	<u>1</u>	<u>-</u>

Annual amounts of £10,000 (1994-£10,000) and £10,000 (1994-£7,000) were paid to third parties in respect of the services provided to the company by Mr J A Smith and Mr J C Harris respectively.

NOTES TO THE ACCOUNTS year ended 30 September 1995

6. EMPLOYEES

	Group and Company Year ended 30 September 1995 No.	Group and Company 16 months ended 30 September 1994 No.
The average number of persons employed during the period (including directors) was:		
Administration	33	33
Production	64	60
Sales and distribution	77	76
	<u>174</u>	<u>169</u>
	£'000	£'000

Employment costs for the above persons:

Wages and salaries	2,699	3,260
Social security costs	200	266
Other pension costs	24	25
	<u>2,923</u>	<u>3,551</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	£'000	£'000
On finance leases and hire purchase contracts	35	21
On bank loans and overdrafts and other loans repayable within five years	257	276
Other loans	78	-
	<u>370</u>	<u>297</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£'000	£'000
The taxation charge for the period represents:		
Corporation tax at 33% (1994-33%)	-	-
ACT written off	77	107
	<u>77</u>	<u>107</u>

The corporation tax charge has been reduced to £Nil due to the availability of tax losses brought forward from Crown Brewery PLC.

NOTES TO THE ACCOUNTS year ended 30 September 1995

9. DIVIDENDS

	Group and Company Year ended 30 September 1995 £'000	Group and Company 16 months ended 30 September 1994 £'000
Dividends paid in the period:		
15% "A" preference shares	106	125
8% "B" preference shares	176	227
8% preferred ordinary shares	24	16
	<u>306</u>	<u>368</u>
Dividends accrued but not due for payment		
- at beginning of period	(25)	-
- at end of period	14	25
	<u>295</u>	<u>393</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

10. TANGIBLE FIXED ASSETS

Group and Company	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 1994	1,574	6,573	497	980	9,624
Additions	773	1,045	98	228	2,144
Disposals	(43)	(1)	(8)	(110)	(162)
At 30 September 1995	<u>2,304</u>	<u>7,617</u>	<u>587</u>	<u>1,098</u>	<u>11,606</u>
Accumulated depreciation					
At 1 October 1994	155	4,116	450	568	5,289
Charge for the year	29	371	25	139	564
Disposals	(39)	(1)	-	(83)	(123)
At 30 September 1995	<u>145</u>	<u>4,486</u>	<u>475</u>	<u>624</u>	<u>5,730</u>
Net book value					
At 30 September 1995	<u>2,159</u>	<u>3,131</u>	<u>112</u>	<u>474</u>	<u>5,876</u>
At 30 September 1994	<u>1,419</u>	<u>2,457</u>	<u>47</u>	<u>412</u>	<u>4,335</u>

	1995		1994	
	Plant and machinery £'000	Motor vehicles £'000	Plant and machinery £'000	Motor vehicles £'000
Included in the above amounts at 30 September are assets held under finance leases				
Cost	809	502	190	355
Accumulated depreciation	105	154	15	116
Net book value	<u>704</u>	<u>348</u>	<u>175</u>	<u>239</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

11. FIXED ASSET INVESTMENTS

	Investment in subsidiaries £'000	Loans to customers £'000	Total £'000
Cost			
At 1 October 1994	694	7,958	8,652
Shares in subsidiaries acquired during the period	9	-	9
Loan advances during the period	-	1,678	1,678
Loan repayments	-	(881)	(881)
At 30 September 1995	703	8,755	9,458
Provisions			
At 1 October 1994	694	1,820	2,514
Transfer from capital reserve	9	-	9
Provided in the year	-	123	123
At 30 September 1995	703	1,943	2,646
Net book value			
At 30 September 1995	-	6,812	6,812
At 30 September 1994	-	6,138	6,138

The cost of investments in subsidiaries comprises the following:

	1995 £'000	1994 £'000
(a) 703,460 £1 preferred ordinary shares in Crown Brewery PLC (99% of total issued) acquired in exchange for the issue of £1 15% "A" preference shares in the company	703	694
(b) 2,142,000 £1 ordinary shares in Crown Brewery PLC (100% of total issued) acquired on 15 June 1993 for £1	-	-

Crown Brewery PLC is registered in England and Wales, and ceased to trade on 15 June 1993 when its assets and business were transferred to the company

(c) 2 £1 ordinary shares in Filbuk 313 Limited (100% of total issued)

Filbuk 313 Limited is registered in England and Wales and was dormant throughout the period

703	694
-----	-----

NOTES TO THE ACCOUNTS year ended 30 September 1995

12. STOCKS

	Group and Company 1995 £'000	Group and Company 1994 £'000
Brewing materials	57	53
Beer in process	45	70
Finished goods and goods for resale	612	516
Other items	79	123
	<u>793</u>	<u>762</u>

13. DEBTORS

	1995 £'000	1994 £'000
Amounts falling due within one year		
Trade debtors	3,000	2,860
Other debtors	627	225
Prepayments	95	73
	<u>3,722</u>	<u>3,158</u>

14. CREDITORS

	Group 1995 £'000	Company 1995 £'000	Group 1994 £'000	Company 1994 £'000
Amounts falling due within one year				
Current instalments due on bank loans and overdrafts	805	805	550	550
Obligations under finance leases and hire purchase contracts	252	252	121	121
Trade creditors	948	948	904	904
Amounts owed to subsidiary	-	3,698	-	3,698
Other taxation and social security	1,207	1,207	1,042	1,042
Unsecured investment deposits	96	96	96	96
Dividends accrued	14	14	25	25
Other creditors	1,417	1,417	1,730	1,730
Accruals and deferred income	413	413	474	474
	<u>5,152</u>	<u>8,850</u>	<u>4,942</u>	<u>8,640</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

14. CREDITORS (continued)

	Group 1995 £'000	Company 1995 £'000	Group 1994 £'000	Company 1994 £'000
Amounts falling due after more than one year				
Bank loans	2,521	2,521	1,675	1,675
Obligations under finance leases and hire purchase contracts	423	423	232	232
Accruals and deferred income	982	982	821	821
	<u>3,926</u>	<u>3,926</u>	<u>2,728</u>	<u>2,728</u>
Analysis of loans and overdrafts, finance lease and hire purchase repayments				
Within one year or on demand	1,057	1,057	671	671
Between one and two years	794	794	649	649
Between two and five years	1,320	1,320	1,258	1,258
After five years	830	830	-	-
	<u>4,001</u>	<u>4,001</u>	<u>2,578</u>	<u>2,578</u>

The bank loans and overdrafts are secured by fixed and floating charges over the assets and business of the company. Finance leases and hire purchase contracts are secured on the individual assets concerned.

Bank loans repayable after more than five years are at interest rates of 2.25% above LIBOR.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Company 1995 £'000	Group and Company 1994 £'000
Provision for the excess of pension costs charged over amounts funded	545	545
Deferred taxation	-	-
	<u>545</u>	<u>545</u>
The provision for deferred taxation comprises the following:		
Capital allowances in excess of depreciation	592	505
Deferred income	(254)	(324)
Unutilised losses	(338)	(181)
	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

16. CALLED UP SHARE CAPITAL

	Group and Company 1995 £'000	Group and Company 1994 £'000
Authorised shares		
150,001 ordinary shares of 1p each	2	2
349,999 8% preferred ordinary shares of 1p each	3	3
713,829 15% "A" preference shares of £1 each	714	714
2,200,000 8% "B" preference shares of 1p each	22	22
	<u>741</u>	<u>741</u>
Allotted and fully paid shares		
150,001 ordinary shares of 1p each	2	2
149,999 8% preferred ordinary shares of 1p each	1	1
712,310 (1994-694,235) 15% "A" preference shares of £1 each	712	694
2,200,000 8% "B" preference shares of 1p each	22	22
	<u>737</u>	<u>719</u>
15% "A" preference shares were allotted in the year as follows:		£'000
9,225 shares issued to existing holders of Crown Brewery PLC shares as part of the offer made in June 1993		9
8,850 shares issued to employees for cash at par		9
		<u>18</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

16. CALLED UP SHARE CAPITAL (continued)

The rights attaching to each class of share are summarised as follows:

Rights to dividends

Ordinary shares of 1p each	–	None
8% preferred ordinary shares of 1p each	–	8% cumulative dividend, payable half yearly on amount paid up including premium
15% "A" preference shares of £1 each	–	15% cumulative dividend, payable half yearly on amount paid up
8% "B" preference shares of 1p each	–	8% cumulative dividend, payable half yearly on amount paid up including premium.

Rights to redemption

Ordinary shares of 1p each	–	None
8% preferred ordinary shares of 1p each	–	None
15% "A" preference shares of £1 each	–	Redeemable at the option of the company in certain circumstances
8% "B" preference shares of 1p each	–	Redeemable (including premium paid) in five annual instalments commencing 30 September 1999, or in certain circumstances.

Rights on winding up

The assets of the company remaining after all liabilities and costs have been discharged are to be distributed in the event of a winding up as follows:

- Firstly in paying to "A" and "B" preference shareholders any arrears of dividends;
- Secondly in paying to "A" and "B" preference shareholders the amounts paid up on their shares, including any premium;
- Thirdly in paying to preferred ordinary shareholders any arrears of dividends;
- Fourthly in paying to preferred ordinary shareholders the amounts paid up on their shares, including any premium;
- Fifthly in paying to the ordinary shareholders the amounts paid up on their shares, including any premium;
- Sixthly any balance of assets to be paid to ordinary and preferred ordinary shareholders in the proportion of shares held, as if they were the same class of share.

Voting rights

Ordinary shares of 1p each	–	Full voting rights
8% preferred ordinary shares of 1p each	–	Full voting rights
15% "A" preference shares of £1 each	–	Right to vote at separate class meetings only
8% "B" preference shares of 1p each	–	Right to vote at general meetings only on matters concerning winding up, reduction of capital or varying of class rights attaching to such shares.

17. SHARE PREMIUM ACCOUNT

Group and
Company
£'000

At 30 September 1994 and 30 September 1995

1,737

NOTES TO THE ACCOUNTS year ended 30 September 1995

18. CAPITAL RESERVE

	Group £'000	Company £'000
At 1 October 1994	4,090	392
Acquisition of further preferred ordinary shares in Crown Brewery PLC, having nil value, in consideration for the issue of "A" preference shares in the company	(9)	(9)
At 30 September 1995	<u>4,081</u>	<u>383</u>

19. PROFIT AND LOSS ACCOUNT

	Group and Company £'000
At 1 October 1994	961
Retained profit for the year	201
At 30 September 1995	<u>1,162</u>

20. CASH INFLOW ON ACQUISITION OF BUSINESS

	1995 £000	1994 £000
Cash consideration on 15 June 1993	-	(13)
Cash balances acquired	-	282
Net cash inflow	<u>-</u>	<u>269</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £'000	1994 £'000
Issues of shares in the period	18	719
Premium arising on issue of shares, less costs	-	1,737
Movements in capital reserve arising on acquisition of Crown Brewery PLC	(9)	4,090
Recognised gains for the period:		
Profit for the period	496	1,354
Dividends	(295)	(393)
Net addition to shareholders' funds	210	7,507
Opening shareholders' funds	7,507	-
Closing shareholders' funds	<u>7,717</u>	<u>7,507</u>

22. ANALYSIS OF CHANGES IN FINANCING

	Grants £'000	Share capital and premium £'000	Bank loans £'000	Finance lease and hire purchase contracts £'000
At 1 October 1994	982	2,456	2,225	353
Amortisation of grants	(161)	-	-	-
Grant receivable	375	-	-	-
Shares issued for cash	-	9	-	-
Shares issued other than for cash	-	9	-	-
Bank loans received	-	-	1,450	-
Bank loan repayments	-	-	(583)	-
Finance leases obtained	-	-	-	584
Finance lease repayments	-	-	-	(262)
At 30 September 1995	<u>1,196</u>	<u>2,474</u>	<u>3,092</u>	<u>675</u>

23. CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

	1995 £'000	1994 £'000
Balance brought forward	1,329	-
Net cash (outflow)/inflow	(1,426)	1,329
Balance carried forward	<u>(97)</u>	<u>1,329</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

24. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	Cash at bank and in hand	Bank overdraft	Total
	£000	£000	£000
At 1 October 1994	1,329	-	1,329
Change in the year	(1,192)	(234)	(1,426)
At 30 September 1995	<u>137</u>	<u>(234)</u>	<u>(97)</u>

25. CONTINGENT LIABILITIES

	Group and Company 1995	Group and Company 1994
	£'000	£'000
Guarantees in respect of bank loans to customers	<u>47</u>	<u>47</u>

26. COMMITMENTS UNDER OPERATING LEASES

The group and company had commitments under operating leases for the next twelve months as follows:

	Land and Buildings	Other
	£'000	£'000
On leases expiring within one year	7	11
On leases expiring between one and two years	-	3
On leases expiring between two and five years	11	10
	<u>18</u>	<u>24</u>

27. CAPITAL COMMITMENTS

	Group and Company 1995	Group and Company 1994
	£'000	£'000
Capital expenditure contracted for, but not provided for, in the financial statements	<u>-</u>	<u>49</u>
Capital expenditure authorised by the directors but not yet contracted for	<u>39</u>	<u>-</u>

NOTES TO THE ACCOUNTS year ended 30 September 1995

28. PENSION SCHEME

The company operates a defined benefit scheme providing pensions and other related benefits based on final pensionable pay. The assets of the scheme are held in a separate trust fund which is administered by trustees.

The last full actuarial valuation of the scheme was carried out by professional actuaries in 1993. The projected unit credit actuarial method was used and the principal actuarial assumptions adopted were: an investment return of 8.5% per annum; salaries increases of 7% per annum; future pension increases of 4.5% per annum where such increases are to be in line with Limited Price Indexation.

The valuation showed that the aggregate value of the scheme's assets represented 115% of its aggregate liabilities after allowance made for the integration of assets and liabilities of two other company sponsored schemes which have since been terminated, and for improvements to benefits. The aggregate market value of assets was approximately £7.5 million. The surplus of aggregate scheme assets over aggregate liabilities is being used to support a temporary suspension of company contributions.

29. TRANSACTIONS WITH DIRECTORS AND OFFICERS

Mr P Jones and Mr B Lansley hold positions as officers of clubs which had trading relationships with the company during the year on normal terms.

Mr J C Harris is a director of a company which had a trading relationship with the company during the year on normal terms.

Mr J A Smith is a director of Prudential Venture Managers Limited to which certain management charges were paid during the year.

There were no other transactions with, or loans to, any director of the company or its subsidiaries during the year.

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Non Executive Directors:

D G Inns (Chairman)

J C Harris

J A Smith

Executive Directors:

M A J Salter (Managing Director)

R B Cunningham (Operations Director and Deputy Managing Director)

P R Moore (Sales and Marketing Director)

J S Barrett (Financial Director and Company Secretary)

Non Executive Directors Elected by the Advisory Committee:

P Jones

B Lansley

SOLICITORS

Eversheds

Cardiff

AUDITORS

Touche Ross & Co.

Cardiff

BANKERS

Barclays Bank PLC

REGISTERED OFFICE

Crown Brewery

Cowbridge Road

Pontyclun

Mid Glamorgan

CF72 9YG

REGISTERED NUMBER

2809284