

CROWN BUCKLEY LIMITED

CHAIRMAN'S REVIEW AROLWG Y CADEIRYDD

The year to 30 September 1996 has brought no significant improvement in the economics of the company's key South Wales market place with competition for leisure spending as strong as ever. The discount strategy employed by some companies to improve their market share has made it very difficult to maintain, let alone improve, trading margins. In all the circumstances, the company's performance has been strong, based as it continues to be, on a popular product range with a reputation for consistent high quality and on excellent service to our customers.

The results of the company's operations are set out in the Director's Report and Accounts, and show sales marginally increased at £21.8m (£21.3m in 1995) and operating profit £1.1m, an increase of 22% on last year's £0.9m. Sales volumes were virtually unchanged from last year but a strong performance from our own beer products has helped to maintain margins. Our tied trade suffered from the sale of some houses, but growth in contracting income has helped to drive profits forward. In spite of an increase in borrowing costs as a result of our continuing investment programme, earnings show an encouraging 8% growth in what has been a strong all-round performance.

Yn ystod y flwyddyn hyd at 30 Medi 1996 ni welwyd unrhyw welliant sylweddol yn economi marchnad allweddol y cwmni yn Ne Cymru gyda chystadleuaeth am wariant hamdden mor gryf ag erioed. Mae'r strategaeth ddisgownt a ddefnyddir gan rai cwmnïau i wella eu cyfran o'r farchnad wedi ei gwneud yn anodd i gynnal ffiniau masnachu, heb sôn am eu gwella. O dan yr holl amgylchiadau, mae perfformiad y cwmni wedi bod yn gryf, yn seiliedig fel y mae'n parhau i fod, ar amrywiaeth poblogaidd o gynnyrch gydag enw da am ansawdd uchel cyson a gwasanaeth rhagorol i'n cwsmeriaid.

Nodir canlyniadau gweithrediadau'r cwmni yn Adroddiad a Chyfrifon y Cyfarwyddwr, ac mae'n dangos bod gwerthiant wedi cynyddu ychydig i £21.8m (£21.3m ym 1995) gydag elw gweithredol o £1.1m, cynnydd o 22% ar £0.9m y llynedd. Roedd maint y gwerthiant fwy neu lai yn ddigynfnewid ers llynedd ond mae perfformiad cryf ein cynnyrch cwrw wedi helpu i gynnal y ffiniau. Dioddefodd ein masnach glwm o ganlyniad i werthu ychydig o dafarndai, ond mae twf mewn incwm contractio wedi helpu i gynyddu'r elw. Er gwaethaf cynnydd mewn costau benthyca o ganlyniad i'n rhaglen fuddsoddi barhaol, dengys enillion dwf calonogol o 8% mewn perfformiad sydd wedi bod yn gryf yn gyffredinol.





YOU'RE MISSING THE
BEST BIT

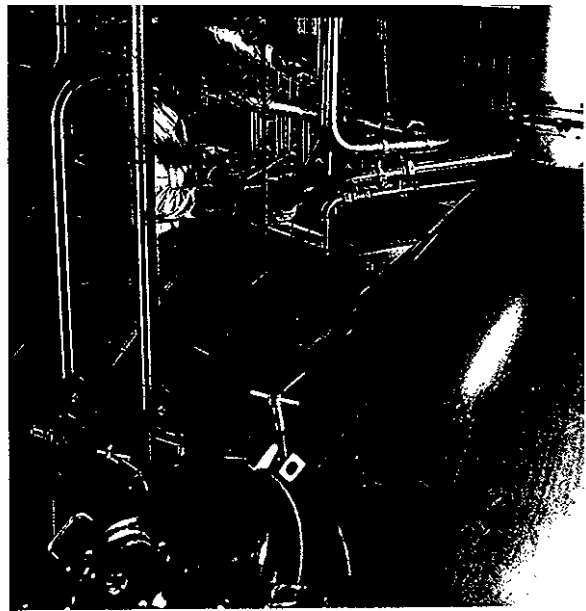


On the matter of brand development, the launch in September 1995 of Buckleys Best Bitter 'Smooth' has proved an outstanding success and has helped us to establish Buckleys Best Bitter in all parts of the South Wales market. The brand in all its forms shows a volume increase of 34% over last year. Buckleys Dark Mild in 'smooth' form has also been a great success. The sales of Buckleys Best Bitter in 'widget' cans have been less successful and initiatives to gain representation in supermarkets will be launched early next year.

An important innovation this year, which has enhanced our reputation as quality draught ale brewers, has been the introduction of Seasonal Ales. Four ales have been offered so far - Winter Ale, St David's Ale, Sunbeam and Merlin's Oak. A fifth - Black Prince - appeared in December. The products launched so far have all done well, providing additional choice and interest for our customers. They have proved popular both in our free and tied trade and with wholesalers.

Our tied trade, based on the houses at present owned by Guinness, has had a satisfactory year, although affected adversely by the sale of some houses and the continuing uncertainty over ownership of the remaining estate.

The company is in negotiation with Guinness and it is hoped to resolve the matter satisfactorily in the new financial year.



O ran datblygu brandiau, bu achlysur lansio cwrw Buckleys Best Bitter 'Smooth' ym mis Medi 1995 yn llwyddiant ysgubol ac mae wedi ein helpu i sefydlu cwrw Buckleys Best Bitter ym mhob rhan o farchnad De Cymru. Mae'r brand ar bob ffurf yn dangos cynnydd mewn gwerthiant o 34% yn fwy na'r flwyddyn ddiwethaf. Mae cwrw Buckleys Dark Mild 'smooth' hefyd wedi bod yn llwyddiant mawr. Mae gwerthiant cwrw Buckleys Best Bitter mewn caniau 'widget' wedi bod yn llai llwyddiannus a chaiff mentrau i gael cynrychiolaeth mewn Archfarchnadoedd eu lansio yn gynnar y flwyddyn nesaf. Un fenter bwysig eleni, sydd wedi gwella ein henw da fel bragwyr cwrw casgen o safon, oedd cyflwyno Cwrw Tymhorol. Hyd yn hyn cynigiwyd pedwar cwrw - Winter Ale, St David's Ale, Sunbeam a Merlin's Oak. Ymddangosodd pumed - Black Prince - ym mis Rhagfyr. Mae'r cynnyrch a lansiwyd hyd yn hyn wedi gwneud yn dda, gan ddarparu dewis ychwanegol a diddordeb ar gyfer ein cwsmeriaid. Maent wedi profi'n boblogaidd yn ein masnach rydd a'n masnach glwm a chydai'n cyfanwerthwyr.

Mae ein masnach glwm, yn seiliedig ar dafarndai y mae Guinness yn berchen arnynt ar hyn o bryd, wedi cael blwyddyn foddhaol, er bod gwerthu rhai o'r tafarndai a'r ansicrwydd parhaol dros berchenogaeth gweddill yr ystad wedi cael effaith niweidiol arnom.

Mae'r cwmni yn cyd-drafod â Guinness a'r gobaith yw y bydd y mater yn cael ei ddatrys yn foddhaol yn y flwyddyn ariannol newydd.



During the year we purchased two further houses, The Old Inn, Penllergaer and the Henllys Heights at Henllys, Cwmbran.

Capital expenditure during the year amounting to £2.7m demonstrates the level of confidence in the future and includes £1.3m for the free trade, and £0.9m of investment in public houses and processing plant, particularly a new kegging line, which has doubled capacity.

The latter will enable us to meet the continuing high level of demand for contract packaging, which, as mentioned above, has become a significant source of revenue.

I am also very pleased to report that after a difficult start the new computer system is beginning to show real benefits to the business and, to our customers.

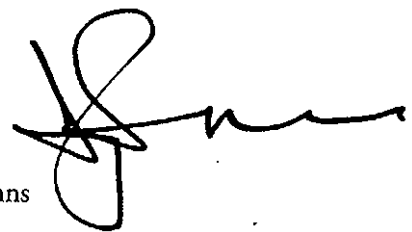
It has not, as I have said, been an easy year, but it is pleasing to be able to report such a strong result after all the effort that the company's people have invested in achieving it. I would like to thank them all.

The Advisory Committee has, as always, been a strong support to the Directors in their deliberations but more importantly, perhaps, has done much to maintain the continuing strong links between the company and its customers. The two representatives of the CIU - Glan Evans and Norman Austin - have played their part in what has been a good and enjoyable team effort.

As always they all have my gratitude.

The new financial year has started very well and we are confident of the future. In spite of the continuing difficulty of the economic climate in much of our trading area, I believe that the year's performance has demonstrated that the company has the resilience to do very well.

Yn ystod y flwyddyn prynasom ddwy dafarn arall, The Old Inn, Penllergaer a'r Henllys Heights yn Henllys, Cwmbrân. Roedd cyfanswm y gwariant cyfalaf yn ystod y flwyddyn yn £2.7m sy'n dangos lefel yr hyder yn y dyfodol ac mae'n cynnwys £1.3m ar gyfer y fasnach rydd, a £0.9m o fuddsoddiad mewn tafarndai a gwaith prosesu, yn enwedig llinell casgen newydd, sydd wedi dyblu'r maint. Bydd yr olaf yn ein galluogi i gwrdd â'r lefel uchel barhaol o alw am becynnu contract, sydd, fel y soniwyd uchod, wedi dod yn ffynhonnell sylweddol o refeniw. Mae'n bleser gennyf hefyd nodi bod y system gyfrifiadurol newydd ar ôl dechreuad anodd yn dechrau dangos buddiannau gwirioneddol i'r busnes, ac i'n cwsmeriaid. Fel y dywedais, ni fu'n flwyddyn hawdd, ond mae'n bleser gennyf nodi canlyniad mor gryf ar ôl yr holl ymdrech a wnaeth pobl y cwmni. Hoffwn ddiolch i bawb ohonynt. Mae'r Pwyllgor Ymgynghorol, fel erioed, wedi rhoi cefnogaeth gadarn i'r Cyfarwyddwyr yn eu gwaith ond yn bwysicach, efallai, mae wedi gwneud llawer i gynnal y cysylltiadau cryf parhaol rhwng y cwmni a'i gwsmeriaid. Mae dau gynrychiolydd y CIU - Glan Evans a Norman Austin - wedi chwarae eu rhan yn yr hyn a fu yn ymdrech bleserus a da ar ran y tîm. Fel erioed rwy'n ddiolchgar iawn iddynt. Mae'r flwyddyn arianol newydd wedi dechrau'n dda ac rydym yn hyderus ar gyfer y dyfodol. Er gwaethaf anhawster parhaol yr hinsawdd economaidd mewn llawer o'n hardal fasnachu, credaf fod perfformiad y flwyddyn wedi dangos bod gan y cwmni y gwytnwch i wneud yn dda iawn.



David Inns
Chairman
Cadeirydd

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1996.

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 £21,807,000 and the profit before taxation was £609,000.

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 £295,000 (1995 - £306,000). At 30 September 1996 dividends of £14,000 (1995 - £14,000) have been accrued, and the retained profit of £240,000 (1995 - £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	
P Jones	(Resigned 25 March 1996)
B Lansley	(Resigned 25 March 1996)
C S Lewis	(Appointed 25 March 1996)
R E Thomas	(Appointed 25 March 1996)

There have been no changes in directors since 30 September 1996.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	At 30 September 1996	At 30 September 1995 (or date of appointment)
Ordinary shares		
M A 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		
J A Smith	495	495
"A" preference shares		
D G Inns	500	500
J C Harris	500	500
M A 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
R E Thomas	825	825

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

N T Austin *

G Evans *

P Jones

B Lansley

C S Lewis

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.

DIRECTORS' REPORT

FIXED ASSETS

Movements in fixed assets during the year are shown in notes 10 and 11 to the accounts.

AUDITORS

During the year our auditors changed the name under which they practice to Deloitte & Touche and accordingly have signed their report in their new name.

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

19 December 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 company 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 10 to 27 which have been prepared under the accounting policies set out on pages 13 and 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 8 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.

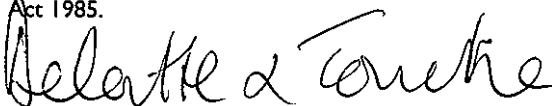
BASIS OF OPINION

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 1996 and of their profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and
Registered Auditors

19 December 1996

Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF2 1TS

PROFIT AND LOSS ACCOUNT Year ended 30 September 1996

	Note	Group and Company Year ended 30 September 1996 £'000	Group and Company Year ended 30 September 1995 £'000
Turnover - continuing operations		21,807	21,281
Cost of sales		<u>14,193</u>	<u>14,166</u>
Gross profit		7,614	7,115
Net operating expenses	2	<u>6,509</u>	<u>6,210</u>
Operating profit - continuing operations	3	1,105	905
Interest receivable and similar income		30	38
Interest payable and similar charges	7	<u>(526)</u>	<u>(370)</u>
Profit on ordinary activities before taxation		609	573
Tax on profit on ordinary activities	8	<u>74</u>	<u>77</u>
Profit on ordinary activities after taxation		535	496
Dividends	9	<u>295</u>	<u>295</u>
Retained profit transferred to reserves	19	<u>240</u>	<u>201</u>

The only recognised gain for the year 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 13 to 27 form part of the financial statements.

BALANCE SHEETS

	Note	1996		1995	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets			-		
Tangible assets	10	6,617	6,617	5,876	5,876
Investments	11	7,082	7,082	6,812	6,812
		<u>13,699</u>	<u>13,699</u>	<u>12,688</u>	<u>12,688</u>
Current assets					
Stocks	12	728	728	793	793
Debtors	13	3,156	3,156	3,722	3,722
Cash at bank and in hand		337	337	137	137
		<u>4,221</u>	<u>4,221</u>	<u>4,652</u>	<u>4,652</u>
Creditors: amounts falling due within one year	14	<u>(4,844)</u>	<u>(8,542)</u>	<u>(5,152)</u>	<u>(8,850)</u>
Net current liabilities		<u>(623)</u>	<u>(4,321)</u>	<u>(500)</u>	<u>(4,198)</u>
Total assets less current liabilities		13,076	9,378	12,188	8,490
Creditors: amounts falling due after more than one year	14	(4,505)	(4,505)	(3,926)	(3,926)
Provisions for liabilities and charges	15	<u>(614)</u>	<u>(614)</u>	<u>(545)</u>	<u>(545)</u>
		<u>7,957</u>	<u>4,259</u>	<u>7,717</u>	<u>4,019</u>
Capital and reserves					
Called up share capital	16	737	737	737	737
Share premium account	17	1,737	1,737	1,737	1,737
Capital reserve	18	4,081	383	4,081	383
Profit and loss account	19	<u>1,402</u>	<u>1,402</u>	<u>1,162</u>	<u>1,162</u>
Total shareholders' funds		<u>7,957</u>	<u>4,259</u>	<u>7,717</u>	<u>4,019</u>
Shareholders' funds are attributable to:					
Equity shareholders' funds		5,045	1,347	4,805	1,107
Non-equity shareholders' funds		<u>2,912</u>	<u>2,912</u>	<u>2,912</u>	<u>2,912</u>
		<u>7,957</u>	<u>4,259</u>	<u>7,717</u>	<u>4,019</u>

These financial statements were approved by the Board of Directors on 19 December 1996.

Signed on behalf of the Board of Directors

D G Inns }
J S Barrett } Directors



CONSOLIDATED CASH FLOW STATEMENT Year ended 30 September 1996

	Note	Year ended 30 September 1996		Year ended 30 September 1995	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	4		2,009		1,107
			-		
Returns on investments and servicing of finance					
Interest received		30		38	
Interest paid		(477)		(335)	
Interest element of finance lease rental payments		(49)		(35)	
Dividends paid		(295)		(306)	
Net cash outflow from returns on investments and servicing of finance			(791)		(638)
Taxation					
ACT paid			(74)		(77)
Investing activities					
Purchase of tangible fixed assets		(1,314)		(1,560)	
Trade loan advances		(1,318)		(1,678)	
Sale of tangible fixed assets		83		113	
Trade loan repayments		933		881	
Repayment of loan to Guinness Plc		(187)		(188)	
Net cash outflow from investing activities			(1,803)		(2,432)
Net cash outflow before financing			(659)		(2,040)
Financing					
Shares issued		-		9	
Bank loans received		1,542		1,450	
Grant received		375		-	
Bank loan repayments		(556)		(583)	
Capital element of finance lease rental repayments		(268)		(262)	
Net cash inflow from financing	21		1,093		614
Increase/(decrease) in cash and cash equivalents	22		434		(1,426)

NOTES TO THE ACCOUNTS year ended 30 September 1996

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 1996.

Turnover

Turnover, arising entirely in the UK, represents the value of goods and services 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 2/3% 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 licensed properties 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 1996

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 1996 £'000	Group and Company 1995 £'000
Net operating expenses for the year comprise		
Administrative expenses	843	880
Establishment costs	4,011	3,730
Brewing costs	727	655
Sales and marketing costs	681	670
Distribution costs	335	338
	<u>6,597</u>	<u>6,273</u>
Other operating income	(88)	(63)
	<u>6,509</u>	<u>6,210</u>

NOTES TO THE ACCOUNTS year ended 30 September 1996

3. OPERATING PROFIT

	Group and Company 1996 £'000	Group and Company 1995 £'000
Operating profit for the year is stated after charging		
Auditors' remuneration	20	22
Depreciation on owned fixed assets	493	402
Depreciation on fixed assets held under finance leases and hire purchase contracts	150	162
Directors' emoluments (note 5)	341	366
Rentals under operating leases		
- hire of plant and machinery	30	45
- other	29	40
and after crediting		
Rentals receivable	32	33
Non audit expenses paid to the auditors during the period amounted to £23,000 (1995 - £9,000).	<u>32</u>	<u>33</u>

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

	£'000	£'000
Operating profit for the period	1,105	905
Depreciation charges	643	564
Profit on sale of tangible fixed assets	(28)	(74)
Provisions made against loans to customers	115	123
Amortisation of grant received	(214)	(161)
Decrease/(increase) in stocks	65	(31)
Decrease/(increase) in debtors	265	(189)
Increase/(decrease) in creditors	58	(30)
	<u>2,009</u>	<u>1,107</u>

NOTES TO THE ACCOUNTS year ended 30 September 1996

5. DIRECTORS' EMOLUMENTS

	Group and Company 1996 £'000	Group and Company 1995 £'000
(a) Directors of the company received the following emoluments including pension contributions		
Fees	16	16
Other emoluments	325	350
	<u>341</u>	<u>366</u>
(b) Directors' emoluments (excluding pension contributions) include amounts paid to Chairman	15	15
Highest paid director	<u>87</u>	<u>96</u>
Other directors received amounts in the following bands	No.	No.
£0 - £ 5,000	6	6
£60,001 - £65,000	2	-
£65,001- £70,000	-	2
£70,001- £75,000	1	-
£80,001- £85,000	-	1

Amounts of £10,000 (1995 - £10,000) and £10,000 (1995 - £10,000) 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 1996

6. EMPLOYEES

	Group and Company 1996 No.	Group and Company 1995 No.
(a) The average number of persons employed during the year (including directors) was:		
Administration	34	33
Production	63	64
Sales and distribution	79	77
Retail (including part time)	70	59
	<u>246</u>	<u>233</u>
	£'000	£'000
(b) Employment costs for the above persons:		
Wages and salaries	3,076	2,940
Social security costs	248	218
Other pension costs	29	24
	<u>3,353</u>	<u>3,182</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	£'000	£'000
On finance leases and hire purchase contracts	49	35
On bank loans and overdrafts and other loans repayable within five years	264	257
Other loans	<u>213</u>	<u>78</u>
	<u>526</u>	<u>370</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£'000	£'000
The taxation charge for the period represents:		
Corporation tax at 33% (1995 - 33%)	5	-
Deferred taxation	175	-
Adjustment in respect of prior years	(106)	-
ACT written off	-	77
	<u>74</u>	<u>77</u>

The corporation tax charge has been reduced due to the availability of tax losses brought forward.

NOTES TO THE ACCOUNTS year ended 30 September 1996

9. DIVIDENDS

	Group and Company 1996 £'000	Group and Company 1995 £'000
-		
Dividends paid in the year:		
15% "A" preference shares	107	106
8% "B" preference shares	176	176
8% preferred ordinary shares	12	24
	<u>295</u>	<u>306</u>
Dividends accrued but not due for payment		
-at beginning of year	(14)	(25)
-at end of year	14	14
	<u>295</u>	<u>295</u>

NOTES TO THE ACCOUNTS year ended 30 September 1996

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 1995	2,304	7,617	587	1,098	11,606
Reclassification	-	(359)	359	-	-
Additions	690	463	146	140	1,439
Disposals	(44)	-	-	(105)	(149)
At 30 September 1996	<u>2,950</u>	<u>7,721</u>	<u>1,092</u>	<u>1,133</u>	<u>12,896</u>
Accumulated depreciation					
At 1 October 1995	145	4,486	475	624	5,730
Reclassification	-	(83)	83	-	-
Charge for the year	28	362	119	134	643
Disposals	(13)	-	-	(81)	(94)
At 30 September 1996	<u>160</u>	<u>4,765</u>	<u>677</u>	<u>677</u>	<u>6,279</u>
Net book value					
At 30 September 1996	<u>2,790</u>	<u>2,956</u>	<u>415</u>	<u>456</u>	<u>6,617</u>
At 30 September 1995	<u>2,159</u>	<u>3,131</u>	<u>112</u>	<u>474</u>	<u>5,876</u>

	1996		1995	
	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	650	471	809	502
Accumulated depreciation	<u>(123)</u>	<u>(164)</u>	<u>(105)</u>	<u>(154)</u>
Net book value	<u>527</u>	<u>307</u>	<u>704</u>	<u>348</u>

NOTES TO THE ACCOUNTS year ended 30 September 1996

11. FIXED ASSET INVESTMENTS

	Investment in subsidiaries £'000	Loans to customers £'000	Total £'000
Cost			
At 1 October 1995	703	8,755	9,458
Written off in the year	-	(985)	(985)
Loan advances during the period	-	1,318	1,318
Loan repayments	-	(933)	(933)
At 30 September 1996	<u>703</u>	<u>8,155</u>	<u>8,858</u>
Provisions			
At 1 October 1995	703	1,943	2,646
Written off in the year	-	(985)	(985)
Provided in the year	-	115	115
At 30 September 1996	<u>703</u>	<u>1,073</u>	<u>1,776</u>
Net book value			
At 30 September 1996	<u>-</u>	<u>7,082</u>	<u>7,082</u>
At 30 September 1995	<u>-</u>	<u>6,812</u>	<u>6,812</u>

The cost of investments in subsidiaries comprises the following:

1996 and 1995
£'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

703

NOTES TO THE ACCOUNTS year ended 30 September 1996

12. STOCKS

	Group and Company	Group and Company
	1996	1995
	£'000	£'000
Brewing materials	59	57
Beer in process	56	45
Finished goods and goods for resale	538	612
Other items	75	79
	<u>728</u>	<u>793</u>

13. DEBTORS

	1996	1995
	£'000	£'000
Amounts falling due within one year		
Trade debtors	2,804	3,000
Other debtors	220	627
Prepayments	132	95
	<u>3,156</u>	<u>3,722</u>

14. CREDITORS

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Amounts falling due within one year				
Current instalments due on bank loans and overdrafts	645	645	805	805
Obligations under finance leases and hire purchase contracts	228	228	252	252
Trade creditors	928	928	948	948
Amounts owed to subsidiary	-	3,698	-	3,698
Other taxation and social security	1,256	1,256	1,207	1,207
Unsecured investment deposits	96	96	96	96
Dividends accrued	14	14	14	14
Other creditors	1,316	1,316	1,417	1,417
Accruals and deferred income	361	361	413	413
	<u>4,844</u>	<u>8,542</u>	<u>5,152</u>	<u>8,850</u>

NOTES TO THE ACCOUNTS year ended 30 September 1996

14. CREDITORS (CONTINUED)

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Amounts falling due after more than one year				
Bank loans	3,433	3,433	2,521	2,521
Obligations under finance leases and hire purchase contracts	304	304	423	423
Accruals and deferred income	768	768	982	982
	<u>4,505</u>	<u>4,505</u>	<u>3,926</u>	<u>3,926</u>
Analysis of loans and overdrafts, finance lease and hire purchase repayments				
Within one year or on demand	873	873	1,057	1,057
Between one and two years	852	852	794	794
Between two and five years	1,608	1,608	1,320	1,320
After five years	1,277	1,277	830	830
	<u>4,610</u>	<u>4,610</u>	<u>4,001</u>	<u>4,001</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 1996 £'000	Group and Company 1995 £'000
Provision for the excess of pension costs charged over amounts funded	545	545
Deferred taxation	69	-
	<u>614</u>	<u>545</u>

The provision for deferred taxation comprises the following

	Provided		Unprovided	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Capital allowances in excess of depreciation	549	592	76	-
Deferred income	(307)	(254)	-	-
Unutilised losses	(67)	(338)	-	-
	175	-	76	-
Less ACT	(106)	-	-	-
	<u>69</u>	<u>-</u>	<u>76</u>	<u>-</u>

NOTES TO THE ACCOUNTS year ended 30 September 1996

15. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	1996 £'000	1995 £'000
Deferred tax movement for the year:		
Opening balance	-	-
Current year charges	175	-
Adjustment in respect of prior years	(106)	-
Closing balance	<u>69</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

Group and Company 1996 and 1995 £'000

Authorised shares

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
	<u>741</u>

Allotted and fully paid shares

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
	<u>737</u>

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.

NOTES TO THE ACCOUNTS year ended 30 September 1996

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

	Group and Company £'000
At 30 September 1995 and 30 September 1996	1,737

18. CAPITAL RESERVE

	Group £'000	Company £'000
At 30 September 1995 and 30 September 1996	4,081	383

19. PROFIT AND LOSS ACCOUNT

	Group and Company £'000
At 1 October 1995	1,162
Retained profit for the period	240
At 30 September 1996	1,402

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Issues of shares in the year	-	18
Movements in capital reserve arising on acquisition of Crown Brewery PLC	-	(9)
Recognised gains for the period:		
Profit for the period	535	496
Dividends	(295)	(295)
Net addition to shareholders' funds	240	210
Opening shareholders' funds	7,717	7,507
Closing shareholders' funds	7,957	7,717

NOTES TO THE ACCOUNTS year ended 30 September 1996

21. ANALYSIS OF CHANGES IN FINANCING

	Grants	Share capital and premium	Bank loans	Finance lease and hire purchase contracts
	£'000	£'000	£'000	£'000
At 1 October 1995	1,196	2,474	3,092	675
Amortisation of grants	(214)	-	-	-
Bank loans received	-	-	1,542	-
Bank loan repayments	-	-	(556)	-
Finance leases obtained	-	-	-	125
Finance lease repayments	-	-	-	(268)
At 30 September 1996	<u>982</u>	<u>2,474</u>	<u>4,078</u>	<u>532</u>

22. CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

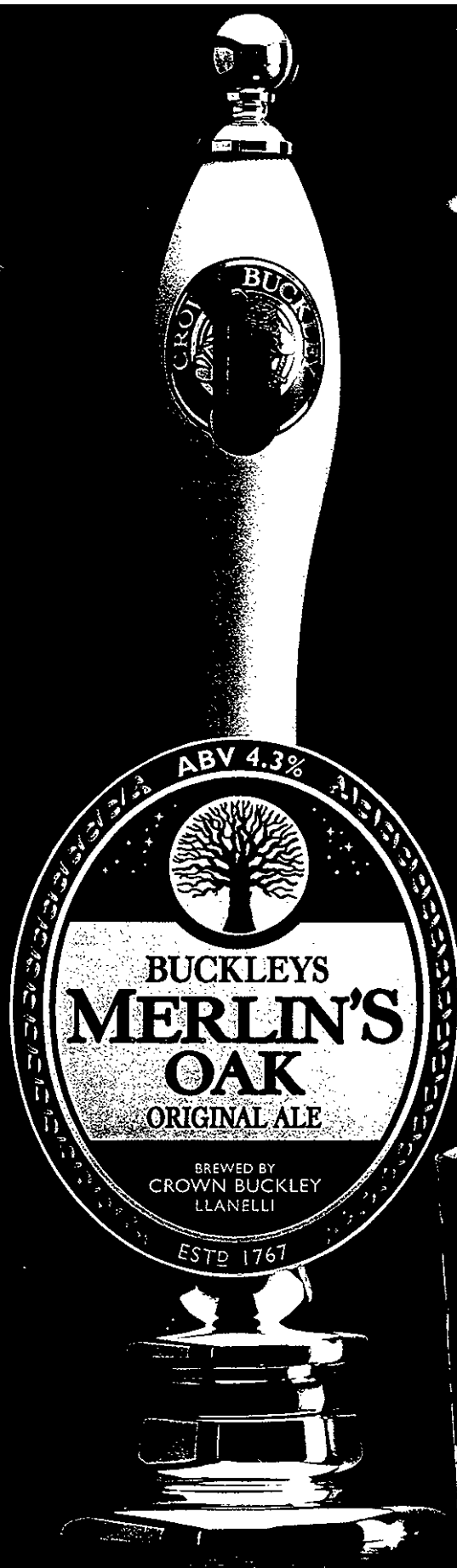
	1996	1995
	£'000	£'000
Balance brought forward	(97)	1,329
Net cash inflow/(outflow)	<u>434</u>	<u>(1,426)</u>
Balance carried forward	<u>337</u>	<u>(97)</u>

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

	1996	1995
	£'000	£'000
Cash at bank and in hand	337	137
Bank overdraft	<u>-</u>	<u>(234)</u>
	<u>337</u>	<u>(97)</u>

24. CONTINGENT LIABILITIES

	Group and Company	Group and Company
	1996	1995
	£'000	£'000
Guarantees in respect of bank loans to customers	<u>47</u>	<u>47</u>



NOTES TO THE ACCOUNTS year ended 30 September 1996

25. 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	-	1
On leases expiring between one and two years	-	10
On leases expiring between two and five years	11	4
	<u>11</u>	<u>15</u>

26. CAPITAL COMMITMENTS

	Group and Company 1996	Group and Company 1995
	£'000	£'000
Capital expenditure contracted for, but not provided for, in the financial statements	-	-
Capital expenditure authorised by the directors but not yet contracted for	-	39

27. 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 professional actuaries in 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. They will be next valued at the actuarial valuation due as at 1 July 1999)

28. TRANSACTIONS WITH DIRECTORS AND OFFICERS

Mr C S Lewis and Mr R E Thomas held 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 (Finance Director and Company Secretary)

Non Executive Directors Elected by the Advisory Committee

C S Lewis

R E Thomas

SOLICITORS

Eversheds

Cardiff

AUDITORS

Deloitte & Touche

Cardiff

BANKERS

Barclays Bank PLC

Cardiff

REGISTERED OFFICE

Crown Brewery

Cowbridge Road

Pontyclun

CF72 9YG

REGISTERED NUMBER

2809284