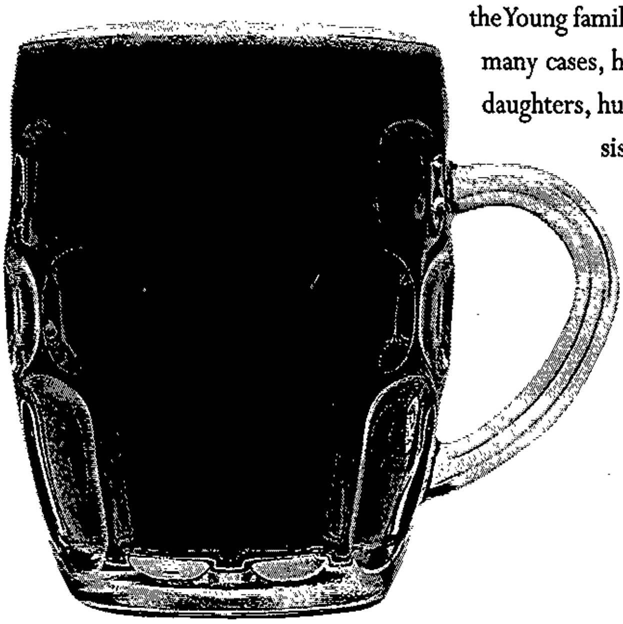
32762

YOUNG'S

Young's, one of Britain's oldest breweries, is facing the future with a spring in its step. It has a new image to carry its distinctive beers and traditional pubs into the 21st century and is considering a number of sales and marketing initiatives to stave off the crippling loss of trade suffered by much of the brewing industry as a result of a flood of cheap and often illegally imported beer from France. The company's mainstay is traditional draught beer and it also brews lagers, stout, seasonal beers and a range of distinctive bottled beers. Its wines and spirits subsidiary, Cockburn & Campbell, which is celebrating its 200th anniversary, imports high-quality wines from around the world and Young's pubs have led the way in providing a wide choice of fine wines by the glass or bottle. Young's is still very much a family firm, embracing not only the Young family but dozens of families who, in many cases, have had fathers, sons, mothers, daughters, husbands and wives, brothers and sisters working at the Ram Brewery for generations.



Results at a glance

	1996	1995
Trading profit......................	**£7,427,833**	£6,967,867
Profit before tax	**£5,228,217**	£5,310,149
Profit after tax.....................	**£3,560,415**	£3,616,211
Earnings per ordinary share.....	**26.67p**	27.10p
Dividends per ordinary share...	**15.20p**	15.00p

The Chairman's statement

It now seems highly likely that Mr Tony Blair will soon be our next Prime Minister, so I am writing to him, wishing him every success and enlisting his help in two matters that still threaten the future of the British brewing industry. I am asking him to put into place a review of the effects of the contentious Beer Orders of 1990 and to act to bring the rate of excise duty on British beer into line with that levied by our partners in the European Union.

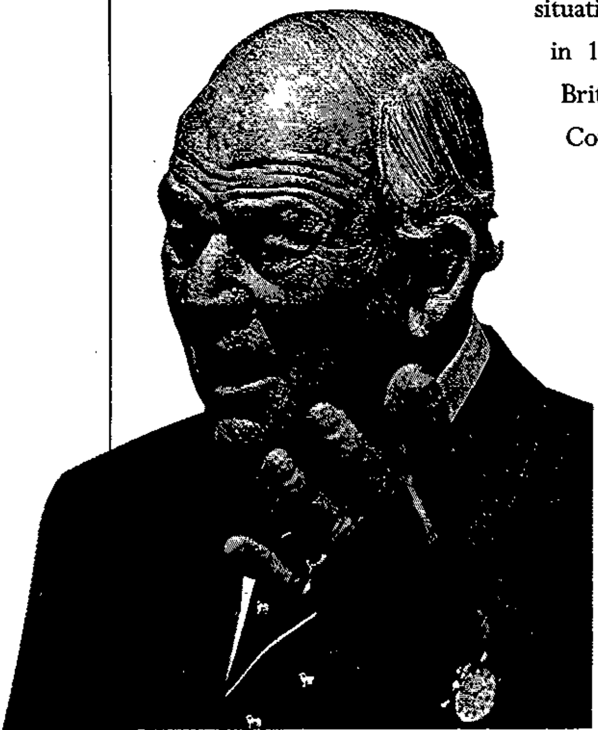
In my statement to shareholders in 1989, I strongly criticised the report of the Monopolies and Mergers Commission, which was subsequently implemented in the Beer Orders by the then Trade and Industry Secretary, Lord Young, albeit in a somewhat watered-down form. I complained that the report's recommendations would lead to less choice, dearer beer, the demise of the traditional brewery tenancy and the loss of pubs owned and run by brewers. The interventionist proposals were, I said, totally alien to Britain and would rupture the brewing industry.

Almost everything I gloomily forecast seven years ago has come to pass and I am suggesting to Mr Blair that he should instruct the Director General of Fair Trading to reconvene the Monopolies and Mergers Commission, so that they can tell us what lessons can be learned from the consequences of their actions and what can be done to put matters right.

Our industry has suffered more than any other from Government interference. My appeal to Mr Blair is born of frustration.

Our industry has suffered more than any other from Government interference over the years. Since 1966, there have been thirty-three — more than one a year on average — investigations and interventions into brewing by the British Government or the European Union, and this does not include inquiries into health or environment-related issues or licensing laws. Unless action is taken to counteract the more detrimental repercussions of the Beer Orders, the brewing industry will continue to endure hardships. More breweries and pubs will close, beer brands will be lost, consumer choice will fall, prices will rise, jobs will be lost and Britain will be in danger of emulating the United States, Canada and Australia, where a handful of breweries control almost the entire production of beer.

Unfair taxes on our beer could have the same disastrous effects. I am therefore asking Mr Blair to heed the industry's pleas to cut excise duty. As with the Beer Orders, my appeal to the Leader of the Opposition is born of frustration, since we seem to be banging our heads against the wall as far as Mr Major's Government is concerned. I am fed up of repeating the facts: that excise duty on British beer is seven times higher than in France; that more than 1,100,000 pints of beer a day are now pouring across the Channel, much of it illegally; that 40 per cent of the price the customer pays for a pint goes to the Government and the local council. The Adam Smith Institute has said that the flood of Britons crossing the Channel to stock up on cheap beer is making a laughing stock of the European single market. Worse than that, it is seriously threatening British beer, British breweries, British pubs and a unique British way of life. It is estimated that the Exchequer is losing more than £1 billion in revenue because of the cross-Channel trade in beer, wine and spirits. Faced with a similar situation, Denmark cut duty rates by 47 per cent in 1991 and cured the problem at a stroke. Britain should have the guts to do the same. Come on, Mr Blair.



In the light of these enormous problems and fiercely increasing competition from other brewers and alternative sources of leisure, Young & Co have done well this year to increase trading profit by 6.6 per cent. In order to safeguard our position, and to improve on it, we have embarked on a complete re-design of our corporate image, including our labels and pub signs, through the services of Jones Knowles Ritchie, an experienced team of designers. This project is dealt with in detail on Pages 5 to 9 of this report.

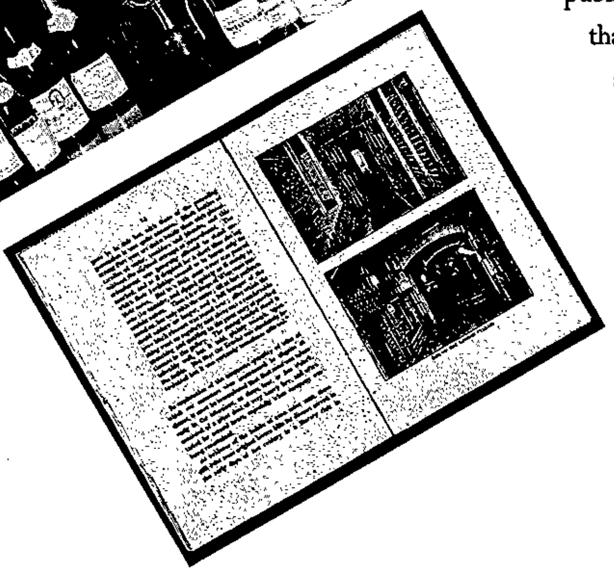
We also have two new members of our board of directors. Roy Summers, who joins us as a non-executive director, is president of the Institute of Brewing and one of the country's leading experts on brewing and brewery management. He was previously a director of Scottish & Newcastle. Stephen Goodyear, who is leading our sales and marketing team and is beginning to introduce several new initiatives, was welcomed to the board only seven months after joining Young & Co from Courage, where he had spent most of his working life.

Our beers continue to win awards. Premium Lager has won a world championship by being voted as the best draught lager in the Brewing Industry International Awards. This follows a similar award for Winter Warmer, as best cask-conditioned beer in the

1992 awards. Soon after Premium Lager's success, we were delighted to hear that the British Bottlers' Institute had awarded a gold medal to Young's Old Nick and a silver medal to Oatmeal Stout. For the first time, we have also won an award for our own whisky, Royal & Ancient, which was awarded the gold medal for blended Scotch whiskies in the International Spirits Challenge 1996, ahead of such well known brands as Bell's, Cutty Sark, J&B Rare, Johnny Walker Red Label and Dewars.

Our wines and spirits subsidiary, Cockburn & Campbell, celebrates its bi-centenary during 1996, going from strength to strength with increased sales and an ever wider selection of fine wines from around the world. The company evolved from a firm of wine merchants established in Leith in 1796, as did the Cockburn port business. It expanded to London in 1834, three years after my great great grandfather had bought the Ram Brewery. Cockburn & Campbell was acquired by Young & Co in 1973 and the business was moved to Wandsworth in the 1980s. Our pubs are still leading the way in offering customers a good choice of wines by the glass and by the bottle, and our licensees are among the best trained in the country, more than 60 now having passed the certificate or higher certificate of the Wine and Spirit Education Trust.

Clare Young, a director of the wines and spirits subsidiary, Cockburn & Campbell. Bottom: Two pages from The House of Cockpen, a booklet published by Cockburn & Campbell earlier this century.



During the year, our longest-serving tenant, Gordon Duncan, retired after more than 30 years at the Old Ship in Richmond, and Derek and Yvonne Gardner retired from the Gardeners' Arms, Wandsworth, after 22 years with Young's. I report with sadness that our senior relief manager, Frank Johnston, who had been with us for 22 years, died suddenly, and that Ned Dempsey, former tenant of the Coach and Horses, Kew Green, and of the Charlie Butler, Mortlake, died after a long fight against cancer. I mention all these to emphasise that *any* business – and particularly one that serves the public – cannot succeed without people and I thank everyone who has contributed to the success of Young & Co.

John Young

14th June 1996

The ram that has symbolised Young's brewing traditions for more than a century is leading the company's move to a modern image to carry its beers and its pubs into the 21st century with confidence.

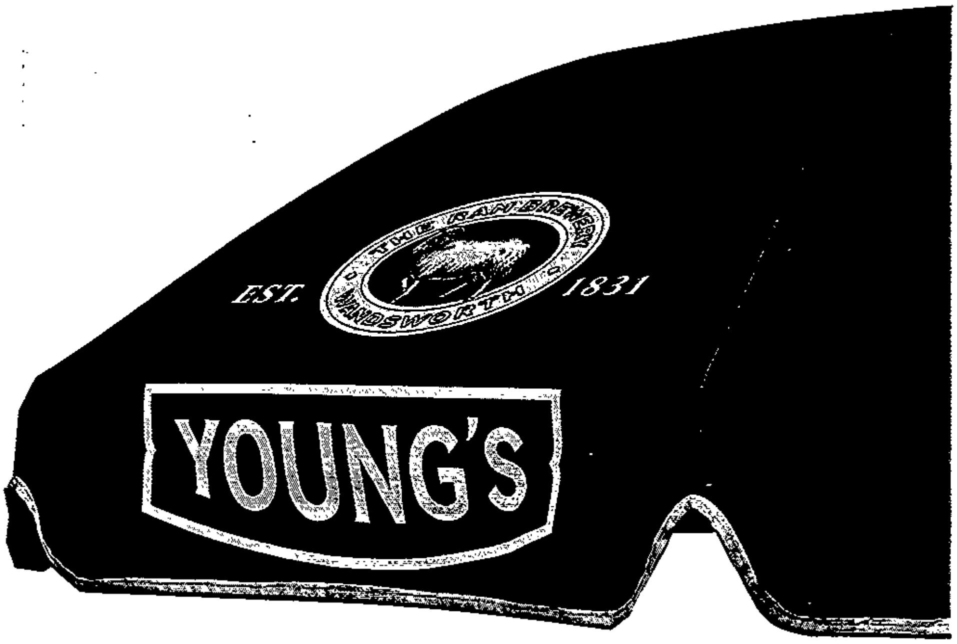
Young's new logo, with its more lively and positive ram, is at the centre of a complete overhaul of the brewery's pubs, its beer labelling and its literature, which will be carried out over the next three years.

The aim is to preserve the best of Young's considerable heritage while taking a bold step into the future.

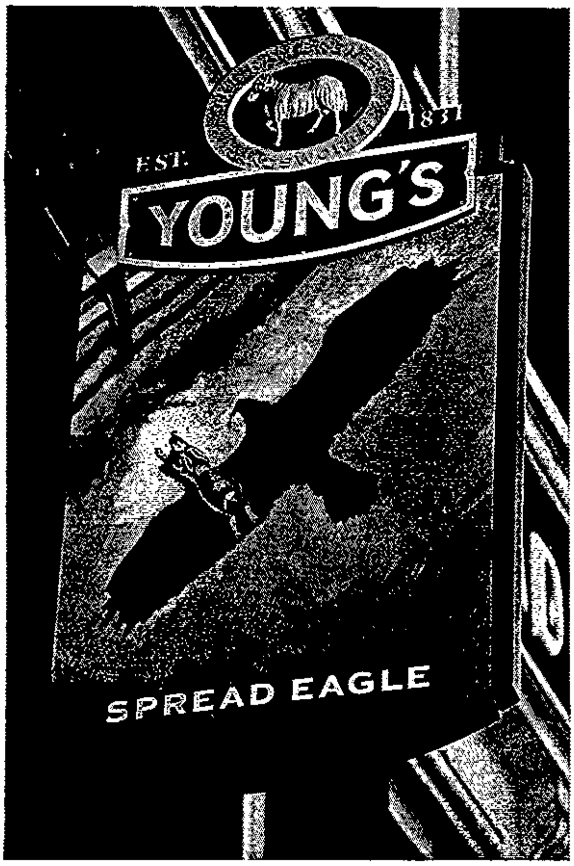
Young's – a step ahead

New stationery: one of the first signs of Young's new image.


YOUNG'S
BITTER
FINE REAL ALE
EST. 1831
YOUNG'S
SPECIAL
YOUNG'S
RAM ROD
STRONG ALE
EST. 1831



Young's – a step ahead



With a new millennium less than four years away, Young's have taken a bold step into the future with a complete new corporate design to give the company's 180 pubs a fresh, new look and help Young's beers stand out on the bar.

Competition – particularly in the London area – continues to intensify and Young's must maintain their leading position.

The company is seeking to retain the best of its 165 years of tradition to appeal to its loyal band of regulars while attracting new customers to its pubs and beers.

The central theme in the new image is a re-designed trade mark featuring a ram with a spring in his step.

The ram will appear on new pump-clips and counter-mountings for Young's draught beers, lagers and stout and on the company's wide range of bottle labels.

He will also take pride of place at the top of hanging signs outside pubs, which are being designed with a distinctive curved lower edge to match the new frame around the company name.

The new image will eventually spread to the entire range of Young's stationery, literature and merchandise, such as umbrellas, tee shirts and ties.

Young's products

Young's range of beers is again being augmented by a range of seasonal beers during 1996. **Best Mild Ale,** brewed from a recipe last used by Young's in 1985, led the way in April and May, followed in June, July and August by **Wheat Beer**, based on a style favoured by Belgian brewers. **Dirty Dick's Ale,** introduced in 1995 to mark the 250th anniversary of Dirty Dick's pub in Bishopsgate, City of London, is to return in September, brewed from a completely new recipe, before the annual reappearance in October of the long-running seasonal favourite, **Winter Warmer**.

Young's have developed a new family of beers over the past year, under the umbrella of **RamRod,** a brand previously established as a bottled premium ale. Now, RamRod is available as a cask-conditioned strong ale and has also joined the new wave of smooth beers, popular mainly with younger drinkers, under the label of **RamRod Smooth.**

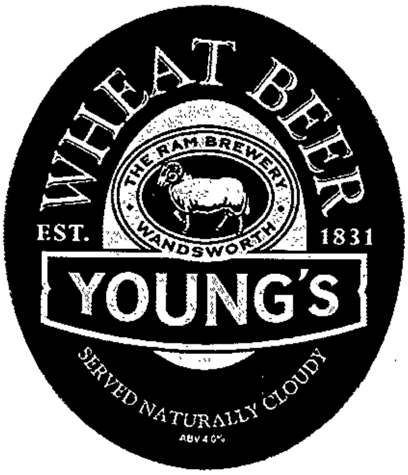
Young's head brewer, Ken Don, is surrounded by colleagues as he holds aloft the trophy won by Premium Lager as the best draught lager in the Brewing Industry International Awards.

Young's best-selling beers continue to be **Bitter** and **Special**, among the first of the brewery's products to get the bright new image launched in 1996. They are best known as cask-conditioned beers but there are plans for both to be available, alongside RamRod, in bottles on supermarket shelves.

Young's **Premium Lager** was this year voted the best draught lager in the world in the Brewing Industry International Awards. Like its sister brew, **London Lager**, it is produced entirely from malted barley, hops, yeast and water.

Oatmeal Stout, introduced on draught in 1993 and a silver medal winner in the 1996 British Bottlers' Institute awards, continues to attract new customers from its weaker competitors.

Young's bottled and canned beers include the strong barley wine, **Old Nick**, which went one better than Oatmeal Stout by winning a gold medal in the BBI awards and the superbly bitter **Strong Export**.



Light Ale has become the brewery's best-selling bottled beer since its adoption by a number of brewers, including Carlsberg Tetley, Bass and Charles Wells. Young's **Extra Light** is a low-alcohol bitter.

Young's also have a wide range of fine wines and spirits, through the subsidiary company Cockburn & Campbell. The company's own whisky, **Royal & Ancient**, was awarded the gold medal for blended Scotch whiskies in the International Spirits Challenge 1996.

Prototype designs for Young's bottle labels from the studio of Jones Knowles Ritchie, the firm responsible for the company's new image.

What happens to the money

Turnover
£73,883,047

What we receive

The group's turnover is the total amount of money that has passed through the books. It includes:

- ◆ **Sales of beers, wines and spirits** to our tenanted houses as well as to free houses and clubs
- ◆ **Sales over the bar** in our managed houses and wine bars
- ◆ **Sales of food** in our managed houses and restaurants
- ◆ **The letting of rooms** in our hotels
- ◆ **Rents from properties we own,** both our tenanted pubs and unlicensed premises such as houses
- ◆ **Exports**

Turnover	**£73,883,047**

What we have to pay out

Out of this turnover, we have to pay for:

◆ **Raw materials and consumables** such as malt and hops, and wines, spirits and beers from other producers	14,728,700
◆ **Beer duty**	8,257,566
◆ **Wages, salaries and pensions**	22,425,370
◆ **Profit sharing***	557,183
◆ **Depreciation** to pay for worn-out plant and equipment to be replaced	4,216,663
◆ **Other operating costs** such as heat, light, power, water, rates and repairs	16,269,732
Total expenses	**£66,455,214**

* All full-time brewery employees become members of the profit-sharing scheme after five years' service. A one-part share this year is £1,028.01.

A simplified profit and loss account

Expenses and interest payable less profit on sale of fixed assets £68,654,830

Profit before tax £5,228,217

What is left

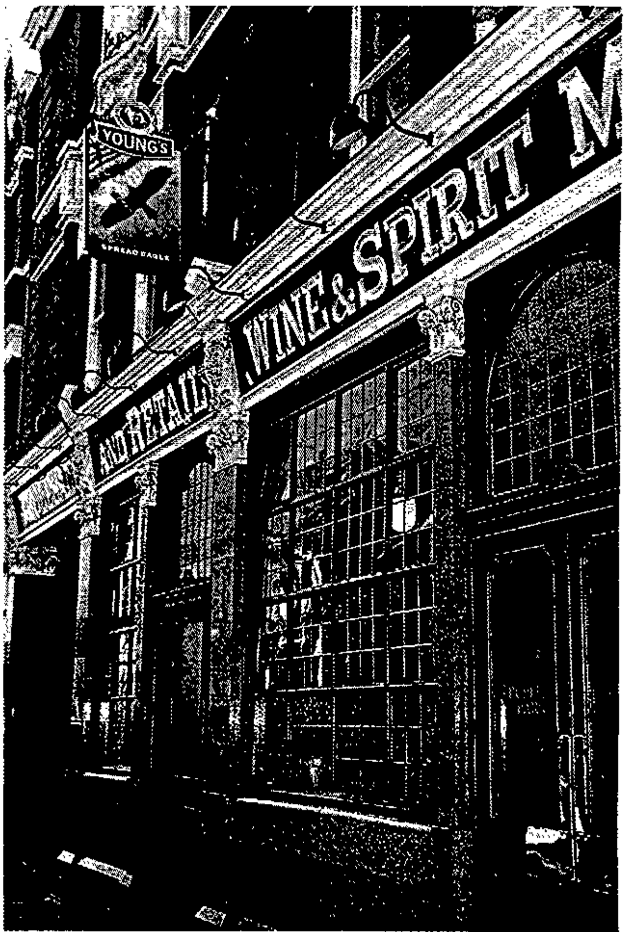
We are now left with our trading profit	7,427,833
to which we have to add:	
◆ **Profit on sale of fixed assets**	
Sales of properties and other fixed assets	251,435
from which we have to deduct:	
◆ **Interest payable**	
on money we have borrowed from the bank and other institutions	(2,451,051)
Profit before tax	**£5,228,217**

Our profit is then split into three:

◆ **Taxation**	
The Government's share in Corporation Tax	1,667,802
◆ **Dividends**	
Payments to shareholders for their investment in the company	2,075,309
◆ **Profit left in the group**	
for reinvestment in the future	1,485,106
	£5,228,217

What the Group is worth: a simplified balance sheet

This simplified balance sheet shows two methods of calculating the value of Young & Co as a business. On the left, we add up the company's belongings and then subtract what it owes to other companies and people. On the right, we add up the money invested in the company, both from shareholders and profits, and the increase in the value of Young's properties.



What we own	£
Fixed assets	151,695,659
The brewery, public houses, hotels, wine bars, restaurants and unlicensed properties.	
Stocks	3,919,810
Malt, hops and sugar to make beer. Beer, wines and spirits and spare parts.	
Debtors	5,228,685
Debts from customers and others.	
Cash	403,608
Positive bank balances and cash floats.	
	£161,247,762

Less what we owe	£
Creditors	10,908,192
for supplies of malt, hops, wines and spirits. Plus duty, VAT, tax, dividends, services and equipment.	
Bank and short-term borrowing	813,694
Bank overdrafts and short-term loans.	
Loans	26,528,664
Long-term money borrowed to run the business.	
Provisions for liabilities and charges	4,475,619
	42,726,169
Leaving what the group is worth	**£118,521,593**

How the money is made up	£
Shareholders	9,323,252
Money originally invested by shareholders.	
Revaluation reserve	85,528,148
Increase in the value of our properties over time.	
Profits	23,670,193
Profits from this and previous years that have been reinvested in the group after the payment of tax and dividends to our shareholders.	
	£118,521,593

No value has been attributed to the group's name and brands of fine ales.

Statutory information, financial statements and notes

Directors, officers and advisers

Executive Directors

J. A. Young, C.B.E. (Chairman and Chief Executive)

J. G. A. Young (Deputy Chairman)

C. P. W. Read (Managing)

C. Clitherow, F.C.A. (Finance)

C. A. Sandland, A.C.M.A. (Secretary)

S. F. Goodyear (Sales)

T. ff. B. Young

Non-Executive Directors

B. D. B. Palmer

R. Summers

Head Brewer

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

Auditors

Coopers & Lybrand,
1 Embankment Place,
London WC2N 6NN

Registrars

The Royal Bank of Scotland plc,
Securities Services – Registrars,
P.O. Box 82, Caxton House,
Redcliffe Way,
Bristol BS99 7NH

Bankers

National Westminster Bank Plc,
21 Lombard Street, London EC3P 3AR

The Royal Bank of Scotland plc,
138-142 Holborn, London EC1N 2TH

Solicitors

Druces & Attlee,
Salisbury House,
London Wall, London EC2M 5PS

Registered Office

The Ram Brewery,
Wandsworth,
London SW18 4JD
Registered Number: 32762

Directors' report

Profits and dividends

The directors submit the audited financial statements for the fifty-two weeks ended 30th March 1996. The profit for the fifty-two weeks available to shareholders amounted to £3,560,415. The interim dividend of 7.35p per ordinary share was paid on the 15th December 1995 and the directors recommend a final dividend of 7.85p per ordinary share, payable on the 17th July 1996. After payment of dividends, retained profit of £1,485,106 will be transferred to the group's reserves.

Principal activity

The principal activity of the group is brewing and bottling beer, and selling beer, wines, spirits and cider through its public houses, hotels and restaurants.

Review of the business

A review of the business for the period and likely future developments is included in the Chairman's statement on pages 2 to 4.

Assets

Movements in fixed assets are shown in note 10.

Directors

The directors of the company at 30th March 1996 are listed on page 14. Mr R. Summers (non-executive) was appointed on 11th July 1995 and Mr S. F. Goodyear (sales director) was appointed on 1st February 1996. All other directors have been directors for the whole period to 30th March 1996. No director has had during or at the end of the period any material interest in any contract relating to the group's business.

Elections and re-election of directors

Mr S. F. Goodyear (sales director) and Mr R. Summers (non-executive), appointed by the Board on 1st February 1996 and 11th July 1995 respectively, offer themselves for election. Mr B. D. B Palmer (non-executive), the director retiring by rotation, offers himself for re-election.

Details of their service agreements are referred to in the report of the remuneration committee in note 7 on page 19.

Details of non-executive directors

Mr B. D. B. Palmer (66) was first appointed as a non-executive director in 1965 and was a managing director between 1974 and 1980. He is founder director of New Solutions Ltd, a leading marketing consultancy.

Mr R. Summers (60) was appointed in 1995. He was a main board director of Scottish & Newcastle plc together with many other senior group appointments. He is president of the Institute of Brewing and a non-executive director of Edinburgh Investment Trust plc, East of Scotland Water, Moray Firth Maltings plc, Brewing Research Foundation International, and a number of other companies.

Corporate governance

The directors consider that the company complies with the code of best practice established by the Cadbury committee, except in the number of non-executive directors and that the Chairman is also the Chief Executive.

Board composition

The board comprises seven executive directors and two non-executive directors. The board will consider the appointment of further non-executive directors as and when they feel it appropriate.

Audit committee

The whole board as constituted acts as an audit committee and meets with the external auditors to discuss audit procedures and interim and final results.

Matters reserved to the board

A formal schedule of matters reserved to the board for decision was adopted in January 1994 and is reviewed regularly in the light of any developments.

Going concern

In compliance with paragraph 4.6 of the Cadbury Code of Best Practice we can report that, based on the group's budgets and financial projections, the directors have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on the going concern basis.

Internal financial controls

The board of directors acknowledge that they are responsible for the group's system of internal financial controls. Such a system can provide only reasonable and not absolute assurance against material misstatement or loss. Control is exercised through an organisational structure with clearly designated levels of responsibility, delegation of authority and appropriate reporting procedures. Information is regularly provided at all levels and compared with budget, which is reviewed on a monthly basis.

The following are the main features of the internal control framework:

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the board. Monthly trading results are reported against the corresponding figures for the budget and previous year. A statement of borrowings is prepared each month and compared to budget.

- Treasury management – the board approves all decisions relating to banking relationships and cash management.

- Capital expenditure – there are clear and detailed procedures for the appraisal and authorisation of all capital expenditure.

The board, acting as the audit committee, has reviewed the effectiveness of the system of internal financial control operated by the company for the period from 1st July 1995 to 30th March 1996.

CREST

CREST is the new electronic system for share settlement to be phased in from July 1996.

In common with other listed companies, appropriate listed securities of the company are to be transferred into the CREST share settlement system during the new financial year. Further details are distributed with this Annual Report.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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 of the group for that period.

The accounting policies used have been discussed with the auditors. The directors confirm that in their opinion they are suitable and have been applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the fifty-two weeks ended 30th March 1996. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

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

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

Employees

The group provides employees with information concerning trading, development and other matters of concern to them, by the production of simplified accounts; the company newspaper Ram News; a monthly Bulletin and by the use of notice boards, and consults with them by means of a staff annual general meeting and other meetings. The Ram Brewery Trust operates a profit-sharing scheme. By these means the group 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 people and, where circumstances permit, employees who become disabled may continue in their employment or be retrained for other positions so far as is practical.

Insurance of directors

The group maintains insurance for directors in respect of their duties as directors.

Donations

Donations to charitable organisations amounted to £12,088. The total value of goods given to charitable organisations amounted to £3,750. There were no political donations.

Income & Corporation Taxes Act 1988

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

Directors and their holdings and interests

Full details are shown on page 41. A number of trustee holdings are held jointly by two or more directors.

Substantial shareholdings

As at 25th May 1996, the following shareholders had notified the company of holdings in excess of 3% of any one class of voting share:

'A' Shares

Total in issue	2,906,400	
PDFM Limited & UBS UK Holdings Limited	645,308	22.2%
Guinness Peat Group PLC	300,001	10.3%
Prudential Client (MSS) Nominees Ltd PPL A/C	290,488	10.0%
Britannic Assurance PLC	108,700	3.7%

'B' Shares

Total in issue	4,359,600	
Ram Brewery Trust	2,255,536	51.7%
W.A. Young Charitable Trust	496,023	11.4%
G.A.R. Bird	270,557	6.2%

J. A. YOUNG } Directors
C. CLITHEROW }
14th June 1996

J. A. Young
C. C.

Report of the remuneration committee

1. Composition of the remuneration committee

The committee members are the board's two non-executive directors, B. D. B. Palmer and R. Summers.

2. Compliance

The constitution and operation of the committee complies with the principles set out in section A of the best practice provisions annexed to the Stock Exchange Listing Rules. The committee was established during the accounting period in compliance with the amendment to the Listing Rules giving effect to the recommendations of the Greenbury Committee.

The committee confirms that full consideration has been given to the best practice provisions set out in section B of the Annexe to the Listing Rules in determining directors' remuneration packages.

3. Policy on executive directors' remuneration

The committee aims to ensure that remuneration packages are competitive and designed to attract, retain and motivate executive directors with appropriate skills and capabilities. Bonuses do not constitute a significant proportion of total earnings.

4. Directors' emoluments 1996/*1995*

	Basic salary	Fees	Bonuses	Profit Sharing	Benefits*	Total emoluments excl. pension costs	Pension costs
Executive							
J. A. Young – Chairman	98,561	53	4,852	–	18,082	121,548	–
	95,690	*53*	*3,494*	–	*17,922*	*117,159*	–
J. G. A. Young	69,833	–	1,732	6,133	7,882	85,580	9,875
	67,799	–	*1,506*	*6,160*	*10,602*	*86,067*	*9,023*
T. ff. B. Young	23,083	–	1,828	5,480	11,436	41,827	–
	22,411	–	*1,602*	*5,510*	*6,844*	*36,367*	–
C. P. W. Read	86,966	–	1,781	10,094	5,867	104,708	12,599
	84,433	–	*1,554*	*10,185*	*4,205*	*100,377*	*11,526*
C. Clitherow	69,833	–	1,604	4,927	7,665	84,029	9,698
	67,799	–	*1,346*	*4,962*	*7,505*	*81,612*	*8,983*
C. A. Sandland	69,833	–	1,733	6,099	8,468	86,133	9,870
	67,799	–	*1,506*	*6,125*	*6,335*	*81,765*	*9,019*
S. F. Goodyear	10,833	–	140	4,112	1,562	16,647	–
(Appointed 1.2.96)	–	–	–	–	–	–	–
Non-Executive							
B. D. B. Palmer	14,000	–	757	–	650	15,407	–
	12,327	–	*651*	–	*550*	*13,528*	–
R. Summers	–	13,541	–	–	–	13,541	–
(Appointed 11.7.95)	–	–	–	–	–	–	–

*Benefits consist of all taxable benefits arising from employment by the company, being mainly the provision of a company car.

5. Profit sharing scheme

All executive directors except J. A. Young are members of the company's profit sharing scheme, which is open to eligible employees with more than five years' service. Members of the scheme are entitled to an annual allocation from profits which, after tax, are used to accrue a notional shareholding in the company's shares, yielding annual notional dividends and capital benefit upon retirement. Further details are included in note 2 on page 29.

Notional holdings by directors are as follows:

	1995 Holdings			1996 Allocation	1996 Holdings		
	B	Non-Voting	9%	'B'	B	Non-Voting	9%
J. G. A. Young	9,421	619	–	466	9,887	619	–
T. ff. B. Young	6,794	–	–	466	7,260	–	–
C. P. W. Read	12,550	1,010	280	699	13,249	1,010	280
C. Clitherow	4,050	–	–	466	4,516	–	–
C. A. Sandland	9,249	619	–	466	9,715	619	–
S. F. Goodyear	–	–	–	466	466	–	–

6. Pensions

In common with all other members of the company's pension schemes, directors' pensions are calculated by reference to total annual earnings, which comprise basic salary, fees (if any), bonuses and profit sharing but exclude benefits.

Guidance is awaited from the Institute and the Faculty of Actuaries as to the appropriate disclosure of pension costs.

7. Service agreements

Executive directors with the exception of C. Clitherow, T. ff. B. Young and S. F. Goodyear are subject to a three-year notice period which is considered appropriate in view of their very long periods of service. C. Clitherow is due to retire on 5th June 1997 and his notice period therefore expires on that date. T. ff. B. Young is now employed part-time and is subject to a three-month notice period. The policy on new appointments of executive directors is to provide a one-year notice period and S. F. Goodyear is subject to a one-year notice period in line with this policy.

Non-executive directors are subject to fixed three-year notice periods. B. D. B. Palmer's agreement expires on 4th October 1997 and R. Summers on the later of 10th July 1998 or close of business on the day of Young's 1998 AGM.

8. Directors' shareholdings

See page 41 for details.

B. D. B. PALMER
R. SUMMERS } Non-executive directors

14th June 1996

Report of the auditors to Young & Co.'s Brewery P.L.C.

on the Directors' statement of compliance with the Cadbury Code of Best Practice

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 15 to 17 to the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed in the directors' statements.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either of the group's system of internal financial control or its corporate governance procedures, nor on the ability of the group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on page 16, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Cadbury Code of Best Practice (as supplemented by the related guidance for directors) and their statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statements on pages 15 to 17 appropriately reflect the company's compliance with the other paragraphs of the Cadbury Code of Best Practice specified for our review.

Coopers & Lybrand

Chartered Accountants

LONDON

14th June 1996

Auditors' report

To the Members of Young & Co.'s Brewery, P.L.C.

We have audited the financial statements on pages 22 to 41.

Respective responsibilities of directors and auditors

As described on page 16 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 and the group as at 30th March 1996 and of the profit, total recognised gains and cash flows of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and
Registered Auditors
LONDON
14th June 1996

Consolidated profit and loss account

For the fifty-two weeks ended 30th March 1996

	Notes	1996 £	1996 £	1995 £	1995 £
Turnover	1		73,883,047		72,038,621
Change in stocks of finished goods and work in progress		119,247		47,174	
Raw materials and consumables		14,609,453		14,293,872	
Excise duty – beer		8,257,566		8,210,488	
			22,986,266		22,551,534
			50,896,781		49,487,087
Employment costs	2(a)	22,982,553		22,062,475	
Depreciation		4,216,663		4,193,276	
Other operating costs		16,269,732		16,263,469	
			43,468,948		42,519,220
Trading profit	3		7,427,833		6,967,867
Profit on disposal of fixed assets	4		251,435		901,751
Operating profit			7,679,268		7,869,618
Interest payable and similar charges	5		2,451,051		2,559,469
Profit on ordinary activities before tax			5,228,217		5,310,149
Tax on profit on ordinary activities	6		1,667,802		1,693,938
Profit on ordinary activities after tax	7		3,560,415		3,616,211
Dividends (including dividends in respect of non-equity shares)	8		2,075,309		2,049,411
Retained profit for the financial period	22		£1,485,106		£1,566,800
Earnings per 50p ordinary share	9		26.67p		27.10p

The results above are all in respect of continuing operations of the group.

The notes on pages 28 to 40 form part of these financial statements.

The auditors' report is set out on page 21.

Statement of total recognised gains and losses

	Notes	1996 £	1995 £
Profit on ordinary activities after tax		**3,560,415**	3,616,211
Unrealised deficit on revaluation of properties	*21*	**–**	(316,400)
Total recognised gains and losses relating to the year		**3,560,415**	3,299,811
Prior years' adjustment (net of deferred taxation)		**–**	(1,024,834)
		£3,560,415	£2,274,977

Note of historical cost profits and losses

	Notes	1996 £	1995 £
Profit on ordinary activities before taxation		**5,228,217**	5,310,149
Realisation on sale of property revaluation gains of previous periods	*21*	**344,294**	961,283
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount		**193,941**	200,262
Historical cost profit on ordinary activities before taxation		**£5,766,452**	£6,471,694
Historical cost profit for the period retained after taxation and dividends		**£2,023,341**	£2,728,345

Balance sheets

As at 30th March 1996

	Notes	Group 1996 £	Group 1995 £	Company 1996 £	Company 1995 £
Fixed assets:					
Tangible fixed assets	*10*	**151,695,271**	152,630,078	**150,555,666**	150,006,322
Investments: Subsidiary undertakings	*12(a)*	**–**	–	**13,246,466**	13,246,466
Unlisted	*12(b)*	**388**	1,388	**388**	1,388
		151,695,659	152,631,466	**163,802,520**	163,254,176
Current assets:					
Stocks	*13*	**3,919,810**	3,957,783	**3,859,185**	3,908,558
Debtors	*14*	**5,228,685**	4,909,156	**4,969,609**	4,991,682
Cash		**403,608**	223,895	**401,758**	197,703
		9,552,103	9,090,834	**9,230,552**	9,097,943
Less creditors:					
Amounts falling due within one year:					
Short-term borrowing	*15*	**813,694**	1,716,134	**739,240**	1,716,134
Creditors	*16*	**10,908,192**	10,517,807	**27,899,586**	25,948,667
Net current liabilities		**(2,169,783)**	(3,143,107)	**(19,408,274)**	(18,566,858)
Total assets less current liabilities		**149,525,876**	149,488,359	**144,394,246**	144,687,318
Less creditors:					
Amounts falling due after more than one year	*17*	**26,528,664**	28,016,416	**26,528,664**	28,016,416
		122,997,212	121,471,943	**117,865,582**	116,670,902
Provisions for liabilities and charges	*18*	**4,475,619**	4,435,456	**4,441,624**	4,395,446
		£118,521,593	£117,036,487	**£113,423,958**	£112,275,456
Capital and reserves:					
Called-up share capital	*19*	**7,835,318**	7,835,318	**7,835,318**	7,835,318
Share premium account	*20*	**1,487,934**	1,500,182	**1,487,934**	1,500,182
Revaluation reserve	*21*	**85,528,148**	85,872,442	**82,560,280**	82,904,574
Profit and loss account	*22*	**23,670,193**	21,828,545	**21,540,426**	20,035,382
Equity shareholders' funds		***117,161,093***	*115,675,987*	***112,063,458***	*110,914,956*
Non-equity shareholders' funds		***1,360,500***	*1,360,500*	***1,360,500***	*1,360,500*
Total Shareholders' funds	*23*	**£118,521,593**	£117,036,487	**£113,423,958**	£112,275,456

Approved by the Board
14th June 1996

J. A. Young
C. Clitherow } Directors

J A Young

C C

The notes on pages 28 to 40 form part of these financial statements.

The auditors' report is set out on page 21.

Statement of consolidated cash flows

For the fifty-two weeks ended 30th March 1996

	Notes	1996 £	1995 £
Net cash inflow from operating activities	*24(a)*	**11,553,010**	11,860,990
Returns on investments and servicing of finance			
Dividends paid		**(2,062,360)**	(2,049,411)
Interest paid		**(2,315,633)**	(2,588,573)
		(4,377,993)	(4,637,984)
Taxation			
UK Corporation Tax paid		**(1,629,084)**	(1,475,645)
Investing activities			
Purchase of tangible fixed assets		**(4,019,533)**	(5,263,225)
Purchase of trade investments		**–**	(21)
Proceeds from sale of fixed assets		**1,043,505**	2,600,729
Purchase of subsidiary undertaking		**–**	(351,513)
Utilisation of fair value provisions in respect of past acquisitions		**–**	(26,782)
		(2,976,028)	(3,040,812)
Net cash inflow before financing		**£2,569,905**	£2,706,549
Financing			
Repayments of borrowings	*24(b)*	**1,547,752**	1,280,654
Increase in cash and cash equivalents	*24(c)*	**1,022,153**	1,425,895
		£2,569,905	£2,706,549

The notes on pages 28 to 40 form part of these financial statements.

The auditors' report is set out on page 21.

Accounting policies

Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

Accounting convention

The financial statements have been prepared using the historical cost convention as modified by the revaluation of freehold and leasehold properties.

Consolidation

The consolidated financial statements include the company and all its subsidiary undertakings. The results of subsidiaries acquired during the period are included in the consolidated profit and loss account from the date of their acquisition. Intra-group sales and profit are eliminated fully on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is written off immediately against reserves.

Tangible fixed assets and depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of land and buildings includes interest paid on borrowed funds used to finance major fixed assets under construction and for the development of certain properties, until the date of availability for occupancy.

Interests in land and buildings are stated at valuation. Full valuations are made by professionally qualified valuers every five years. The basis of valuation is explained in note 10. In the intervening years these valuations are reviewed by the directors and adjusted if they consider it appropriate.

Depreciation is provided so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The estimated useful lives used for this purpose are:

	Years
The brewery, offices and wines and spirits store	50
Plant and machinery	5–40
Motor vehicles	5–10
Inventories, containers and sundry equipment	5–20

All leases under 100 years are amortised by charging the profit and loss account on a reducing balance basis over the period of the lease. No depreciation is provided on freehold public houses, private houses or leases of over 100 years, in line with the majority of other brewery companies, as it is the policy of the group to maintain these properties permanently in a good state of repair, maintenance costs being charged to the profit and loss account as incurred. As a result, the directors consider that the useful lives of these properties are so long and residual values, based on prices prevailing, are so high that depreciation is insignificant. A provision is made in the profit and loss account where the directors consider that there has been a permanent diminution in value.

Fully depreciated public house inventories and cellar equipment are treated as disposals in the period following completion of the write-down period.

Deferred taxation

Provision for deferred taxation is made only where there is a reasonable probability that the liability will crystallise.

In addition a deferred tax asset has been recognised on timing differences arising on post retirement benefits.

Stocks

Stocks are valued at the lower of cost and net realisable value, and where appropriate, include excise duty and production overheads. Bottles and cases in the brewery are included at deposit value.

Debenture issue costs

The issue costs, which have been set against the proceeds of the debenture, are amortised over its life. A corresponding transfer of the amortisation charge is made from the profit and loss account to the share premium account in each financial period.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account in the period incurred.

Post retirement health benefits

The method of accounting for these obligations is one where the estimated future cost is provided for in the financial statements and changes to that estimate are dealt with in the profit and loss account (see note 2(d)).

Pension costs

Pension costs are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the group, except for the pensions expenditure of the Ram Brewery Trust in respect of retired employees (see note 2(e)).

Notes to the financial statements

1. Turnover and segmental reporting

The turnover of the group comprises invoiced sales and cash sales inclusive of excise duties and rents. Turnover is exclusive of Value Added Tax. The directors consider that the business carried on by the group is that of a fully integrated regional brewer, and that this constitutes one class of business. The origin of all of the group's turnover, and the location of all its assets, are in the United Kingdom. The geographical destination of turnover and net profit before taxation is materially in the United Kingdom.

2. Employment

(a) Costs

	1996 £	1995 £
Wages and salaries	**19,100,022**	18,492,847
Social Security	**1,467,006**	1,429,984
Pension schemes	**1,858,342**	1,628,773
Profit-sharing scheme	**557,183**	510,871
	£22,982,553	£22,062,475

(b) Number of employees

	1996	1995
Full time	**1,362**	1,387
Part time	**357**	350
	1,719	1,737

(c) Directors' emoluments

	1996 £	1995 £
Basic salaries	**442,942**	418,258
Fees	**13,594**	53
Bonuses	**14,427**	11,659
Profit sharing	**36,845**	32,942
Benefits	**61,612**	53,963
Total emoluments excluding pension costs	**569,420**	516,875
Pensions costs	**42,042**	38,551
TOTAL	**£611,462**	£555,426

More detailed information regarding directors' emoluments and covering the disclosure matters required by the Companies Act is given in note 4 of the report of the remuneration committee on pages 18 and 19.

(d) Pension and similar obligations

The group operates two pension schemes, while also making contributions towards the pensions expenditure of the Ram Brewery Trust (see note 2(e)). The two schemes are non-contributory for all eligible employees who joined the company or were appointed Managed House managers before 11th January 1995. The schemes are contributory for all eligible employees who joined the company or were appointed Managed House managers on or after 11th January 1995. Contributions are at the rate of 5% of earnings.

The two schemes, staff and works, are both defined benefit schemes investing in managed funds. Contributions are charged to profit and loss so as to spread the costs of pensions over employees' working lives. Contributions are determined by an independent qualified actuary every three years using the attained age method. The most recent valuations were as at 6th April 1993. The most significant assumptions were that the growth rate of the funds would be 9% and salary increases would average 7% each year. Pension annuities are bought for members on retirement.

At the last actuarial valuations, the market value of the assets of the staff and works schemes was £18,276,227. The valuation of the staff scheme represented 122% of the past benefits accrued to members, after allowing for expected increases in earnings, and 135% for the works scheme.

The amount charged to profit and loss is £1,494,462 (1995: £1,272,055) for the group's pension schemes.

Notes to the financial statements

The group bears the cost of the premiums for post-retirement health care in respect of certain ex-employees. The actuarial value of the obligation in respect of past service up to 30th March 1996, based upon the advice of an independent qualified actuary, amounts to £1,652,043 (1995: £1,606,475), and the additional charge for the current year is £45,568 (1995: £29,735). The principal assumptions used in determining the annual charge are that the balance of the provision will need to increase by 9% pa and the premiums required by the health care provider will increase by 8% pa. These assumptions will be reviewed every 3 years.

(e) The Ram Brewery Trust

The Ram Brewery Trust exists to promote the involvement of the employees of the group in its affairs. The trustees of the Ram Brewery Trust are Mr J. A. Young, Mr T. ff. B. Young and Mr J. G. A. Young. The assets of the trust are principally shares in the company. As at 25th May 1996, the trust held 2,255,536 or 51.7% of the 'B' shares. There are two parts of the trust, the Pension Account and the General Account.

The Pension Account was established in 1959 and provides pensions and other benefits to employees of the group. Pensions for members and their dependants in retirement principally relate to service before the group's present insured schemes with Provident Mutual were commenced. Membership of the scheme is offered to relevant employees of the group on a discretionary basis as they retire. The scheme is valued every three years by a qualified actuary. The most recent valuation of the scheme was at 1st April 1993, and the actuary's opinion was that the scheme was fully solvent to meet the liabilities to current pensioners at the rates of pension currently being paid. The trustees are empowered to make discretionary increases to existing pensions, and the group makes voluntary contributions towards the pensions expenditure of the trust. In 1996 the group made £363,880 (1995: £356,718) of contributions towards the costs of the pensions.

The General Account holds assets and makes payments to or for the benefit of employees principally in connection with the group's profit-sharing scheme for eligible employees. Members of the group's profit-sharing scheme are notionally allocated shares of the company on the basis of their profit-sharing entitlement, after deduction of PAYE. The contribution to the profit-sharing scheme for 1996 is £557,183 (1995: £510,871). The members are not entitled to any actual shares, but receive income arising from their notional allocations and a cash sum equivalent to the market value of such shares on the date at which they reach normal retirement age. If a member leaves the employment of the group before reaching normal retirement age, he ceases to participate further in the scheme although he continues to receive income arising to him by virtue of his membership of the scheme prior to his leaving the group's employment. His allocation to the date of leaving is held by the trustees on his behalf until normal retirement age.

The benefits and risks associated with the holding of shares by the profit-sharing scheme (dividends on the shares and increases or decreases in the share price) accrue to, or are borne by, its members. Such benefits and risks do not accrue to the company. Accordingly, the commercial effect and substance of these arrangements is such that the company is not in the same position as if it had purchased shares directly.

The company maintains a current account to conduct transactions on behalf of the Ram Brewery Trust. At 30th March 1996 the balance outstanding to the company was £680,163 (1995: £718,502).

3. Trading profit

		1996	1995
After charging			
Operating leases:	Rental of equipment	**£549,917**	£486,164
	Rental of property	**£1,442,407**	£1,400,720
Audit fees (group and company)		**£55,000**	£52,000

Remuneration of the auditors for the provision of non-audit services in the period ended 30th March 1996 amounted to £94,248 (1995: £93,994).

4. Profit on disposal of fixed assets

	1996 £	1995 £
Profit on sale of properties	**74,332**	247,514
Proceeds on granting an option on a property	**167,863**	640,533
Other fixed assets	**9,240**	13,704
	£251,435	£901,751

5. Interest payable and similar charges

	1996 £	1995 £
3½% Irredeemable mortgage debenture stock	**10,500**	10,500
9½% Redeemable debenture stock due 2018	**1,425,000**	1,425,000
9½% Debenture issue costs – amortisation	**12,248**	12,248
Bank and other loans repayable within 5 years, not by instalments		
Variable rate unsecured redeemable loan notes 1991/1996	**41,519**	55,036
Unsecured term loan and revolving credit facility	**840,343**	1,036,122
Bank loans and tenants' deposits	**121,441**	181,281
Sub total	**2,451,051**	2,720,187
Less interest capitalised (note 10(c))	**–**	(30,122)
Less receipt on termination of an interest rate swap agreement	**–**	(130,596)
	£2,451,051	£2,559,469

On 12th February 1996 the company entered into an interest rate swap agreement for a notional amount of £3 million with a maturity date of 12th February 2001. Under this agreement, the company pays interest at a fixed rate of 6.99%, whilst receiving interest at the 3 month London Inter Bank Offer Rate.

6. Taxation on profit on ordinary activities

	1996 £	1995 £
Corporation Tax based on profits for the period at 33% (1995: 33%)	**1,650,975**	1,926,309
Adjustment in respect of prior periods	**18,994**	(212,234)
Deferred taxation (note 18)	**(2,167)**	(20,137)
	£1,667,802	£1,693,938

The tax charge for the period is reduced by not recognising the full potential of deferred tax in respect of capital allowances following a review of the overall deferred tax position.

7. Profit on ordinary activities after tax

The profit after taxation dealt with in the financial statements of the parent company was £3,223,811 (1995: £3,110,846). As permitted by section 230 of the Companies Act 1985, a separate profit and loss account is not presented for the parent company.

Notes to the financial statements

8. Dividends

	1996 £	1995 £
Dividends paid during the period:		
Equity shares		
Ordinary shares interim 7.35p per share (1995: 7.25p)	**951,798**	938,849
Proposed dividend:		
Ordinary shares final 7.85p per share (1995: 7.75p)	**1,016,546**	1,003,597
Non-equity shares		
Preference stocks	**13,545**	13,545
Preference shares	**93,420**	93,420
	£2,075,309	£2,049,411

9. Earnings per share

	1996 £	1995 £
The basis of calculation of the earnings per share is as follows:		
Profit after taxation	**3,560,415**	3,616,211
Less preference dividends	**(106,965)**	(106,965)
Earnings	**£3,453,450**	£3,509,246
Ordinary shares in issue	**12,949,636**	12,949,636
Earnings per ordinary share of 50p	**26.67p**	27.10p

Notes to the financial statements

10. Tangible fixed assets

	Freehold Properties £	Leasehold Properties Long (Over 50 years) £	Leasehold Properties Short (50 years and under) £	Plant Machinery & Vehicles £	Inventories Containers & Sundry Equipment £	Total £
GROUP						
Cost or valuation						
Total at 2.4.95	119,875,535	7,145,550	5,853,490	17,812,045	23,409,454	174,096,074
Additions	534,544	18,887	46,838	936,785	2,823,192	4,360,246
Adjustment to cost	–	–	(287,320)	–	–	(287,320)
Disposals	(518,200)	–	–	(530,645)	(316,692)	(1,365,537)
Fully depreciated assets	–	–	–	–	(1,979,877)	(1,979,877)
Total at 30.3.96	119,891,879	7,164,437	5,613,008	18,218,185	23,936,077	174,823,586
Depreciation and amortisation:						
Total at 2.4.95	356,098	36,586	985,087	9,491,528	10,596,697	21,465,996
Charge for period	119,864	13,235	331,583	1,149,427	2,602,554	4,216,663
Disposals	–	–	–	(374,178)	(200,289)	(574,467)
Fully depreciated assets	–	–	–	–	(1,979,877)	(1,979,877)
Total at 30.3.96	475,962	49,821	1,316,670	10,266,777	11,019,085	23,128,315
Net book values:						
At 30.3.96	**119,415,917**	**7,114,616**	**4,296,338**	**7,951,408**	**12,916,992**	**151,695,271**
At 1.4.95	119,519,437	7,108,964	4,868,403	8,320,517	12,812,757	152,630,078
COMPANY						
Cost or valuation						
Total at 2.4.95	118,445,535	7,145,550	4,647,370	17,805,269	23,080,103	171,123,827
Additions	534,544	18,887	13,425	936,785	2,792,136	4,295,777
Adjustment to cost	–	–	(287,320)	–	–	(287,320)
Transfers from subsidiaries	1,430,000	–	–	–	–	1,430,000
Disposals	(518,200)	–	–	(530,645)	(316,692)	(1,365,537)
Fully depreciated assets	–	–	–	–	(1,952,356)	(1,952,356)
Total at 30.3.96	119,891,879	7,164,437	4,373,475	18,211,409	23,603,191	173,244,391
Depreciation and amortisation:						
Total at 2.4.95	356,098	36,586	817,944	9,484,753	10,422,124	21,117,505
Charge for period	119,864	13,235	278,566	1,149,427	2,536,951	4,098,043
Disposals	–	–	–	(374,178)	(200,289)	(574,467)
Fully depreciated assets	–	–	–	–	(1,952,356)	(1,952,356)
Total at 30.3.96	475,962	49,821	1,096,510	10,260,002	10,806,430	22,688,725
Net book values:						
At 30.3.96	**119,415,917**	**7,114,616**	**3,276,965**	**7,951,407**	**12,796,761**	**150,555,666**
At 1.4.95	118,089,437	7,108,964	3,829,426	8,320,516	12,657,979	150,006,322

Note 10. Tangible fixed assets continued

Property valuations

The group's properties were valued as follows:

1. The brewery: valued as at 28th March 1992 by Gerald Eve, chartered surveyors, London, on a depreciated replacement cost basis.
2. The licensed properties: valued as at 28th March 1992 by the directors at open market value for existing use, having regard to trading potential, based on an appraisal in house by Mr I.N. Wilcockson, a Member of the Association of Valuers of Licensed Property.
3. The unlicensed properties: valued as at 1st April 1995 by Peglers, chartered surveyors, London, on an open market value existing use basis.

(a) Historical costs

	Group		Company	
	1996	1995	**1996**	1995
The historical cost of fixed assets shown above at cost or valuation was:	**£85,566,111**	£84,423,107	**£83,984,016**	£82,872,859
Had no revaluation taken place, the depreciation charge would have been:	**£4,022,722**	£3,993,014	**£3,903,954**	£3,610,675
A reduction in depreciation of:	**£193,941**	£200,262	**£194,089**	£209,105

(b) Capital commitments

	Group		Company	
	1996	1995	**1996**	1995
Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to	**£1,866,087**	£947,739	**£1,866,087**	£947,739
Capital commitments authorised by the directors but for which contracts have not been placed amounted to	**£5,040,913**	£6,647,261	**£5,033,513**	£6,574,661

(c) Interest

Additions for the group and the company to freehold properties include capitalised interest of £nil (1995: £30,122). Accumulated interest for the group and the company, net of tax relief, included in the total cost amounts to £296,056 (1995: £296,056).

11. Lease rental commitments

	Group		Company	
	1996 £	1995 £	**1996 £**	1995 £
Annual commitments under non-cancellable operating leases are as follows:				
Leases expiring after five or more years:				
Property	**1,342,410**	1,420,210	**997,410**	1,075,210
Equipment	**–**	–	**–**	–
Leases expiring between 1 and 5 years:				
Property	**156,250**	47,000	**156,250**	47,000
Equipment	**278,819**	228,342	**268,333**	217,986
Leases expiring within one year:				
Property	**21,765**	23,965	**21,765**	23,965
Equipment	**6,301**	63,552	**6,301**	63,552
	£1,805,545	£1,783,069	**£1,450,059**	£1,427,713

12. Investments

(a) Subsidiary undertakings

	Company	
	1996 £	1995 £
Cost of subsidiary undertakings:		
At the beginning of the period	**13,246,466**	12,567,580
Additions on acquisition of a subsidiary undertaking	**–**	145,924
Additions on rationalisation of subsidiary undertakings (note 12(a(i)))	**–**	532,962
At the end of the period	**£13,246,466**	£13,246,466

(i) Rationalisation of subsidiary undertakings

In 1995 the company undertook a rationalisation of its subsidiary undertakings. The parent company acquired the business and assets of certain subsidiary undertakings. The parent company also agreed with its direct subsidiary undertakings for the transfer to the parent company of their subsidiary undertakings. As a result, the parent company is the direct shareholder in all subsidiary undertakings.

It is the intention to liquidate or strike off all dormant subsidiary undertakings as the case may be. This will leave the following subsidiaries whose results affect the figures of the group and which are now owned 100% by the parent company:

	Country of incorporation or registration
Cockburn & Campbell Ltd	Scotland
Bill Bentley's (Bishopsgate) Ltd	England

(b) Unlisted investments

	Group & Company	
	1996 £	1995 £
Cost		
At the beginning of the period	**1,388**	1,367
Additions	**–**	21
Amounts written off	**(1,000)**	–
At the end of the period	**£388**	£1,388

In the opinion of the directors there is no material difference between the market value of unlisted trade investments and the amount stated in the balance sheet.

13. Stocks

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Raw materials and consumables	953,939	872,665	953,939	872,665
Work in progress	303,638	279,645	303,638	279,645
Finished goods and goods for resale	2,662,233	2,805,473	2,601,608	2,756,248
	£3,919,810	£3,957,783	£3,859,185	£3,908,558

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

14. Debtors

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Amounts falling due within one year:				
Trade debtors	2,651,377	2,470,828	2,299,731	2,206,575
Amounts owed by subsidiary undertakings	–	–	477,761	513,152
Corporation Tax	206,372	203,965	196,416	197,590
Other debtors	1,385,323	1,201,132	1,100,306	1,126,067
Prepayments and accrued income	985,613	1,033,231	895,395	948,298
	£5,228,685	£4,909,156	£4,969,609	£4,991,682

15. Short-term borrowing

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Variable rate unsecured redeemable loan notes 1991/1996	685,063	745,063	685,063	745,063
Bank overdrafts	128,631	971,071	54,177	971,071
	£813,694	£1,716,134	£739,240	£1,716,134

All short-term borrowing is at variable rates based on LIBOR and repayable, other than by instalments, either within one year or on demand.

16. Creditors: amounts falling due within one year

	Group		Company	
	1996	1995	**1996**	1995
	£	£	**£**	£
Trade creditors	**3,076,196**	2,663,707	**3,074,539**	2,666,557
Amounts owed to subsidiary undertakings	**–**	–	**17,349,281**	15,639,607
Corporation Tax	**1,939,368**	1,892,838	**1,674,939**	1,726,547
Other taxation and Social Security	**3,014,769**	3,101,992	**2,996,813**	3,080,887
Proposed dividend	**1,016,546**	1,003,597	**1,016,546**	1,003,597
Other creditors	**462,949**	501,342	**432,461**	495,125
Accruals and deferred income	**1,398,364**	1,354,331	**1,355,007**	1,336,347
	£10,908,192	£10,517,807	**£27,899,586**	£25,948,667

17. Creditors: amounts falling due after more than one year

	Group & Company	
	1996	1995
	£	£
Debenture loans:		
3½% Irredeemable mortgage debenture stock	**300,000**	300,000
The 3½% debenture stock is secured against fixed assets with a 1992 valuation of £8,308,000 and by a first floating charge over the company's assets and undertaking.		
9½% Debenture stock due 2018, net of unamortised issue costs	**14,728,664**	14,716,416
The £15,000,000 9½% debenture stock was issued on 28th April 1993 for net proceeds of £14,690,636 and is secured by a second floating charge over the company's assets and undertaking and a first floating charge over the assets and undertakings of certain other group companies. It was issued to reduce borrowings under the revolving credit facility.		
Variable rate unsecured revolving credit facility, based on LIBOR, repayable 11th January 2001.	**11,500,000**	13,000,000
	£26,528,664	£28,016,416

As of 11th January 1996 the company cancelled a £20 million revolving credit facility due to expire on 17th June 1996 and entered into a £15 million five year revolving credit facility with Baring Brothers Limited, National Westminster Bank Plc and The Royal Bank of Scotland plc as of that date. This facility permits borrowings to be outstanding until 11th January 2001, subject to the terms thereof.

	Group		Company	
	1996	1995	**1996**	1995
Statement of maturity of debt including short term borrowing	**£**	£	**£**	£
Repayable as follows:				
In one year or less (note 15)	**813,694**	1,716,134	**739,240**	1,716,134
Between one and two years	**–**	13,000,000	**–**	13,000,000
Between two and five years	**11,500,000**	–	**11,500,000**	–
In five years or more	**15,028,664**	15,016,416	**15,028,664**	15,016,416
	£27,342,358	£29,732,550	**£27,267,904**	£29,732,550

18. Provisions for liabilities and charges

(a) Deferred taxation

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
The potential liability and the amount provided at rates estimated to be applicable when timing differences reverse are as follows:				
Potential liability:				
Capital allowances	**4,707,815**	4,749,640	**4,673,820**	4,709,630
Short-term timing differences	**58,199**	72,286	**58,199**	72,286
Realised capital gains	**445,614**	189,601	**389,267**	189,601
Unrealised surplus on property revaluation	**6,469,862**	7,531,736	**6,450,063**	7,272,381
Post retirement benefits	**(545,174)**	(530,137)	**(545,174)**	(530,137)
Advance Corporation Tax on final dividend	**(254,137)**	(250,899)	**(254,137)**	(250,899)
	£10,882,179	£11,762,227	**£10,772,038**	£11,462,862
Amount provided:				
Capital allowances	**3,564,688**	3,512,363	**3,530,693**	3,472,353
Short-term timing differences	**58,199**	72,286	**58,199**	72,286
Post retirement benefits	**(545,174)**	(504,769)	**(545,174)**	(504,769)
Advance Corporation Tax on final dividend	**(254,137)**	(250,899)	**(254,137)**	(250,899)
	£2,823,576	£2,828,981	**£2,789,581**	£2,788,971
Deferred taxation account movement during the period is as follows:				
At the beginning of the period	**2,828,981**	2,849,118	**2,788,971**	2,734,480
Transfers during the period	**–**	–	**–**	94,381
Advance Corporation Tax provided less utilised	**(3,238)**	–	**(3,238)**	–
Amount charged (note 6)	**(2,167)**	(20,137)	**3,848**	(39,890)
At the end of the period	**£2,823,576**	£2,828,981	**£2,789,581**	£2,788,971

(b) Post retirement benefit provision

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
At the beginning of the period	**1,606,475**	1,576,740	**1,606,475**	1,576,740
Profit and loss account	**157,052**	141,907	**157,052**	141,907
Utilised during the period	**(111,484)**	(112,172)	**(111,484)**	(112,172)
At the end of the period	**£1,652,043**	£1,606,475	**£1,652,043**	£1,606,475
	£4,475,619	£4,435,456	**£4,441,624**	£4,395,446

19. Share capital – authorised, allotted, called up and fully paid

	Group & Company	
	1996	1995
	£	£
Equity shareholders' funds		
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
5,683,636 non-voting ordinary shares of 50p each	**2,841,818**	2,841,818
	6,474,818	6,474,818
Non-equity shareholders' funds		
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
	£7,835,318	£7,835,318

All ordinary shares rank equally for all purposes of participation in profits or assets, but the non-voting ordinary shares do not confer the right to vote at any General Meeting.

The 4·2% cumulative preference stock and the 9% cumulative preference shares confer the right to fixed cumulative preferential dividends but do not confer any further right to participate in profits or assets on a winding up.

20. Share premium account

	Group & Company	
	1996	1995
	£	£
At the beginning of the period	**1,500,182**	1,512,430
Charge for amortised debenture issue costs	**(12,248)**	(12,248)
At the end of the period	**£1,487,934**	£1,500,182

21. Revaluation reserve

	Group		Company	
	1996	1995	**1996**	1995
	£	£	**£**	£
At the beginning of the period	**85,872,442**	87,150,125	**82,904,574**	82,897,224
Prior years' revaluation realised in the period	**(344,294)**	(961,283)	**(344,294)**	25,743
Properties written down during the period	–	(316,400)	–	(18,393)
At the end of the period	**£85,528,148**	£85,872,442	**£82,560,280**	£82,904,574

22. Profit and loss account

	Group		Company	
	1996	1995	**1996**	1995
	£	£	**£**	£
At the beginning of the period	**21,828,545**	19,309,793	**20,035,382**	18,987,442
Profit retained for the financial period	**1,485,106**	1,566,800	**1,148,502**	1,061,435
Transfer from share premium account (note 20)	**12,248**	12,248	**12,248**	12,248
Transfer from/(to) revaluation reserve (note 21)	**344,294**	961,283	**344,294**	(25,743)
Goodwill on acquisition written off	**–**	(21,579)	**–**	–
At the end of the period	**£23,670,193**	£21,828,545	**£21,540,426**	£20,035,382

At 30th March 1996, the accumulated goodwill on the acquisition of subsidiary undertakings which has been written off against reserves amounted to £3,696,515 (1995: £3,696,515).

23. Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Profit on ordinary activities after tax	**3,560,415**	3,616,211
Dividends	**(2,075,309)**	(2,049,411)
Properties written down during the period	**–**	(316,400)
Goodwill on acquisition written off	**–**	(21,579)
Net addition to shareholders' funds	**1,485,106**	1,228,821
Opening shareholders funds	**117,036,487**	115,807,666
Closing shareholders' funds	**£118,521,593**	£117,036,487

24. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	7,679,268	7,869,618
Depreciation	4,216,663	4,193,276
Profit on disposal of fixed assets	(251,435)	(901,751)
(Increase)/decrease in stocks – other movements	37,973	107,877
(Increase)/decrease in debtors	(496,140)	643,924
Increase/(decrease) in creditors	366,681	(51,954)
Net cash inflow from operating activities	£11,553,010	£11,860,990

(b) Analysis of changes in financing during the period

	Short-term borrowing £	Creditors: amounts falling due after more than one year £	Total £
At the beginning of the period	1,716,134	28,016,416	29,732,550
Repayments of borrowings	(60,000)	(1,487,752)	(1,547,752)
Movement in bank overdrafts (note 24(c))	(842,440)	–	(842,440)
At the end of the period	£813,694	£26,528,664	£27,342,358

(c) Analysis of the balances of cash and cash equivalents as shown on the balance sheet

	1996 £	Change in period £	1995 £	Change in period £	1994 £
Cash at bank and in hand	403,608	179,713	223,895	53,045	170,850
Bank overdrafts	(128,631)	842,440	(971,071)	1,372,850	(2,343,921)
	£274,977	£1,022,153	£(747,176)	£1,425,895	£(2,173,071)

Directors' holdings and interests

30.3.96/*1.4.95*

	'A' Ordinary Shares of 50p each	'B' Ordinary Shares of 50p each	Non-Voting Ordinary 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	**12,896**	**134,720**	**23,000**	**4,624**	**358**	
	12,896	*134,720*	*26,000*	*4,624*	*358*	
Trustee	**25,200**	**626,561**	**64,440**	**3,396**	**2,750**	**190**
	25,200	*626,561*	*64,440*	*3,396*	*2,750*	*190*
Trustee – Ram Brewery Trust	**4,988**	**2,255,536**	**153,467**	**23,124**		
	4,988	*2,255,536*	*153,467*	*23,124*		
J. G. A. Young						
Beneficial and family	**1,110**	**130,528**	**27,627**	**932**		
	1,110	*130,528*	*27,627*	*932*		
Trustee		**537,505**	**11,512**			
		537,505	*11,512*			
Trustee – Ram Brewery Trust	**4,988**	**2,255,536**	**153,467**	**23,124**		
	4,988	*2,255,536*	*153,467*	*23,124*		
T. ff. B. Young						
Beneficial and family	**28,681**	**163,914**	**26,215**		**128**	
	28,681	*163,914*	*28,027*		*128*	
Trustee	**32,599**	**647,742**	**93,980**	**3,867**	**4,838**	**190**
	32,599	*667,742*	*95,448*	*3,867*	*4,838*	*190*
Trustee – Ram Brewery Trust	**4,988**	**2,255,536**	**153,467**	**23,124**		
	4,988	*2,255,536*	*153,467*	*23,124*		
B. D. B. Palmer						
Beneficial and family	**2,800**	**53,664**	**11,948**			
	2,800	*53,664*	*11,948*			
C. Clitherow						
Beneficial and family		**5,000**				
		5,000				
C. P. W. Read						
Beneficial and family		**1,000**				
		1,000				
C. A. Sandland						
Beneficial and family		**1,000**				
		1,000				
R. Summers						
Beneficial and family			**1,000**			
Trustee		**1,000**				

There were no movements in directors' holdings between 31st March and 25th May 1996, other than the registration of Mr. S.F. Goodyear as the holder of 1,000 'B' shares which he holds as Trustee.

Apart from the interests disclosed above, no director had any interest in the share capital or debentures of the company or other group companies during the period.

Ten year review

	1987 £	1988 £	1989 £
Turnover	40,879,042	42,816,176	45,900,295
Trading profit	4,207,746	4,271,361	4,784,409
Profit/(loss) on disposal of assets	(11,296)	126,270	799,755
Less: Interest payable	(635,430)	(594,933)	(751,119)
Exceptional items	–	(209,279)	(211,964)
Profit on ordinary activities before tax	3,561,020	3,593,419	4,621,081
Tax	1,324,320	1,339,000	1,831,000
Profit available for shareholders	2,236,700	2,254,419	2,790,081
Dividends	1,165,725	1,252,917	1,377,477
Profit retained	1,070,975	1,001,502	1,412,604
Earnings per share	17.10p	17.24p	21.54p
Assets employed			
Fixed assets	99,371,332	100,789,894	102,210,835
Net current assets/(liabilities) before short-term borrowing	312,777	746,960	533,220
Total assets employed	99,684,109	101,536,854	102,744,055
Short-term borrowing	(3,301,072)	(4,739,744)	(5,641,651)
	96,383,037	96,797,110	97,102,404
Loans repayable after one year	(3,038,487)	(2,527,887)	(1,502,793)
Provisions for liabilities and charges	(3,292,585)	(3,215,756)	(3,133,540)
	90,051,965	91,053,467	92,466,071
Financed by:			
Called-up share capital	7,588,500	7,588,500	7,588,500
Share premium account	–	–	–
Revaluation reserve	70,558,143	70,376,253	70,033,765
Profit and loss account	11,905,322	13,088,714	14,843,806
	90,051,965	91,053,467	92,466,071

1994 figures have been restated to include a prior year's adjustment in respect

1990 £	1991 £	1992 £	1993 £	1994 £ as restated	1995 £	1996 £
51,979,661	58,524,308	68,136,692	72,903,956	72,343,232	72,038,621	**73,883,047**
5,392,684	6,865,410	8,029,970	8,189,233	7,816,836	6,967,867	**7,427,833**
298,497	–	244,223	–	50,615	901,751	**251,435**
(1,069,971)	(1,830,447)	(2,684,021)	(3,019,107)	(2,733,146)	(2,559,469)	**(2,451,051)**
–	–	–	–	–	–	**–**
4,621,210	5,034,963	5,590,172	5,170,126	5,134,305	5,310,149	**5,228,217**
1,511,006	1,393,334	1,976,838	1,644,968	1,652,484	1,693,938	**1,667,802**
3,110,204	3,641,629	3,613,334	3,525,158	3,481,821	3,616,211	**3,560,415**
1,539,405	1,726,245	1,984,663	1,984,663	2,049,411	2,049,411	**2,075,309**
1,570,799	1,915,384	1,628,671	1,540,495	1,432,410	1,566,800	**1,485,106**
24.11p	28.38p	27.51p	26.40p	26.06p	27.10p	**26.67p**
108,158,154	114,100,416	149,886,441	152,604,010	153,155,689	152,631,466	**151,695,659**
262,002	449,601	(765,577)	109,232	(536,111)	(1,426,973)	**(1,356,089)**
108,420,156	114,550,017	149,120,864	152,713,242	152,619,578	151,204,493	**150,339,570**
(10,297,816)	(13,946,871)	(7,984,001)	(7,732,107)	(3,381,886)	(1,716,134)	**(813,694)**
98,122,340	100,603,146	141,136,863	144,981,135	149,237,692	149,488,359	**149,525,876**
(998,690)	(1,800,000)	(24,300,000)	(26,300,000)	(29,004,168)	(28,016,416)	**(26,528,664)**
(3,086,780)	(2,850,892)	(2,977,268)	(3,281,045)	(4,425,858)	(4,435,456)	**(4,475,619)**
94,036,870	95,952,254	113,859,595	115,400,090	115,807,666	117,036,487	**118,521,593**
7,588,500	7,588,500	7,835,318	7,835,318	7,835,318	7,835,318	**7,835,318**
–	–	1,525,962	1,525,962	1,512,430	1,500,182	**1,487,934**
69,590,464	69,590,464	87,625,040	87,335,040	87,150,125	85,872,442	**85,528,148**
16,857,906	18,773,290	16,873,275	18,703,770	19,309,793	21,828,545	**23,670,193**
94,036,870	95,952,254	113,859,595	115,400,090	115,807,666	117,036,487	**118,521,593**

of post retirement benefits. The 1987 to 1993 figures have not been adjusted.

Notice of meeting

Notice is hereby given that the one hundred and seventh Annual General Meeting of Young & Co.'s Brewery P.L.C. will be held in the Civic Suite of Wandsworth Town Hall, Wandsworth High Street, London SW18, on Tuesday 16th July 1996 at 10.30 a.m. for the following purposes:

1. To receive the financial statements for the fifty-two weeks ended 30th March 1996 and the directors' and auditors' reports thereon, and to declare a final dividend on the Ordinary Shares.
2. To elect S.F. Goodyear as a director.
3. To elect R. Summers as a director.
4. To re-elect B.D.B. Palmer, the director retiring by rotation, as a director.
5. To re-appoint Coopers & Lybrand as auditors to the Company.
6. To authorise the directors to fix the auditors' remuneration.

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. A. Sandland
Secretary
The Ram Brewery,
Wandsworth,
London SW18 4JD
14th June 1996

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 the member, 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 25th June to 16th July and at the place of the meeting from 15 minutes prior to and until the conclusion of the meeting.

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