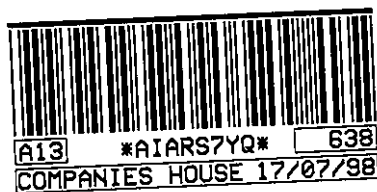


**CROWN BUCKLEY LIMITED**  
(Registered number 2809284)

**DIRECTORS' REPORT AND ACCOUNTS**

**30 SEPTEMBER 1997**



## **CROWN BUCKLEY LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1997.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

Turnover for the year was £23,703,000 (1996 - £21,863,000) and the loss before taxation was £813,000 (1996 - profit £609,000).

On 27 February 1997 the whole of the ordinary issued share capital was acquired by SA Brain and Company Limited. The exceptional costs of restructuring following the acquisition, and additional provisions which for group purposes, have been treated as adjustments in arriving at the fair value of assets and liabilities acquired by SA Brain and Company Limited, have been charged in the profit and loss account for the year (see note 4).

#### **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 £185,000 (1996 - £295,000). At 30 September 1997 dividends of £4,000 (1996 - £14,000) have been accrued, and the retained loss of £1,124,000 (1996 - profit £240,000) has been transferred from reserves.

#### **POST BALANCE SHEET EVENTS**

On 1 October 1997, the assets and liabilities of the company, together with its business operations, were transferred to SA Brain and Company Limited at book value. At that time, the company ceased to trade.

#### **FIXED ASSETS**

Movements in fixed assets during the year are shown in notes 7 and 8 to the accounts.

## **CROWN BUCKLEY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS**

The directors who held office in the year were:

C M Brain	(Chairman)	(Appointed 27 February 1997)
DG Inns		(Resigned 27 February 1997)
J C Harris		(Resigned 27 February 1997)
JA Smith		(Resigned 27 February 1997)
MAJ Salter		
RB Cunningham		
PR Moore		(Resigned 13 October 1997)
JS Barrett		
ME James		(Appointed 27 February 1997)
JW Glazzard		(Appointed 27 February 1997)
JR Thomas		(Appointed 27 February 1997)
CS Lewis		(Resigned 17 April 1997)
RE Thomas		(Resigned 17 April 1997)
I Evans		(Appointed 17 April 1997)
EL Ashford		(Appointed 17 April 1997)

Details of directors' interests in the share capital of the company are shown in note 22 to the accounts.

#### **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)  
EL Ashford  
P Jones  
B Lansley  
CS Lewis  
G Margetson\*  
C Timothy\*  
RE Thomas

\* CIU representatives

# **CROWN BUCKLEY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES**

The directors are required by law to prepare accounts each year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the year.

The directors are responsible for maintaining adequate accounting records, safeguarding the assets of the company and preventing and detecting fraud and other irregularities.

The directors confirm that the accounts have been prepared using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors also confirm that the accounts have been prepared following applicable accounting standards with the exception of the depreciation of some freehold buildings, as explained in the accounting policies. The directors consider it appropriate to prepare the accounts on a going concern basis.

### **CHARITABLE AND POLITICAL CONTRIBUTIONS**

No political contributions were made by the company.

Contributions for charitable and similar purposes in the United Kingdom amounted to £1,325 (1996 - £295)

### **EMPLOYEE INVOLVEMENT**

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.

### **AUDITORS**

Price Waterhouse were appointed as auditors on 27 February 1997. They have indicated their willingness to be re-appointed and a resolution concerning their appointment will be submitted to the annual general meeting.

By Order of the Board



JR Thomas  
Secretary

The Old Brewery  
Cardiff

30 June 1998

*Price Waterhouse*



## AUDITORS' REPORT TO THE SHAREHOLDERS OF CROWN BUCKLEY LIMITED

We have audited the financial statements on pages 5 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### Respective responsibilities of directors and auditors

As described on page 3 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 company'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 company as at 30 September 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
and Registered Auditors

30 June 1998

# CROWN BUCKLEY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1997

	<u>1997</u>	<u>1996</u> Restated
	£'000	£'000
<b>TURNOVER - discontinued operations (Note 2)</b>	23,703	21,863
Cost of sales	(19,419)	(18,505)
	<hr/>	<hr/>
<b>GROSS PROFIT</b>	4,284	3,358
Distribution costs	(1,346)	(1,328)
Administrative expenses		
- Normal operations	(944)	(1,040)
- Exceptional items (Note 4)	(3,236)	-
	<hr/>	<hr/>
	(4,180)	(1,040)
Other operating income	274	24
	<hr/>	<hr/>
<b>NET OPERATING EXPENSES</b>	(5,252)	(2,344)
	<hr/>	<hr/>
<b>OPERATING (LOSS)/PROFIT - discontinued operations</b>	(968)	1,014
Profit on sale of fixed assets	354	27
	<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	(614)	1,041
Interest receivable	26	30
Interest payable	(225)	(462)
	<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Notes 2,3)</b>	(813)	609
Taxation on (loss)/profit on ordinary activities (Note 5)	(126)	(74)
	<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 2)</b>	(939)	535
Dividends - Non equity shares (Note 6)	(185)	(295)
	<hr/>	<hr/>
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 19)</b>	(1,124)	240
	<hr/>	<hr/>

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The (loss)/profit for the financial year includes all recognised gains and losses in the year.

In 1997 the directors have decided to reclassify certain items within the profit and loss account in order to reflect more accurately certain aspects of the business. The corresponding headings for 1996 have been restated in order to provide a more meaningful comparison of the results of the two periods. There is no effect on retained reserves.

The notes on pages 8 to 22 form an integral part of these accounts.

# **CROWN BUCKLEY LIMITED**

## **BALANCE SHEET 30 SEPTEMBER 1997**

	<u>1997</u> £'000	<u>1996</u> £'000
<b>FIXED ASSETS</b>		
Tangible assets (Note 7)	13,822	6,617
Investments (Note 8)	4,921	7,082
	<hr/>	<hr/>
	18,743	13,699
<b>CURRENT ASSETS</b>		
Stocks (Note 9)	712	728
Debtors (Note 10)	2,602	3,156
Cash at bank and in hand	1,226	337
	<hr/>	<hr/>
	4,540	4,221
<b>CREDITORS - Amounts falling due within one year (Note 11)</b>	(18,634)	(8,328)
<b>NET CURRENT LIABILITIES</b>	(14,094)	(4,107)
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	4,649	9,592
<b>CREDITORS - Amounts falling due after more than one year (Note 12)</b>	(132)	(3,737)
<b>DEFERRED INCOME (Note 14)</b>	(768)	(982)
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 15)</b>	(614)	(614)
	<hr/>	<hr/>
	3,135	4,259
	<hr/> <hr/>	<hr/> <hr/>

# CROWN BUCKLEY LIMITED

## BALANCE SHEET 30 SEPTEMBER 1997 (CONTINUED)

	<u>1997</u> £'000	<u>1996</u> £'000
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 16)	737	737
Share premium account (Note 17)	1,737	1,737
Capital reserve (Note 18)	383	383
Profit and loss account (Note 19)	278	1,402
	<hr/>	<hr/>
Total shareholders' funds	3,135	4,259
	<hr/>	<hr/>
Shareholders' funds are attributable to:		
Equity shareholders	274	1,347
Non equity shareholders	2,861	2,912
	<hr/>	<hr/>
	3,135	4,259
	<hr/>	<hr/>

The company is exempt from the obligation to prepare and deliver group accounts under Section 228 of the Companies Act 1985. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

These accounts were approved by the directors on 30 June 1998



CM Brain, Chairman



MAJ Salter, Director

The notes on pages 8 to 22 form an integral part of these accounts.

# **CROWN BUCKLEY LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997**

### **1 ACCOUNTING POLICIES**

#### **(i) Basis of accounting**

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

As disclosed on the face of the profit and loss account certain of the 1996 comparative figures in that statement have been reclassified in order to provide a more meaningful comparison with the current years' results. There is no effect on retained reserves brought forward.

#### **(ii) Tangible fixed assets**

Tangible fixed assets are shown at cost less depreciation. Assets under construction, and not in use at the balance sheet date, are shown as capital work in progress.

#### **(iii) Depreciation**

It is the company's policy to maintain public houses to a high standard so as to preserve their earning capacity and it is group practice to maintain these assets in a continual state of sound repair and to make improvements thereto, from time to time. Accordingly, the directors consider that the lives of these assets are so long and their residual values are sufficiently high that their depreciation is insignificant. Any permanent diminution in value of such properties is charged to profit and loss as appropriate.

Remaining freehold properties and other tangible fixed assets are depreciated at rates designed to write off the cost evenly over their estimated working lives.

The rates in use are as follows :

Other freehold properties	2% on cost
Leasehold properties	Over term of lease
Plant and equipment	10-20% on cost
Motor vehicles	20% on cost

#### **(iv) Fixed asset investments - trade loans**

Trade loans made to customers are amortised over their estimated useful economic lives unless repaid earlier.

#### **(v) 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.

#### **(vi) Repairs and renewals**

These are charged to expense in the year when incurred.

## **CROWN BUCKLEY LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **(vii) 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.

##### **(viii) Stock**

Stock is stated at the lower of cost and net realisable value in the normal course of business. Cost includes the cost of materials, manufacturing overheads and, where applicable, duty. Packing stocks are valued at deposit rates.

##### **(ix) Deferred taxation**

Provision is made under the liability method for taxation deferred by timing differences only to the extent that it is anticipated that the tax reduction arising therefrom will be reversed in the foreseeable future.

##### **(x) Pensions**

The expected cost of pensions in respect of the company's defined benefit pension scheme is assessed in accordance with the advice of qualified actuaries and charged to the profit and loss account so as to spread the cost of pensions over the expected service lives of the scheme members. Variations from regular cost are amortised over the expected remaining service lives of scheme members.

#### **2 TURNOVER AND PROFITS**

- (i)** Turnover is the value of external sales made in the normal course of business and excludes value added tax.
- (ii)** Turnover and profit or loss on ordinary activities before taxation are derived from the classes of business referred to in the directors' report on page 1. In the opinion of the directors these classes do not differ substantially from each other.
- (iii)** All the company's turnover is derived from the United Kingdom.

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting) the following amounts :

	<u>1997</u> £'000	<u>1996</u> £'000
Wages and salaries	2,851	3,076
Social security costs	218	248
Other pension costs (Note 21)	12	29
Depreciation of owned fixed assets	1,370	493
Depreciation of fixed assets held under finance leases and hire purchase contracts	128	150
Amortisation of government grants	(214)	(214)
Hire of plant and machinery	50	30
Auditors' remuneration	21	20
Non-audit fees paid to auditors	5	23
Profit on disposal of properties	(359)	-
Loss/(profit) on disposal of plant and equipment	5	(28)
Interest on bank overdrafts	16	52
Interest on bank loans	148	340
Interest on hire purchase contracts	47	49
Interest on deposits	14	21
	<u>          </u>	<u>          </u>

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 4 EXCEPTIONAL ITEMS

	<u>Gross</u> £'000	<u>Tax</u> £'000	<u>Net</u> £'000
Costs of restructuring (see note (i))	1,278	-	1,278
Additional provisions (see note (ii))	1,958	-	1,958
	<u>3,236</u>	<u>-</u>	<u>3,236</u>

(i) During the year, following the acquisition of the company by S A Brain & Company Limited, a reorganisation of the group's activities was undertaken and the decision made to close the Llanelli Brewery. As a consequence, provisions have been made for the costs of this restructuring totalling £1,278,000. The costs relate to redundancy, asset write-offs and other associated costs.

(ii) Additional provisions represent amounts which, for group purposes, have been treated as adjustments in arriving at the fair value of assets and liabilities acquired by S A Brain & Company Limited on 27 February 1997. These provisions are as follows:

	<u>£'000</u>
Investments - free trade loans	1,992
Debtors	347
Creditors	(381)
	<u>1,958</u>

### 5 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £'000	<u>1996</u> £'000
Based on the (loss)/profit on ordinary activities for the year :		
Corporation tax at 31% (1996 - 33%)	77	5
Corporation tax overprovided in prior years	-	(106)
Deferred taxation	-	175
ACT written off	49	-
	<u>126</u>	<u>74</u>

The company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 6 DIVIDENDS

	<u>1997</u> £'000	<u>1996</u> £'000
Dividends paid in the year:		
15% 'A' preference shares	107	107
8% 'B' preference shares	72	176
8% preferred ordinary shares	16	12
	<hr/>	<hr/>
	195	295
Dividend accrued but not due for payment		
- at beginning of year	(14)	(14)
- at end of year	4	14
	<hr/>	<hr/>
	185	295
	<hr/> <hr/>	<hr/> <hr/>

### 7 TANGIBLE FIXED ASSETS

	<u>Freehold property</u> £'000	<u>Long leasehold property</u> £'000	<u>Plant and machinery</u> £'000	<u>Fixtures And fittings</u> £'000	<u>Motor vehicles</u> £'000	<u>Total</u> £'000
<b>Cost</b>						
At beginning of year	2,950	-	7,721	1,092	1,133	12,896
Additions	7,611	410	594	151	45	8,811
Disposals	(125)	-	-	-	(126)	(251)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	10,436	410	8,315	1,243	1,052	21,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>						
At beginning of year	160	-	4,765	677	677	6,279
Charge for year	28	5	1,189	141	135	1,498
Disposals	(31)	-	-	-	(112)	(143)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	157	5	5,954	818	700	7,634
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>						
At 30 September 1997	10,279	405	2,361	425	352	13,822
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 1996	2,790	-	2,956	415	456	6,617
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 7 TANGIBLE FIXED ASSETS (CONTINUED)

	<u>1997</u>		<u>1996</u>	
	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	630	381	650	471
Accumulated depreciation	(182)	(169)	(123)	(164)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	448	212	527	307
	<hr/>	<hr/>	<hr/>	<hr/>

Future capital expenditure not provided for in the accounts :

	<u>1997</u> £'000	<u>1996</u> £'000
Contracts placed	-	-
Authorised by the directors but contracts not yet placed	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

### 8 FIXED ASSET INVESTMENTS

	<u>Total</u> £'000	<u>Trade loans</u> £'000	<u>Investments in subsidiaries</u> £'000
<b>Cost</b>			
At beginning of year	8,858	8,155	703
Advances	795	795	-
Repayments	(838)	(838)	-
	<hr/>	<hr/>	<hr/>
At end of year	8,815	8,112	703
	<hr/>	<hr/>	<hr/>
<b>Provision for diminution in value</b>			
At beginning of year	1,776	1,073	703
Amount charged during year	2,118	2,118	-
	<hr/>	<hr/>	<hr/>
At end of year	3,894	3,191	703
	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>			
30 September 1997	4,921	4,921	-
	<hr/>	<hr/>	<hr/>
30 September 1996	7,082	7,082	-
	<hr/>	<hr/>	<hr/>

# **CROWN BUCKLEY LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

### **8 FIXED ASSET INVESTMENTS**

The cost of investments in subsidiaries comprises the following:

	<u>1997 and 1996</u> £'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
(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 year	-
	<hr/> 703 <hr/>

In the opinion of the directors, the value of the investments in subsidiary undertakings is not less than the aggregate amount shown in the parent undertaking's balance sheet.

### **9 STOCKS**

	<u>1997</u> £'000	<u>1996</u> £'000
Raw materials and consumables	155	134
Work in progress	64	56
Finished goods and goods for resale	493	538
	<hr/> 712 <hr/>	<hr/> 728 <hr/>

# **CROWN BUCKLEY LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

### **10 DEBTORS**

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Trade debtors	2,293	2,804
Recoverable advance corporation tax	74	74
Other debtors	133	146
Prepayments and accrued income	102	132
	<hr/>	<hr/>
	2,602	3,156
	<hr/>	<hr/>

Advance corporation tax is recoverable by deduction from corporation tax payable out of future profits.

### **11 CREDITORS (amounts falling due within one year)**

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Current instalments due on bank loans and overdrafts	-	645
Obligations under finance leases and hire purchase contracts	194	228
Trade creditors	1,641	928
Amounts owed to parent company	10,075	-
Amounts owed to subsidiary	3,698	3,698
Other taxation and social security	1,143	1,256
Dividends accrued	4	14
Other creditors	1,697	1,412
Accruals	182	147
	<hr/>	<hr/>
	18,634	8,328
	<hr/>	<hr/>

### **12 CREDITORS (amounts falling due after more than one year)**

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Bank loans	-	3,433
Obligations under finance leases and hire purchase contracts	132	304
	<hr/>	<hr/>
	132	3,737
	<hr/>	<hr/>

# **CROWN BUCKLEY LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

### **12 CREDITORS (amounts falling due after more than one year) (continued)**

	<u>1997</u> £'000	<u>1996</u> £'000
Analysis of loans and overdrafts, finance leases and hire purchase repayments due :		
Within one year or on demand	194	873
Between one and two years	130	852
Between two and five years	2	1,608
After five years	-	1,277
	<hr/>	<hr/>
	326	4,610
	<hr/>	<hr/>

### **13 LEASE OBLIGATIONS**

Operating leases on plant and equipment have annual commitments which expire as follows :

	<u>1997</u> £'000	<u>1996</u> £'000
Within one year	4	1
Between one and two years	3	10
Between two and five years	34	4
	<hr/>	<hr/>
	41	15
	<hr/>	<hr/>

### **14 DEFERRED INCOME**

	<u>1997</u> £'000	<u>1996</u> £'000
Regional selective assistance grants:		
At beginning of year	982	1,196
Amounts taken to profit for year	(214)	(214)
	<hr/>	<hr/>
At end of year	768	982
	<hr/>	<hr/>

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 15 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1997</u> £'000	<u>1996</u> £'000
Provision for the excess of pension costs charged over amounts funded	545	545
Deferred taxation	69	69
	<hr/>	<hr/>
	614	614
	<hr/>	<hr/>

The provision for deferred taxation comprises the following:

	<u>Provided</u>		<u>Unprovided</u>	
	<u>1997</u> £'000	<u>1996</u> £'000	<u>1997</u> £'000	<u>1996</u> £'000
Capital allowances in excess of depreciation	193	242	-	76
Other timing differences	(124)	-	-	-
Unutilised losses	-	(67)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	69	175	-	76
Less ACT	-	(106)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	69	69	-	76
	<hr/>	<hr/>	<hr/>	<hr/>
			<u>1997</u> £'000	<u>1996</u> £'000
Deferred tax movement for the year:				
Opening balance			69	-
Current year charges			-	175
Adjustment in respect of prior years			-	(106)
			<hr/>	<hr/>
Closing balance			69	69
			<hr/>	<hr/>

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 16 CALLED UP SHARE CAPITAL

	<u>1997 and 1996</u> £'000
<b>Authorised shares</b>	
150,001 ordinary shares of 1p each	2
349,999 8% preferred ordinary shares of 1p each	3
713,829 15% 'A' preference shares of £1 each	714
2,200,000 8% 'B' preference shares of 1p each	22
	<hr/> 741
<b>Allotted and fully paid shares</b>	
150,001 ordinary shares of 1p each	2
149,999 8% preferred ordinary shares of 1p each	1
712,310 15% 'A' preference shares of £1 each	712
2,200,000 8% 'B' preference shares of 1p each	22
	<hr/> 737

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.

## **CROWN BUCKLEY LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

#### **16 CALLED UP SHARE CAPITAL (CONTINUED)**

##### **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**

£'000

At 30 September 1996 and 30 September 1997

1,737

#### **18 CAPITAL RESERVE**

£'000

At 30 September 1996 and 30 September 1997

383

# **CROWN BUCKLEY LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

### **19 PROFIT AND LOSS ACCOUNT**

	<u>£'000</u>
At 1 October 1996	1,402
Retained loss for the period	(1,124)
	<hr/>
At 30 September 1997	278
	<hr/>

### **20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1997</u> £'000	<u>1996</u> £'000
Recognised (losses)/gains for the period :		
(Loss)/profit for the period	(939)	535
Dividends	(185)	(295)
	<hr/>	<hr/>
Net (reduction)/increase in shareholders' funds	(1,124)	240
Opening shareholders' funds	4,259	4,019
	<hr/>	<hr/>
Closing shareholders' funds	3,135	4,259
	<hr/>	<hr/>

### **21 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.

An actuarial valuation of the scheme was carried out by a qualified actuary as at 30 June 1996. The projected unit credit actuarial method was used and the principal actuarial assumptions adopted for the valuation of liabilities were: an investment return of 8.5% per annum, salary increases of 7% per annum, and future pension increases of 4.5% per annum where such increases are to be in line with Limited Price Indexation. For the valuation of scheme assets, it was further assumed that future dividend growth would be at the rate of 4% per annum.

The valuation showed that the value of the scheme's assets represented 116% of its liabilities. The market value of assets was approximately £10.2 million as at 30 June 1996. (This figure excludes the value of the annuity policies held in respect of certain pensioners. These policies were valued as part of the 1996 actuarial valuation, their market value being approximately £1.1 million).

# CROWN BUCKLEY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)

### 22 DIRECTORS AND EMPLOYEES

	<u>1997</u> £'000	<u>1996</u> £'000
Directors' emoluments charged in the year (including pension contributions) were :		
For services as directors	7	16
Other emoluments	181	325
	<hr/>	<hr/>
	188	341
	<hr/>	<hr/>

The average number of persons employed by the company during the year, including directors, was 297 (1996 - 246). All persons were employed in the United Kingdom.

The number of directors who received contributions from the company to a defined benefit pension scheme was 4 (1996 - 4).

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

	<u>At 30 September 1997</u>	<u>At 30 September 1996</u> (or date of appointment)
<b>Ordinary shares</b>		
MAJ Salter	-	47,001
RB Cunningham	-	43,000
PR Moore	-	30,000
JS Barrett	-	30,000
<b>'A' preference shares</b>		
MAJ Salter	5,505	2,505
RB Cunningham	4,005	2,005
PR Moore	3,000	1,000
JS Barrett	3,000	1,000
I Evans	2,031	2,013
EL Ashford	1,848	1,848

Directors interests in the shares of the holding company, SA Brain & Company Limited are shown in the accounts of that company.

## **CROWN BUCKLEY LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 (CONTINUED)**

#### **23 TRANSACTIONS WITH DIRECTORS AND OFFICERS**

Mr I Evans and Mr EL Ashford held positions as officers of clubs which had trading relationships with the company during the year on normal terms.

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

#### **24 CONTINGENT LIABILITIES**

At 30 September 1997 the company had given guarantees in respect of bank loans to customers totalling £47,000 (1996 - £47,000).

The company has entered into an Omnibus Guarantee and Set off Agreement in respect of the borrowings of its parent company, SA Brain & Company Limited. At 30 September 1997 the amounts due within the group under such guarantees amounted to £14,150,000 (1996 - £Nil). The directors do not anticipate any liabilities arising as a result of these guarantees.

#### **25 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES**

The company is a wholly owned subsidiary of SA Brain and Company Limited and is included in the consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with fellow group companies.

#### **26 PARENT COMPANY**

The ultimate parent company is SA Brain and Company Limited, which is incorporated and registered in Wales. Copies of the group accounts are held at The Old Brewery, 49 St Mary Street, Cardiff CF1 1SP.