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YOUNG & CO'S BREWERY PLC

REPORT & ACCOUNTS 1986

RESULTS AT A GLANCE

1985		1986
£3,024,998	Profit on Ordinary Activities	£3,354,174
£1,688,242	Profit after Tax	£1,989,089
12.69p	Earnings per Ordinary Share	15.11p
6.3p	Dividends per Ordinary Share	7.3p

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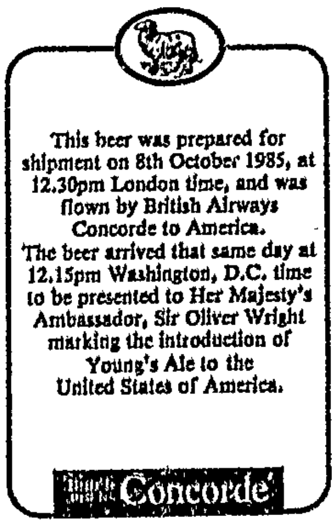
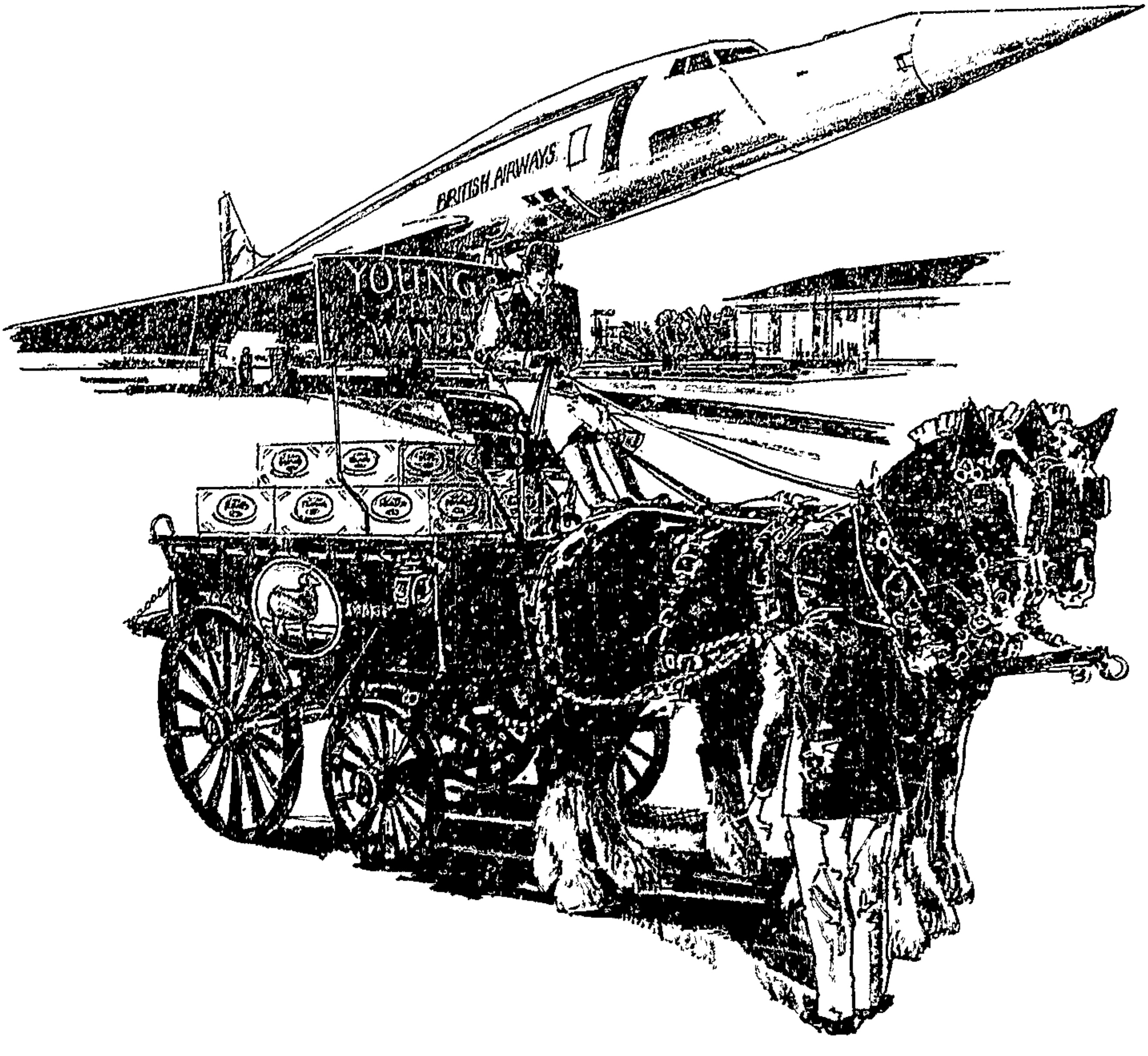


American Beer Label

We are now exporting our beers to North America.
We have acquired the Lamb in Leadenhall Market.
We have installed a new bottling line.
We are in supermarkets in the Home Counties.



The Chancellor's decision not to increase Beer Duty is an item of news we can enjoy. Last time this happened was in 1979. Could the spirit of the Chancellor, Mr Heathcote Amery, who actually reduced Beer Duty in 1959 be stalking No.11? Let us hope so. The price of beer in Pubs is thought to have reached the limits and too pricey. But the amenities provided in which to drink it have reached the highest standards, and we have spent over £2,700,000 on the Pubs this year to maintain these standards. This was more than we had budgetted and accounts for Profits lower than we had anticipated. This is an investment in our future. Still there has been a good increase which has come from continuing efficiency in production and packaging, and a good year for wine.

We have just installed a completely new bottling line, an investment of £1 million. We can now undertake bottling of all shapes and sizes including PET bottles up to 3 litres, so we are able for the first time to compete in the take-home trade including supermarkets. Look for Ram Rod and Bitter on the shelves in Sainsbury, Tesco and Waitrose.

Our bottling line also fills special bottles for overseas. During the year we have built up a distribution throughout North America. Ram Rod, Old Nick and Special London Ale are selling well and available in 17 States. We thank our Ambassador and Staff of our Embassy in Washington for their help and support and for giving a party in the Embassy for our U.S. distributors.

During the year we have successfully introduced Beamish Original Irish Stout brewed in Cork to offer an alternative to Guinness. There used to be many stouts, we at Young and Co. brewed two, and we thought there was an opportunity to challenge the Guinness monopoly. Success has proved it. We have increased the market for Stout. Other breweries have taken it and more are showing interest. Beamish now takes a third of our Stout trade, a pint of Beamish for every two of Guinness.

We have introduced two non-alcoholic lagers: Barbican and Swan Special Light. These we hope may be followed by a non-alcoholic wine. I repeat again that our industry attracts criticism concerning heavy drinking and alcoholism and suffers in some quarters from a strongly negative image. It is worth reminding ourselves and others too of the positive aspects of the industry and the great social attributes of the British Pub, an institution the envy of the world. We have a long-term vested interest in sensible drinking, not driving after drinking, in decent behaviour, in the hundreds and thousands who enjoy a convivial drink and don't abuse alcohol.

The Government's report into the effect of the liberalised licensing hours in operation in Scotland held that the Scottish system which allows Pubs to open all day had led to more sensible and civilised drinking and had not been matched by any rise in drink-related crime or other associated problems. Is the Government going to respond to liberalise licensing hours? And if so, when? If not come on Backbenchers, let's have a Private Members Bill.

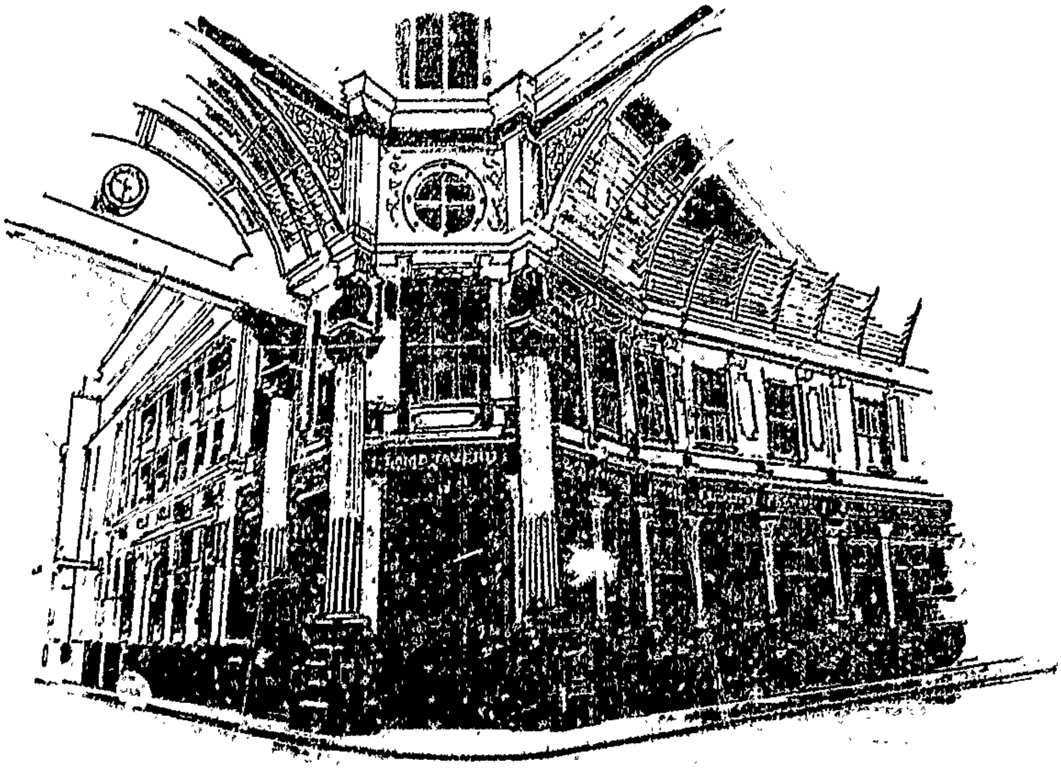
We are still in the market for acquiring more Pubs. We took over recently the historic "Lamb" in Leadenhall Market adjacent to Lloyds new building. Extensive refurbishments are nearing completion to welcome our friends from Lloyds. Of other alterations I pick the "Robin Hood" in Sutton. That is going to be a landmark in the area and will be well worth a visit.

Your AGM will be held in Grosvenor House. We have outgrown the Brewery, the Dog & Fox, Wandsworth Town Hall and the London West Hotel. 1,500 attended last year. We encourage attendance not for a beano for which mistakenly it has become renowned, but to meet with many of our small shareholders most of whom are our customers. At formal Question Time during the Meeting and afterwards to our staff many a comment or useful suggestion has enlightened us and proved productive.

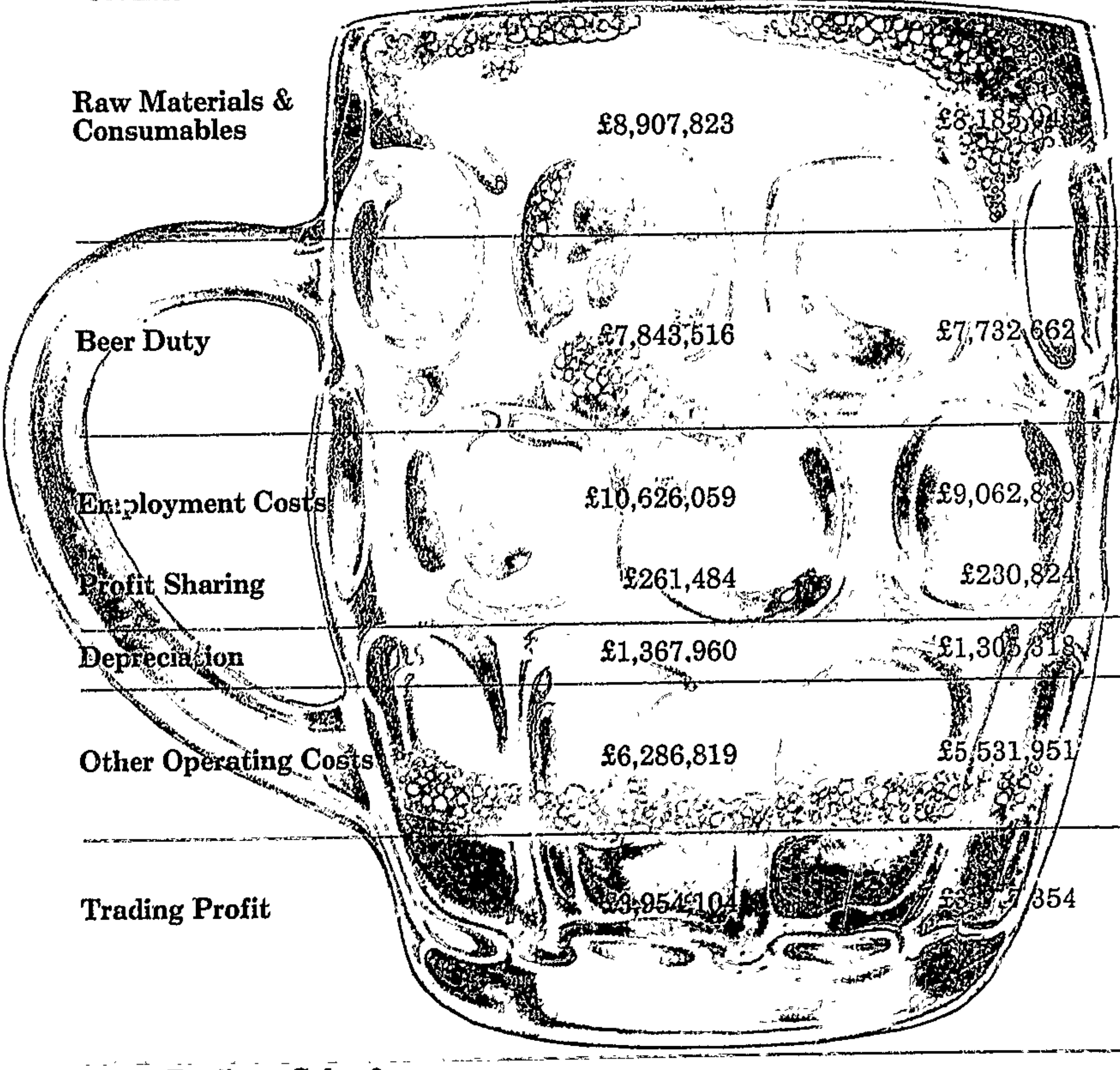
You may be amazed to know that 1,764 shareholders holding 19,417 shares have donated their dividends to charity to the Licensed Victuallers' National Homes. This must be unique. On behalf of the Homes I thank them all.

I thank everybody in the Brewery, and on the road, and in our Pubs and Off Licenses, for their contribution to the success of Young & Co.

JOHN YOUNG



The Lamb Tavern, Leadenhall Market in the City of London. Acquired by Young's in [illegible]



		1986	1985
Turnover		£39,247,765	£35,565,984
Raw Materials & Consumables		£8,907,823	£8,185,04[illegible]
Beer Duty		£7,843,516	£7,732,662
Employment Costs		£10,626,059	£9,062,829
Profit Sharing		£261,484	£230,824
Depreciation		£1,367,960	£1,305,318
Other Operating Costs		£6,286,819	£5,531,951
Trading Profit		£3,954,104	£3,[illegible]7,354
PLUS	Profit on Sale of Properties	£72,498	£21,386
LESS	Interest Payable	£672,428	£513,742
	Tax	£1,365,085	£1,336,756
	Dividends	£1,016,253	£891,693
This Year's Profit left in the Company		£972,836	£796,549

Sales of Beer, Wine & Spirits to the Trade; Sales over the Bar in our Managed Houses; Rents from properties we own; Royalties; Export Sales — over half a million bottles already sold to the United States.

Malt, Hops and Sugar of the finest quality for brewing our traditional beers and prize-winning Lager; finished goods such as wines, spirits and beers from other producers and manufacturers.

The tax paid to the Government on production of our beers.

The reward for our labour: wages, salaries and pension schemes for our employees both in the Brewery and in Managed Houses.

All brewery employees become members of the profit sharing scheme after 5 years service. A one-part share this year is £613.81.

Plant, machinery, vehicles and pub fittings wear out.

All the other costs of running the Brewery and Managed Houses: Heat, light, power, water, rates, repairs and maintenance; and all the other expenses involved in running the Company.

THE RESULT OF THIS YEAR'S TEAMWORK AT YOUNGS

The cost of borrowing money.

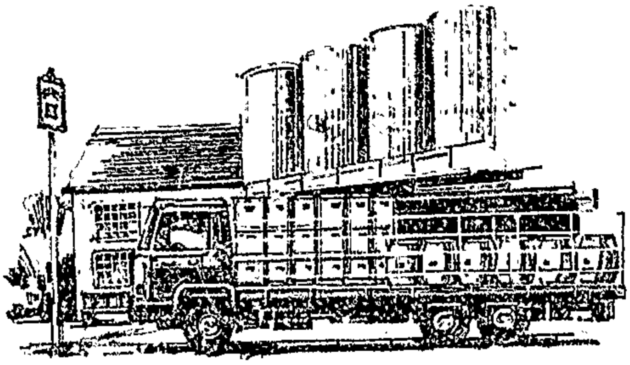
Corporation Tax for the Government.

Payment to shareholders for their investment in the Company.
The Ram Brewery Trust owns 20% of the Company.

FOR REINVESTMENT IN THE FUTURE

WHAT WE OWN

Fixed Assets		£54,524,994
Current Assets: **Stock**	£3,660,061	
Debtors	£2,187,232	
Cash	£41,941	
TOTAL OF WHAT WE OWN		£60,414,228



Fixed Assets – What we need to run a Brewery. The Brewery Buildings, Plant, Pubs, Off-Licences, Motor Vehicles.

LESS - WHAT WE OWE

Creditors	£5,680,781	
Bank	£1,941,866	
Loans	£3,554,642	
TOTAL OF WHAT WE OWE		£11,177,289
Deferred Taxation		£3,450,394
Leaving what the Company is worth (Book Value)		£45,786,545

Creditors – For supplies of Malt & Hops, Wines & Spirits. Plus Duty, VAT, Tax, Dividends, Services & Equipment.

HOW THE MONEY WAS CREATED

Shareholders	£7,588,500	
Revaluation Reserve	£27,363,698	
Past Profits	£10,834,347	
		£45,786,545

Shareholders – People who buy shares on the Stock Exchange and employees as members of the Ram Brewery Trust and other 'B' Shareholders.

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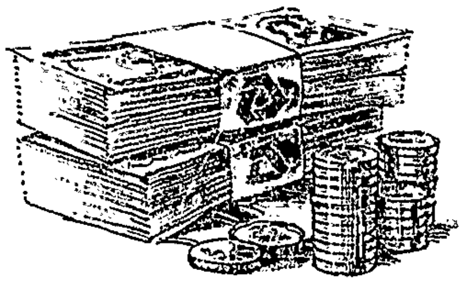
Current Assets/Stock – What we need to trade. Malt, Hops & Sugar to make Beer. Wines & Spirits, Spare Parts etc.



Current Assets/Debtors – What we are owed by Tenants of the Pubs, by Customers and by Others.

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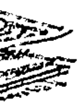
Loans – like a mortgage on a house.

Deferred Taxation – Tax to be paid in the future over many years.



shares
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y Trust

Revaluation Reserve – Surplus on the value of our properties which go up over the years in the same way as houses.

Past Profits – money from previous years which has been ploughed back to help run the Brewery.

CURRENT PUBLIC BAR PRICES

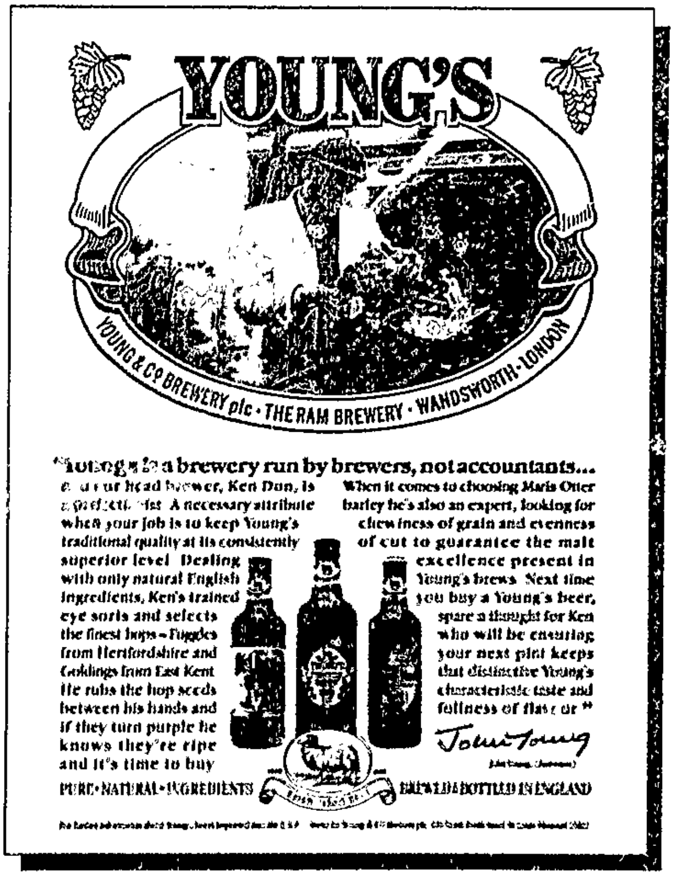
AT 16th JUNE, 1986 IN MANAGED HOUSES

	GRAVITY BAND	PUBLIC BAR PRICES MANAGED HOUSES
Draught		
Winter Warmer	1052-58°	(avail. Nov-March)
Special Bitter	1043-49°	91p per pint
Bitter	1034-38°	84p per pint
John Young's London Lager	1035-39°	95p per pint
Youngs Premium Lager	1044-50°	1.08p per pint
Bottled		
Old Nick	1080-88°	84p small bottle
Export	1058-66°	71p small bottle
Ram Rod	1043-49°	54p small bottle
Light Ale	1030-34°	47p small bottle
Brown Ale	1030-34°	48p small bottle
John Young's London Lager	1035-39°	52p small bottle

		OFF-SALE PRICES MANAGED HOUSES
Youngs Bitter	1034-38°	£2.84 per 2 litre P.E.T. Bottle
Youngs Bitter	1034-38°	67p per 16oz can
Ram Rod	1043-49°	£3.13 per 2 litre P.E.T. Bottle
Ram Rod	1043-49°	72p per 16oz can
John Young's London Lager	1035-39°	69p per 16oz can

We have published the above information because of customers' natural concern over prices and gravities. Prices are exhibited in all the Bars of all our Houses which is now a statutory requirement. It is not always understood that since the end of Resale Price Maintenance brewers control only the prices in their Managed Houses. Tenants are independent and make their own decisions on prices.

STATUTORY REPORT & ACCOUNTS 1986



* See page 28

Notice is hereby given that the ninety-seventh Annual General Meeting of Young & Co's Brewery PLC will be held in the Great Room of the Grosvenor House Hotel, Park Lane, London W1 on Tuesday, 8th July, 1986 at 1 p.m. for the following purposes:

1. To receive the Statement of Accounts and Balance Sheets for the year ended 31st March, 1986 and the Directors' and Auditors' Reports thereon, and to declare a Final Dividend on the Ordinary Shares.
2. To re-elect J. D. Rose a Director.
3. To re-appoint the Auditors.
4. To authorise the Directors to fix the Auditors' remuneration.
5. To transact any other ordinary business of the Company.

NOTE: Those Members holding only Non-voting Shares, Preference Shares, Preference Stock, or Debenture Stock, are not entitled to attend or vote at the Meeting and this Notice is sent to them for information only.

By order of the Board,
C. J. MEYER
Secretary
Ram Brewery, Wandsworth,
LONDON SW18 4JD
16th June 1986

A Member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and, on a poll, vote instead of him, and such proxy need not also be a Member. The instrument appointing the proxy must be received at the Registered Office of the Company not less than forty-eight hours before the Meeting.

Copies of Directors' Service Contracts will be available for inspection at the Ram Brewery during normal business hours from 16th June to 7th July and at the place of the meeting from 15 minutes prior to and until the conclusion of the meeting.

Directors
J. A. Young, C.B.E. (Chairman and Managing)
J. Carew, F.C.I.S.
J. C. Darby
B. D. B. Palmer
C. P. W. Read (Managing)
J. D. Rose
J. G. A. Young (Managing)
T. ff. B. Young (Managing)

Secretary
C. J. Meyer, A.C.I.S.

Head Brewer
J. K. Don, B.Sc.Brewing, Dip.Inst.B.

Auditors
Messrs. Pannell Kerr Forster,
New Garden House,
78 Hatton Garden,
London EC1N 8JA.

Bankers
National Westminster Bank PLC,
41 Lothbury, EC2P 2BP.

Solicitors
Messrs. Druces & Attlee,
Salisbury House,
London Wall, EC2M 5PS.

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Profits and Dividends

The Directors submit the audited accounts for the year ended 31st March 1986. The profit for the year available to Shareholders amounted to £1,989,089. The interim dividend of 3.3p per share was paid on the 6th December 1985, and the Directors recommend a final dividend of 4.0p per share, payable on the 8th July 1986.

Principal Activities

The principal activities of the Company are those of brewing, bottling beer and selling beer, wines, spirits and cider through its public houses.

Depreciation of Buildings

Under the recommendation of Statement of Standard Accounting Practice No. 12 the Company has depreciated Brewery premises. In line with the Brewing Industry, the Directors do not consider it appropriate to depreciate Freehold Licensed Properties or private houses.

Assets

The Directors are of the opinion that the market value of the Group's properties is now in excess of the book value based on the 1981 valuation, and have decided that the properties will be revalued during the current year.

Directors

No Director has a contract of service as an executive of the Company requiring a period of notice exceeding 12 months.

No Director has had during the year any material interest in any contract relative to the Company's business.

Re-election of Director

J. D. Rose, the director retiring by rotation, offers himself for re-election.

Employees

The Company provides employees with information concerning trading, development and other matters of concern to them, by the production of Simplified Employees Accounts, Staff Annual General Meeting, notice boards and special meetings. The Ram Brewery Trust operates a Profit Sharing Scheme and by these means the Company encourages employees to be aware of the financial and economic factors affecting its performance.

Full and fair consideration is given to suitable applications for employment from disabled persons, and opportunities also exist for employees who become disabled to continue in their employment or to be retrained for other positions so far as is practical.

Donations

Donations to charitable organisations amounted to £19,601. There were no political donations.

The total value of goods given to charitable organisations amounted to £4,732.

Taxes Act 1970

The Company is not a close company within the terms of the above act.

Chairman's Statement

A review of the business for the year and likely future developments is included in the Chairman's Statement on pages 4 and 5.

Directors & Their Holdings & Interests
(Full details are shown on page 28)

A number of trustee holdings are held jointly by two or more Directors.

In addition to the Directors' holdings on page 28 the following held in excess of 5% of any one class of voting share at 31st March 1986:

'A' SHARES:	Total Holding	2,906,400	
	Prudential Nominees Ltd.	231,488	(8.0%)
	Lloyds Bank (S.F.) Nominees Ltd.	155,400	(5.3%)
'B' SHARES:	Total Holding	4,359,600	
	R. H. Young	299,076	(6.9%)
	G. A. R. Bird	258,102	(5.9%)

Directors' Holdings

Since 31st March 1986 the trustees of the Ram Brewery Trust have purchased 60,000 'B' Ordinary Shares from R.H. Young.

The Ram Brewery Trust now holds 1,790,570 'B' Shares (41.1%)

There has been no other movement in Directors' holdings.

J. A. Young

J. C. Darby

J. A. YOUNG
J. C. DARBY } Directors
22nd May 1986

Recent American Advertising

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 1986

	Notes	1986		1985	
Turnover	1		39,247,765		35,565,984
Change in Stocks of finished goods and work in progress		(96.227)		(438,126)	
Raw Materials and consumables		9,004,050		8,623,172	
Customs & Excise Duties		7,843,516	16,751,339	7,732,662	15,917,708
			22,496,426		19,648,276
Employment costs	2	10,887,543		9,293,653	
Depreciation		1,367,960		1,305,318	
Other operating costs		6,286,819	18,542,322	5,531,951	16,130,922
Trading Profit	3		3,954,104		3,517,354
Profit on Disposal of Properties			72,498		21,386
			4,026,602		3,538,740
Interest Payable	4		672,428		513,742
Profit on Ordinary Activities Before Tax			3,354,174		3,024,998
Tax on Profit on Ordinary activities	5		1,365,085		1,336,756
Profit on Ordinary Activities After Tax	6		1,989,089		1,688,242
Dividends	7		1,016,253		891,693
Retained Profit for the Financial Year	20		£972,836		£796,549
Earnings per 50p Ordinary Share	8		15.11p		12.69p

BALANCE SHEETS

AS AT 31st MARCH 1986

		Notes	Group 1986	Group 1985	Company 1986	Company 1985
Fixed Assets:	Tangible Assets	10	54,411,249	52,971,767	52,776,512	51,312,030
	Investments:	11				
	Subsidiaries		—	—	282,298	282,298
	Unlisted		113,745	113,745	113,745	113,745
			54,524,994	53,085,512	53,172,555	51,708,073
Current Assets:	Stocks	12	3,660,061	3,542,556	3,660,061	3,542,556
	Debtors	13	2,187,232	2,173,993	2,090,100	2,140,105
	Cash		41,941	35,220	40,318	33,597
			5,889,234	5,751,769	5,790,479	5,716,258
Less Creditors:	Amounts Falling Due Within One Year:					
	Short-term borrowing	14	1,941,866	1,304,668	1,890,355	1,239,188
	Creditors	15	5,680,781	5,204,084	6,050,197	5,559,430
Net Current Liabilities:			(1,733,413)	(756,983)	(2,150,073)	(1,082,360)
Total Assets Less Current Liabilities:			52,791,581	52,328,529	51,022,482	50,625,713
Less Creditors:	Amounts Falling Due After More Than One Year:					
	Debenture Loans	16	804,642	818,783	804,642	818,783
	Bank Loans	16	2,750,000	3,250,000	2,750,000	3,250,000
			49,236,939	48,259,746	47,467,840	46,556,930
Provision for liabilities and charges:	Deferred Taxation	17	3,450,394	3,446,037	3,450,394	3,446,037
			£45,786,545	44,813,709	44,017,446	43,110,893
Capital and Reserves:						
	Called up Share Capital	18	7,588,500	7,588,500	7,588,500	7,588,500
	Revaluation Reserve	19	27,363,698	27,387,260	26,006,228	26,006,228
	Profit & Loss Account	20	10,834,347	9,837,949	10,422,718	9,516,165
			£45,786,545	44,813,709	44,017,446	43,110,893

Approved by the Board
22nd May 1986

J.A. Young

J.A. YOUNG } Directors
J.C. DARBY } Directors

STATEMENT OF CASH FUNDS

	1986		1985	
Where it came from				
Profit on Ordinary Activities	3,354,174		3,024,998	
Profit on Redemption of Debentures	(1,841)		(1,609)	
Profit on Sale of Properties	(72,498)		(21,386)	
Depreciation	1,367,960		1,305,318	
		4,647,795		4,307,321
Sales of Tangible Fixed Assets		129,907		69,537
		4,777,702		4,376,858
Where it went				
Purchase of Tangible Fixed Assets	2,864,851		3,485,653	
Debentures Repaid	12,300		10,681	
Dividend	929,061		854,325	
Taxation	804,369		725,840	
Increase in Stock	117,505		497,663	
Increase in Debtors	13,239		63,324	
Decrease (increase) in Creditors	166,854		(640,049)	
		4,908,179		4,997,437
Net Cash Deficit		£130,477		£620,579

Accounts

The Accounts have been prepared using the Historical Cost Convention except that all properties were revalued in 1981.

Consolidation

The Consolidated Accounts incorporate the accounts of the Company and all subsidiaries from the dates of their acquisition.

Depreciation

Depreciation is provided on freehold brewery premises by equal annual instalments over the remainder of their estimated useful lives.

All leases under 100 years are amortised by charging Profit and Loss account with an annual sinking fund contribution.

No depreciation is provided on Freehold Public Houses, Private Houses, Off-Licences or leases of over 100 years. The policy of the Company is to keep these properties permanently in a good state of repair and their useful life is consequently maintained year by year. In line with the majority of other Brewery Companies the Directors consider that provision for such depreciation would be immaterial.

All other fixed assets are depreciated by equal annual instalments over their estimated useful lives, principally over the following periods:

	YEARS
The Brewery, Office and Wine & Spirit Store	50
Plant and Machinery	5-40
Motor Vehicles	5-10
Inventories, containers and sundry equipment	5-10

Deferred Taxation

Provision for Deferred Taxation is made only where there is a reasonable probability of payment in the foreseeable future.

Stocks

Stocks are valued at the lower of cost and net realisable value and where appropriate include duty and production overheads.

Repairs and Maintenance

Repairs and renewals of a revenue nature are charged to Profit and Loss Account in the year in which the expenditure is incurred.

Turnover

The Turnover of the Group comprises invoiced sales and cash sales inclusive of excise duties and rents. Turnover is exclusive of Value Added Tax.

Leases

Rentals payable under operating leases are charged to Profit and Loss Account in the year incurred. Leased assets other than land and buildings are not included in the Balance Sheet.

		1986	1985
1. Turnover	The Turnover of the Group comprises invoiced sales and cash sales inclusive of Excise duties and rents, but exclusive of Value Added Tax. The Turnover was in the following geographical areas:		
	United Kingdom	39,097,458	35,565,984
	United States and Canada (Part Year)	150,307	—
		£39,247,765	£35,565,984
2.(a) Employment Costs	Wages & Salaries including B.U.P.A.	9,139,498	7,767,009
	Social Security	636,306	502,044
	Pension Schemes & Ram Brewery Trust	850,255	793,776
	Profit Sharing Scheme	261,484	230,824
		£10,887,543	£9,293,653
(b) Number of Employees	Full time	991	921
	Part time	310	249
		1,301	1,170
(c) Directors' Remuneration	Fees	—	—
	Other Emoluments	194,611	201,350
	Superannuation Contributions	30,212	32,772
		£224,823	£234,122
Scale of emoluments of Directors other than the Chairman:	£40,001–£45,000	2	—
	£35,001–£40,000	—	2
	£30,001–£35,000	1	1
	£25,001–£30,000	—	—
	£20,001–£25,000	—	1
	£15,001–£20,000	—	1
	£10,001–£15,000	1	1
	£5,001–£10,000	1	—
	Under £5,000	2	2
	The emoluments of the Chairman were	£46,277	£37,024

(d) Higher-paid Employees

There was one employee (1985 — none) earning between £30,001–£35,000.

(e) Pensions and similar obligations

All salaried employees and Brewery weekly paid employees are members of the Pension Scheme which is non-contributory. This is a Managed Fund operated by The Provident Mutual Life Assurance Association.

Provision is also made by the Ram Brewery Trust Fund where necessary to supplement pensions.

		1986	1985
3. Trading Profit	After crediting: Gains on redemption of debentures	£1,841	£1,609
	After charging: Operating leases: Rentals Equipment	£19,222	£20,889
	Rentals Property	£142,756	£89,269
	Audit Fees	£38,000	£34,000
4. Interest Payable	3½% Irredeemable Mortgage Debenture Stock	10,500	10,500
	6½% 1st Mortgage Debenture Stock 1984/89	19,125	19,787
	7¼% 1st Mortgage Debenture Stock 1986/91	15,900	16,119
	Term Loans	515,302	315,567
	Bank Loan and Deposits	111,601	151,769
		£672,428	£513,742
5. Taxation on Profit on Ordinary Activies	Corporation Tax based on Profits for the year at 40% (1985 45%)	1,333,385	1,239,256
	Deferred Taxation (note 17)	31,700	97,500
		£1,365,085	£1,336,756

6. Profit on ordinary activities after tax

The profit after taxation dealt with in the accounts of the Parent Company was £1,922,806 (1985 £1,667,300). No separate Profit and Loss Account is presented for the Parent Company.

		1986	1985
7. Dividends	Dividends paid during the year: Preference Stocks	13,545	13,545
	Preference Shares	93,420	93,420
	Ordinary Shares Interim 3.3p per share (1985 3.0p)	411,048	373,680
	Proposed Dividend: Ordinary Shares Final 4.0p per share (1985 3.3p)	498,240	411,048
		£1,016,253	£891,693
8. Earnings per Share, basis of calculation	Trading Profit after taxation	1,989,089	1,688,242
	Less Preference Dividends	106,965	106,965
	Earnings	£1,882,124	£1,581,277
	Ordinary Shares in Issue	12,456,000	12,456,000
	Earnings per Ordinary Share of 50p	15.11p	12.69p

		GROUP & COMPANY 1986	1985
9. Lease Rental Commitments	Annual commitments under non-cancellable operating leases were as follows: Property leases expiring after five or more years	175,000	143,000
	Equipment leases expiring within one year	19,000	19,000
		£194,000	£162,000

10. Tangible Fixed Assets

	FREEHOLDS	LEASEHOLDS LONG (Over 50 Years)	LEASEHOLDS SHORT (Under 50 Years)	PLANT MACHINERY & VEHICLES	INVENTORIES CONTAINERS & SUNDRY EQUIPMENT	TOTAL
Cost and Valuation						
Total at 31.3.85						
At Valuation 31.3.81	38,018,500	1,805,000	442,000	—	—	40,265,500
At Cost 31.3.85	2,869,088	10,637	55,827	10,010,326	7,327,936	20,273,814
Additions during year	461,398	370	93,278	1,028,156	1,281,149	2,864,851
Disposals during year	(25,000)	—	—	(511,231)	(844,966)	(1,381,197)
Total at 31.3.86						
At Valuation 31.3.81	37,993,500	1,805,000	442,000	—	—	40,240,500
At Cost 31.3.86	3,330,986	11,007	149,105	10,527,251	7,764,119	21,782,468
Depreciation and Amortisation						
Total at 31.3.85	324,681	9,718	153,117	3,666,960	3,413,071	7,567,547
Charge for year	84,592	2,912	41,205	514,527	724,724	1,367,960
Disposals	—	—	—	(479,275)	(844,513)	(1,323,788)
Total at 31.3.86	409,273	12,630	194,322	3,702,212	3,293,282	7,611,719
Net Book Values						
At 31.3.85	40,562,907	1,805,919	344,710	6,343,366	3,914,865	52,971,767
At 31.3.86	40,915,213	1,803,377	396,783	6,825,039	4,470,837	54,411,249

(a) Consolidation

The Parent Company owns all Tangible Fixed Assets with the exception of certain Freehold Properties valued at £1,634,737 (1985: £1,659,737) owned by subsidiaries.

(b) Historical Costs

	1986	1985
The historical cost of Fixed Assets shown above at Cost or Valuation was:	£29,545,760	£28,037,107
Had no revaluation taken place, the depreciation charge would have been:	£1,296,560	£1,232,865
A reduction of:	£71,400	£72,453

(c) Capital Commitments

Capital Commitments not provided for in these accounts and for which contracts have been placed amounted to £904,000 (1985: £1,302,000).

Capital Commitments authorised by the Directors but for which contracts have not been placed amounted to £1,811,500 (1985: £1,315,000).

11. Investments

(a) Subsidiaries

The investment in subsidiary companies consists of 100% of the Ordinary Shares of the following companies: Foster-Probyn Ltd; London Off-Licence Ltd; Hand-in-Hand (E. W. Holland) Ltd; The Beer Squad Ltd; Cockburn and Campbell Ltd (registered in Scotland). All operate in the United Kingdom.

(b) Unlisted Investments

In the opinion of the Directors there is no material difference between the market value of unlisted trade investments and the cost stated on the Balance Sheet.

12. Stocks

	GROUP 1986	GROUP 1985
Raw Materials and Consumables	951,510	930,232
Work in progress	583,075	702,237
Finished Goods and Goods for resale	2,125,476	1,910,087
	£3,660,061	£3,542,556

13. Debtors

	GROUP 1986	GROUP 1985	COMPANY 1986	COMPANY 1985
Trade Debtors	1,427,841	1,623,910	1,329,995	1,540,281
Amounts owed by Subsidiaries	—	—	714	49,741
Other Debtors	668,020	467,406	668,020	467,406
Prepayments and Accrued Income	91,371	82,677	91,371	82,677
	£2,187,232	£2,173,993	£2,090,100	£2,140,105

14. Short-Term Borrowing

	GROUP 1986	GROUP 1985	COMPANY 1986	COMPANY 1985
Term Loans payable within one year	500,000	500,000	500,000	500,000
Bank Overdrafts	1,441,866	804,668	1,390,355	739,188
	£1,941,866	£1,304,668	£1,890,355	£1,239,188

15. Creditors: Amounts Falling Due within One Year

	GROUP 1986	GROUP 1985	COMPANY 1986	COMPANY 1985
Trade Creditors	1,610,306	1,723,406	1,606,728	1,720,984
Amount owed to Subsidiaries	—	—	393,751	357,768
Corporation Tax	1,362,552	806,193	1,341,795	806,193
Other Taxation and Social Security	1,636,208	1,794,147	1,636,208	1,794,147
Proposed Dividend	498,240	411,048	498,240	411,048
Other Creditors	467,836	418,378	467,836	418,378
Accruals and Deferred Income	105,639	50,912	105,639	50,912
	£5,680,781	£5,204,084	£6,050,197	£5,559,430

16. Creditors: Amounts Falling Due after more than One Year

	GROUP 1986	GROUP 1985
Secured:		
3½% Irredeemable Mortgage Debenture Stock	300,000	300,000
6½% 1st Mortgage Debenture Stock 1984/89	288,619	298,077
7¼% 1st Mortgage Debenture Stock 1986/91	216,023	220,706
	£804,642	£818,783

The Debenture Stock is secured against fixed assets with a 1981 valuation of £13,543,000.

Unsecured:
Term Loans repayable to the National Westminster Bank PLC on the following dates:

	1986	1985
31st December 1986	—	500,000
31st December 1987	500,000	500,000
31st December 1988	500,000	500,000
31st December 1989	750,000	750,000
31st December 1990	500,000	500,000
31st December 1991	500,000	500,000
	£2,750,000	£3,250,000

Interest on term loans is payable at the London Inter-Bank Market rate plus 1¼% per annum.

		GROUP 1986	GROUP 1985
17. Deferred Taxation	The potential liability and the amount provided at rates estimated to be applicable when timing differences reverse are as follows:		
	Potential Liability:		
	Capital allowances	4,191,800	4,156,900
	Realised capital gains	187,000	187,000
	Unrealised surplus on property revaluation	6,698,000	8,601,900
	Advance Corporation Tax not yet utilised	(203,506)	(176,163)
		£10,873,294	£12,769,637
	Amount Provided:		
	Capital Allowances	3,653,900	3,622,200
	Advance corporation tax not yet utilised	(203,506)	(176,163)
		£3,450,394	£3,446,037

The Parent Company owns all Fixed Assets with the exception of certain Freehold Properties. The potential liability on the unrealised surplus on the revaluation of these properties is £305,000 (1985: £378,900) which is included above.

Deferred taxation account movement during the year is as follows:

Balance at 31st March 1985	3,446,037
Advance Corporation Tax provided during the year	(27,343)
Amount provided: Current year (note 5)	31,700
Balance at 31st March 1986	£3,450,394

18. Share Capital – Authorised, Issued and Fully Paid

		1986	1985
322,500	4.2% Cumulative Preference Stock	322,500	322,500
1,038,000	9% Cumulative Preference Shares of £1 each	1,038,000	1,038,000
2,906,400	'A' Ordinary Shares of 50p each	1,453,200	1,453,200
4,359,600	'B' Ordinary Shares of 50p each	2,179,800	2,179,800
5,190,000	Non-voting Ordinary Shares of 50p each	2,595,000	2,595,000
		£7,588,500	£7,588,500

		GROUP 1986	GROUP 1985	COMPANY 1986	COMPANY 1985
19. Revaluation Reserve	Revaluation Reserve	27,387,260	27,424,149	26,006,228	27,218,047
	Less:				
	Transfer of Properties to Subsidiary Company	–	–	–	(1,174,930)
	Transfer to Profit and Loss Account on Sale of Properties during the year	(23,562)	(36,889)	–	(36,889)
		£27,363,698	£27,387,260	£26,006,228	£26,006,228

		GROUP 1986	1985	COMPANY 1986	1985
20. Profit & Loss Acount	**Profit Retained in the business at the beginning of the year**	9,837,949	9,004,511	9,516,165	8,703,669
	Profit Retained for the Financial year	972,836	796,549	906,553	775,607
	Transfer from Property Revaluation Reserve	23,562	36,889	—	36,889
	Profit Retained at the end of the year	£10,834,347	£9,837,949	£10,422,718	£9,516,165

AUDITORS' REPORT

TO THE MEMBERS OF YOUNG & CO'S BREWERY PLC

We have audited the financial statements on pages 16 to 25 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of land and buildings, give a true and fair view of the state of affairs of the company and the group at 31st March 1986 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Pannell Kerr Forster

Pannell Kerr Forster
Chartered Accountants
LONDON
22nd May 1986

TEN YEAR REVIEW

		1977	1978	1979
Turnover		15,372,212	17,643,252	19,183,715
Trading Profit		1,573,087	1,619,203	1,764,492
	Profit on Disposal of Properties	59,246	40,737	1,896
	Less: Interest Payable	(82,422)	(79,684)	(96,835)
	Exceptional items			(23,423)
Profit on Ordinary Activities before Tax		1,549,911	1,580,256	1,646,130
	Tax	784,044	428,936	155,893
Profit Available for Shareholders		765,867	1,151,320	1,490,237
	Dividends	193,516	210,073	279,625
Profit Retained		572,351	941,247	1,210,612
Extraordinary charge Deferred Taxation				
Earnings per Share		5.56p	9.13p	11.48p

		1977	1978	1979
Assets Employed	Fixed Assets	11,349,896	12,290,942	13,716,579
	Net Current Assets	838,875	631,440	925,471
Total Assets Employed		12,188,771	12,922,382	14,642,050
	Short-term borrowing	(494,780)	(249,164)	(702,365)
		11,693,991	12,673,218	13,939,685
	Loans repayable after one year	(943,132)	(938,362)	(920,791)
	Deferred Taxation	(2,622,700)	(13,074)	(86,500)
		8,128,159	11,721,782	12,932,394
Financed by:	Called-up Share Capital	3,436,500	3,436,500	4,474,500
	Revaluation Reserve	1,077,466	1,982,166	1,960,958
	Profit & Loss Account	3,614,193	6,303,116	6,496,936
		8,128,159	11,721,782	12,932,394

979	1980	1981	1982	1983	1984	1985	1986
715	20,589,758	23,721,891	27,948,315	30,609,849	32,365,364	35,565,984	£39,247,765
,492	1,756,067	2,003,616	2,646,577	2,731,743	3,085,583	3,517,354	£3,954,104
,896	1,225	3,152		82,293	14,500	21,386	£72,498
,835)	(208,497)	(451,160)	(608,021)	(550,379)	(457,160)	(513,742)	(£672,428)
,423)			(200,000)	(45,742)			
,130	1,548,795	1,555,608	1,838,556	2,217,915	2,642,923	3,024,998	£3,354,174
,393	50,098	(241,581)		326,978	1,131,284	1,336,756	£1,365,085
,237	1,498,697	1,797,189	1,838,556	1,890,937	1,511,639	1,688,242	£1,989,089
,625	374,767	449,505	542,925	667,485	792,045	891,693	£1,016,253
,612	1,123,930	1,347,684	1,295,631	1,223,452	719,594	796,549	£972,836
					3,277,700		
.48p	11.17p	13.57p	13 90p	14.32p	11.28p	12.69p	15.11p
6,579	15,713,611	47,144,035	48,481,166	49,537,703	50,953,328	53,085,512	£54,524,994
5,471	1,174,976	1,346,457	1,864,198	1,070,213	920,301	547,685	£208,453
2,050	16,888,587	48,490,492	50,345,364	50,607,916	51,873,629	53,633,197	£54,733,447
2,365)	(1,313,025)	(1,049,187)	(1,642,584)	(1,806,867)	(2,421,431)	(1,304,668)	(£1,941,866)
9,685	15,575,562	47,441,305	48,702,780	48,801,049	49,452,198	52,328,529	£52,791,581
0,791)	(1,395,421)	(3,385,122)	(3,350,966)	(2,840,954)	(2,331,073)	(4,068,783)	(£3,554,642)
6,500)	(123,817)			615,171	(3,103,965)	(3,446,037)	(£3,450,394)
2,394	14,056,324	44,056,183	45,351,814	46,575,266	44,017,160	44,813,709	£45,786,545
4,500	4,474,500	4,474,500	4,474,500	7,588,500	7,588,500	7,588,500	£7,588,500
0,958	1,960,958	30,613,133	30,613,133	27,424,149	27,424,149	27,387,260	£27,363,698
6,936	7,620,866	8,968,550	10,264,181	11,562,617	9,004,511	9,837,949	£10,834,347
2,394	14,056,324	44,056,183	45,351,814	46,575,266	44,017,160	44,813,709	£45,786,545

DIRECTORS' HOLDINGS & INTERESTS

31.3.86 (3[illegible])

	'A' ORDINARY SHARES OF 50p EACH	'B' ORDINARY SHARES OF 50p EACH	NON-VOTING SHARES OF 50p EACH	9% CUM.PREF. SHARES OF £1 EACH	4.2% CUM.PREF. STOCK UNITS OF £1 EACH	3½% DEBENTURE STOCK UNITS OF £1 EACH
J. A. Young						
Beneficial and family interests	26,049 26,049	150,677 154,859	73,453 82,453	4,624 4,624	358 358	
Trustee	92,162 92,162	1,022,209 1,020,884	516,258 562,258	65,993 65,993	17,283 17,283	380 380
Trustee — Ram Brewery Trust	11,261 11,261	1,730,570 1,666,570	658,912 658,912	48,057 48,057		
J. G. A. Young						
Beneficial and family interests	1,110 1,110	113,696 110,839	40,801 40,801	932 932		
Trustee		25,000 —				
Trustee — Ram Brewery Trust	11,261 11,261	1,730,570 1,666,570	658,912 658,912	48,057 48,057		
T. ff. B. Young						
Beneficial and family interests	43,111 31,725	277,372 234,116	165,662 132,968	15,675 14,423	302 128	
Trustee	62,028 62,028	501,466 501,466	184,399 184,399		5,800 5,800	380 380
Trustee — Ram Brewery Trust	11,261 11,261	1,730,570 1,666,570	658,912 658,912	48,057 48,057		
B. D. B. Palmer						
Beneficial and family interests	2,800 2,800	53,664 53,664	24,198 24,198			
J. C. Darby						
Beneficial and family interests	6,054 5,249	11,760 11,760	2,700 2,355			
J. Carew						
Beneficial and family interests		1,400 1,400				
J. D. Rose						
Beneficial and family interests		1,400 1,400	600 600	166 166		
C.P.W. Read						
Trustee		1,400 1,400	600 600			

* These Accounts are pro uced by Accountants not Brewers!