

CROWN BUCKLEY LIMITED
(Registered number 2809284)

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1998



CROWN BUCKLEY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1998

TRANSFER OF ASSETS AND LIABILITIES

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

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 £nil (1997 - £23,703,000) and the profit before taxation was £170,000 (1997 - loss - £813,000).

DIVIDENDS AND RETAINED PROFIT

During the year, dividends on 15% 'A' preference shares have been paid totalling £107,000 (1997 - £185,000). At 30 September 1998 dividends of £9,000 (1997 - £4,000) have been accrued, and the retained profit of £58,000 (1997 - loss - £1,124,000) has been transferred to reserves.

FIXED ASSETS

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

DIRECTORS

The directors who held office during the year were:

C M Brain –Chairman

MAJ Salter

RB Cunningham – appointed 12 February 1998

JS Barrett

PR Moore – resigned 13 October 1997

ME James

JW Glazzard

JR Thomas

I Evans - resigned 16 April 1998

EL Ashford - resigned 16 April 1998

P Jones - appointed 16 April 1998

B Lansley - appointed 16 April 1998

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

CROWN BUCKLEY LIMITED

DIRECTORS' REPORT (CONTINUED)

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
KC Kirkham*
B Lansley
CS Lewis
G Margeston*
RG Rees*
RE Thomas
C Timothy*

* CIU representatives

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 £nil (1997 - £1,325).

CROWN BUCKLEY LIMITED

DIRECTORS' REPORT (CONTINUED)

OWNERSHIP

The company is a wholly owned subsidiary of SA Brain and Company Limited.

AUDITORS

During the year, Price Waterhouse resigned as auditors and the directors appointed PricewaterhouseCoopers to fill the casual vacancy. A resolution concerning the ratification of the directors' decision will be submitted to the Annual General Meeting. PricewaterhouseCoopers have indicated their willingness to be reappointed and a resolution concerning their appointment will also be submitted to the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'J.R. Thomas', followed by a long horizontal line extending to the right.

J.R. Thomas
Secretary
The Old Brewery
Cardiff

5th January 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF CROWN BUCKLEY LIMITED

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

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.

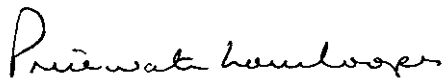
Basis of opinion

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

5th January 1999

CROWN BUCKLEY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1998

	<u>1998</u> £'000	<u>1997</u> £'000
TURNOVER - discontinued operations (Note 2)	-	23,703
Cost of sales	-	(19,419)
	<hr/>	<hr/>
GROSS PROFIT	-	4,284
Distribution costs	-	(1,346)
Administrative expenses		
- Normal operations	-	(944)
- Exceptional items (Note 4)	-	(3,236)
	<hr/>	<hr/>
Other operating income	-	(4,180)
	-	274
NET OPERATING EXPENSES	-	(5,252)
	<hr/>	<hr/>
OPERATING LOSS - discontinued operations	-	(968)
Profit on sale of fixed assets	-	354
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LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST	-	(614)
Other interest receivable	235	26
Interest payable	-	(225)
	<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (Notes 2,3)	235	(813)
Taxation on profit on ordinary activities (Note 5)	(65)	(126)
	<hr/>	<hr/>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR (Note 2)	170	(939)
Dividends - Non-equity shares (Note 6)	(112)	(185)
	<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR (Note 19)	58	(1,124)
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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 for the financial year includes all recognised gains and losses in the year.

The notes on pages 8 to 25 form an integral part of these accounts.

CROWN BUCKLEY LIMITED

BALANCE SHEET 30 SEPTEMBER 1998

	<u>1998</u> £'000	<u>1997</u> £'000
FIXED ASSETS		
Tangible assets (Note 7)	-	13,822
Investments (Note 8)	-	4,921
	<hr/>	<hr/>
	-	18,743
CURRENT ASSETS		
Stocks (Note 9)	-	712
Debtors (Note 10)	6,959	2,602
Cash at bank and in hand	-	1,226
	<hr/>	<hr/>
	6,959	4,540
CREDITORS – Amounts falling due within one year (Note 11)	(3,766)	(18,634)
	<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)	3,193	(14,094)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	3,193	4,649
CREDITORS – Amounts falling due after more than one year (Note 12)	-	(132)
DEFERRED INCOME (Note 14)	-	(768)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 15)	-	(614)
	<hr/>	<hr/>
	3,193	3,135
	<hr/>	<hr/>
CAPITAL AND RESERVES		
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)	336	278
	<hr/>	<hr/>
Total shareholders' funds	3,193	3,135
	<hr/>	<hr/>

The notes on pages 8 to 25 form an integral part of these accounts.

CROWN BUCKLEY LIMITED

BALANCE SHEET 30 SEPTEMBER 1998 (CONTINUED)

	<u>1998</u> £'000	<u>1997</u> £'000
Shareholders' funds are attributable to:		
Equity shareholders	332	274
Non-equity shareholders	2,861	2861
	<hr/>	<hr/>
	3,193	3,135
	<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 5th January 1999.



CM Brain
Chairman



MAJ Salter
Director

The notes on pages 8 to 25 form an integral part of these accounts.

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

1 ACCOUNTING POLICIES

(i) Basis of accounting

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

(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.

(iv) 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

(v) Fixed asset investments - trade loans

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

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(vi) 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.

(vii) Repairs and renewals

These are charged to expense in the year when incurred.

(viii) 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.

(ix) 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.

(x) 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.

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(xi) 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 1998 (CONTINUED)

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1998</u> £'000	<u>1997</u> £'000
Wages and salaries	-	2,851
Social security costs	-	218
Other pension costs (Note 21)	-	12
Depreciation of owned fixed assets	-	1,370
Depreciation of fixed assets held under finance leases and hire purchase contracts	-	128
Amortisation of government grants	-	214
Hire of plant and machinery	-	50
Auditors' remuneration	-	21
Non-audit fees paid to auditors	-	5
Profit on disposal of properties	-	359
Profit on disposal of plant and equipment	-	(5)
Interest on bank overdrafts	-	16
Interest on bank loans	-	148
Interest on hire purchase contracts	-	47
Interest on deposits	-	14
	<hr/>	<hr/>

4 EXCEPTIONAL ITEMS

No exceptional items arose in the year. In the year ended 30 September 1997, the exceptional items were as follows:

	<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))	<u>1,958</u>	<u>-</u>	<u>1,958</u>
	3,236	-	3,236
	<hr/>	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

4 EXCEPTIONAL ITEMS (CONTINUED)

- (i) During the year ended 30 September 1997, 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 were made for the costs of this restructuring totalling £1,278,000. The costs related to redundancy, asset write-offs and other associated costs.
- (ii) Additional provisions represented amounts which, for group purposes, were 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 were as follows:

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

5 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Based on the profit/(loss) on ordinary activities for the year :		
Corporation tax at 31% % (1997 – 31%)	73	77
Corporation tax (overprovided) in prior years	(82)	-
Deferred taxation	-	-
ACT written off	74	49
	<u>65</u>	<u>126</u>
	<u>=====</u>	<u>=====</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 1998 (CONTINUED)

6 · DIVIDENDS

	<u>1998</u> £'000	<u>1997</u> £'000
Dividends paid in the year:		
15% 'A' preference shares	107	107
8% 'B' preference shares	-	72
8% preferred ordinary shares	-	16
	<hr/>	<hr/>
	107	195
Dividend accrued but not due for payment		
- at beginning of year	(4)	(14)
- at end of year	9	4
	<hr/>	<hr/>
	112	185
	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

7 TANGIBLE FIXED ASSETS

	Freehold <u>property</u> £'000	Long leasehold <u>property</u> £'000	Plant and <u>machinery</u> £'000	Fixtures and <u>fittings</u> £'000	Motor <u>vehicles</u> £'000	<u>Total</u> £'000
Cost						
At beginning of year	10,436	410	8,315	1,243	1,052	21,456
Transferred to parent Company	(10,436)	(410)	(8,315)	(1,243)	(1,052)	(21,456)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At beginning of year	157	5	5,954	818	700	7,634
Transferred to parent company	(157)	(5)	(5,954)	(818)	(700)	(7,634)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount						
At 30 September 1998	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1997	10,279	405	2,361	425	352	13,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in the above amounts at 30 September are assets held under finance leases :

	Plant and machinery £'000	<u>1998</u> Motor vehicles £'000	Plant and machinery £'000	<u>1997</u> Motor vehicles £'000
Cost	-	-	630	381
Accumulated depreciation	-	-	(182)	(169)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	-	-	448	212
	<hr/>	<hr/>	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

7 TANGIBLE FIXED ASSETS (CONTINUED)

	<u>1998</u> £'000	<u>1997</u> £'000
Future capital expenditure not provided for in the accounts :		
Contracts placed	-	-
	<u> </u>	<u> </u>

8 FIXED ASSET INVESTMENTS

	<u>Total</u> £'000	<u>Trade</u> <u>loans</u> £'000	<u>Investments in</u> <u>subsidiaries</u> £'000
Cost :			
At beginning of year	8,815	8,112	703
Transferred to parent company	(8,112)	(8,112)	-
	<u> </u>	<u> </u>	<u> </u>
At end of year	703	-	-
	<u> </u>	<u> </u>	<u> </u>
Provision for diminution in value :			
At beginning of year	3,894	3,191	703
Transferred to parent company	(3,191)	(3,191)	-
	<u> </u>	<u> </u>	<u> </u>
At end of year	703	-	703
	<u> </u>	<u> </u>	<u> </u>
Net book amount			
30 September 1998	-	-	-
	<u> </u>	<u> </u>	<u> </u>
30 September 1997	4,921	4,921	-
	<u> </u>	<u> </u>	<u> </u>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

8 FIXED ASSET INVESTMENTS (CONTINUED)

The cost of investments in subsidiaries comprises the following:		<u>1998 and 1997</u> £'000
(a)	703,460 - £1 preferred ordinary shares in Crown Buckley 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 Buckley 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>1998</u> £'000	<u>1997</u> £'000
Raw materials and consumables	-	155
Work in progress	-	64
Finished goods and goods for resale	-	493
	<hr/>	<hr/>
	-	712
	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

10 DEBTORS

	<u>1998</u> £'000	<u>1997</u> £'000
Trade debtors	-	2,293
Recoverable advance corporation tax	-	74
Other debtors	-	133
Prepayments and accrued income	-	102
Amount due from parent company	6,959	-
	<hr/>	<hr/>
	6,959	2,602
	<hr/>	<hr/>

11 CREDITORS (amounts falling due within one year)

	<u>1998</u> £'000	<u>1997</u> £'000
Obligations under finance leases and hire purchase contracts	-	194
Trade creditors	-	1,641
Amount owed to parent company	-	10,075
Amount owed to subsidiary	3,698	3,698
Other taxation and social security	59	1,143
Dividends accrued	9	4
Other creditors	-	1,697
Accruals	-	182
	<hr/>	<hr/>
	3,766	18,634
	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

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

	<u>1998</u> £'000	<u>1997</u> £'000
Bank loans	-	-
Obligations under finance leases and hire purchase contracts	-	132
	<hr/>	<hr/>
	-	132
	<hr/>	<hr/>
	<u>1998</u> £'000	<u>1997</u> £'000
Analysis of loans and overdrafts, finance leases and hire purchase repayments due :		
Within one year or on demand	-	194
Between one and two years	-	130
Between two and five years	-	2
After five years	-	-
	<hr/>	<hr/>
	-	326
	<hr/>	<hr/>

13 LEASE OBLIGATIONS

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

	<u>1998</u> £'000	<u>1997</u> £'000
Within one year	-	4
Between one and two years	-	3
Between two and five years	-	34
	<hr/>	<hr/>
	-	41
	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

14 DEFERRED INCOME

	<u>1998</u> £'000	<u>1997</u> £'000
Regional selective assistance grants:		
At beginning of year	768	982
Amounts taken to profit for year	-	(214)
Transferred to parent company	(768)	-
	<hr/>	<hr/>
At end of year	-	768
	<hr/>	<hr/>

15 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1998</u> £'000	<u>1997</u> £'000
Provision for the excess of pension costs charged over amounts funded	-	545
Deferred taxation	-	69
	<hr/>	<hr/>
	-	614
	<hr/>	<hr/>

The provision for deferred taxation comprises the following:

	<u>Provided</u>		<u>Unprovided</u>	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Capital allowances in excess of depreciation	-	193	-	-
Other timing differences	-	(124)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	69	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

15 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	<u>1998</u> £'000	<u>1997</u> £'000
Deferred tax movement for the year:		
Opening balance	69	69
Transferred to parent company	(69)	-
	<hr/>	<hr/>
Closing balance	-	69
	<hr/>	<hr/>

16 CALLED UP SHARE CAPITAL

	<u>1998 and 1997</u> £'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
	<hr/>
	741
	<hr/>
	<u>1998 and 1997</u> £'000
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
	<hr/>
	737
	<hr/>

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

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.

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

16 CALLED UP SHARE CAPITAL (CONTINUED)

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 1998 and 30 September 1997

1,737

18 CAPITAL RESERVE

£'000

At 30 September 1998 and 30 September 1997

383

19 PROFIT AND LOSS ACCOUNT

£'000

At 1 October 1997

278

Retained profit for the year

58

At 30 September 1998

336

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u> £'000	<u>1997</u> £'000
Recognised gains/(losses) for the period :		
Profit/(loss) for the period	170	(939)
Dividends	(112)	(185)
	<hr/>	<hr/>
Net increase/(reduction) in shareholders' funds	58	(1,124)
	<hr/>	<hr/>
Opening shareholders' funds	3,135	4,259
	<hr/>	<hr/>
Closing shareholders' funds	3,193	3,135
	<hr/>	<hr/>

21 PENSION SCHEME

The company operates a defined benefit pension scheme 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 1998. 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 108% of its liabilities. The market value of assets was approximately £13.0 million as at 30 June 1998. (This figure excludes the value of the annuity policies held in respect of certain pensioners. These policies were valued as part of the 1998 actuarial valuation, their market value being approximately £1.3 million).

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

22 DIRECTORS AND EMPLOYEES

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Directors' emoluments charged in the year (including pension contributions) were :		
For services as directors	-	7
Other emoluments	-	181
	<hr/>	<hr/>
	-	188
	<hr/>	<hr/>

The average number of persons employed by the company during the year, including directors, was nil (1997 - 297). 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 nil (1997 - 4).

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

	<u>At 30 September 1998</u>	<u>At 30 September 1997</u>
'A' preference shares		
MAJ Salter	1,005	1,005
RB Cunningham	4,005	4,005
JS Barrett	3,000	3,000
JR Thomas	500	500
P Jones	100	100
B Lansley	252	252

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

23 TRANSACTIONS WITH DIRECTORS AND OFFICERS

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

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

CROWN BUCKLEY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

24 CONTINGENT LIABILITIES

At 30 September 1998 the company had given guarantees in respect of bank loans to customers totalling £nil (1997 - £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 1998 the amounts due within the group under such guarantees amounted to £15,150,000 (1997 - £14,150,000). 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. That company is the parent of the smallest and largest group in respect of which group accounts are prepared.