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YOUNG'S ANNUAL REPORT 2005

Contents

Financial highlights

	2005 £000	2004 £000	% change
Turnover	119,532	111,982	+6.7
Operating profit before site review costs	13,523	12,639	+7.0
Operating profit	13,038	12,639	+3.2
Adjusted profit before tax*	9,554	9,013	+6.0
Adjusted EBITDA*	21,650	20,186	+7.3
Profit on ordinary activities before tax	9,431	8,884	+6.2
Adjusted earnings per share*	55.47p	50.11p	+10.7
Basic earnings per share	56.36p	48.95p	+15.1
Dividend per share	23.65p	22.50p	+5.1
Net assets per share	£12.48	£12.14	+2.8
Gearing ratio	37.0%	40.3%	-8.2

** Excludes non-operating exceptional items and site review costs.*

Chairman's statement

Turnover has increased by 6.7% to £120 million and reported profit before tax was up 6.2% at £9.4 million. Adjusted profit before tax which excludes exceptional items relating to property and the costs of the review of our Wandsworth operation was up 6.0% to £9.6 million. Adjusted earnings per share were up 10.7% at 55.47p. Once again this increase was higher than the growth in adjusted profits as a result of share repurchases made in the previous financial year.

The annual general meeting on 12 July 2005 will be asked to approve a final dividend of 12.25p, making a total for the year of 23.65p, up 5.1%. The final dividend is due to be paid on 14 July to shareholders on the register on 17 June.

The future of the Ram Brewery is exciting such interest that some newspapers have turned to speculation rather than facts. In November 2003, we announced a feasibility study to examine the operation and efficiency of the present site and whether we should move. We have spoken to several developers, but we do not yet know the value of the site or whether it would be sensible to brew elsewhere. Nor have we yet found a suitable site for a new brewery. It is in all our interests to remain a vertically integrated business, still producing our prizewinning beers and running pubs. When the feasibility study is complete, my head will rule my heart in reaching a conclusive decision.

On 5 May, we proposed changes to simplify our share structure, this will extend inheritance tax benefits to the A shares and provide greater liquidity in our voting shares. At an extraordinary general meeting of shareholders on 2 June, Young & Co.'s B shares were converted into A shares. The A shares and non-voting shares are due to be delisted from the Stock Exchange's Official List at the close of trading on 4 July and to be listed on AIM, the Alternative Investment Market, from 5 July. Each shareholder's percentage holding in the company's issued share capital and voting rights at general meetings will remain unchanged.

I return to the menace of bureaucracy and quote this excerpt from the editorial column of a recent issue of the Daily Telegraph: "Our country is increasingly being run by meddlesome functionaries who need to justify their salaries by issuing asinine directives."

The writer was commenting on a ruling that police officers in Suffolk may no longer hoist a flag at their station, on health and safety grounds. The newspaper accused the Health and Safety Executive of bringing Britain to a standstill by its threats of litigation, and of cowing and tyrannising businesses. I support health and safety, so valuable in its conception but now being devalued by idiotic regulations and quangos of bureaucrats, whose sole role in life seems to be to make us do anything except brew and sell beer which is what we are for and what we want to do.

Young & Co. is one of those businesses. So is each of our pubs, all tangled up in red tape. Brewers and licensees – as well as the chairman – are forced to spend more time in their offices than producing or serving customers. This same kind of counter-productive legislation is not introduced openly through Parliament and debated but through ministers' orders. It keeps nurses off the wards and forces the police to stop chasing criminals.

At the brewery, we can no longer walk down the yard to the offices. It's a no-go area because of health and safety regulations. Our brewers may not wear watches in the brewhouse because of a new hygiene regulation. They might fall off and fly into a fermenting vessel. Tourists who visit the brewery must remove watches, earrings and rings before they can be shown around.

In the brewery yard, signs warning of speed limits in miles-per-hour must have MPH printed after the figures. The bureaucrats tell us that drivers from overseas could be confused in the brewery but apparently not while driving up the M20.

To get to the stables we must leave the brewery and walk outside along Ram Street. We then find that our horses need passports complete with pictures, as do all the 650,000 or so horses throughout Britain. No horse, especially our Shires, can fit into a photo-booth so a vet must be employed to sketch the animal at a cost to the owner of as much as £100.

A committee of the European Parliament has been frightening us with its Regulation on Nutrition and Health Claims, a proposed piece of legislation that would force brewers to stop using the age-old phrase light ale. The committee was intent on limiting the word "light" to food and drinks that are low in alcohol or calories. This nonsense was actively opposed by the entire brewing industry, including the Americans, and many British MEPs and MPs.

We are told that there will be a ban on smoking in pubs during the life of the new Government. In Ireland, where smoking has been banned in pubs for more than a year, some licensees report a 20% drop in sales and have increased their prices accordingly to cover their losses. Some pubs have closed. This has persuaded more and more people to drink at home and has prompted Ireland's largest publicans' organisation to plead with the Government to allow smoking in designated areas. In 1987, Young & Co. introduced such a policy of no-smoking areas alongside bars where smoking was allowed, the first British brewer to do so, and it works well. Only 10% of the public support a total ban. We are in favour of voluntary arrangements like ours and those proposed by the British Beer and Pub Association, which recommend banning smoking at bars and in designated areas.

Meanwhile, reform of the licensing process drags on. Politically elected councils have taken over the task of issuing licences from impartial magistrates but we hear of cases of inconsistent decisions and of councils that are not complying with Government guidelines. Some newspapers have been running scaremongering stories that the streets of our towns and cities, once 24-hour opening comes in, will be full of drunks. I repeat 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 of the positive aspects of the industry and the great social attributes of the British pub. We have a long-term vested interest in sensible drinking, not driving after drinking, in the hundreds and thousands who enjoy a convivial drink and don't abuse alcohol. But the public have been misled to believe that pubs will be open 24 hours. Only a few have applied for 24-hour opening. The politicians destroyed one of our most responsible industries. The Courages, Whitbreads, Watneys and Charringtons would never have allowed binge drinking in their pubs. We experimented with two high-street bars in Slough and Orpington but learnt our lesson. We now run neither of them.

Our Bull's Head at Barnes is an example of how inflexible laws can work against the public interest. The Bull's Head is world-famous for staging top-class jazz almost every night for 45 years, 24 of them under our tenants Dan and Liz Fleming. Coleman Hawkins, Humphrey Lyttleton, John Dankworth, Cleo Laine and Jamie Cullum have performed there. But one complaint about noise, the first in nearly half a century, from one resident in a new block of flats next to the pub, was enough for Richmond Council to issue a noise abatement order. The council had no option; they were bound by rigid rules. The developers were granted planning permission on condition that they would soundproof the flats, but we ended up having to spend £64,000 on soundproofing so that the jazz could continue.

Two of our most successful tenants, Charles and Linda Gotto, who employ more than 100 people in their four Young's pubs, have suffered as much as anyone from the flood of legislation and the burdensome administrative work that it brings, in particular the scrutiny and interrogation of applicants for staff. They have decided to take leave of our pubs and concentrate on producing beef, pork, lamb and mutton, hitherto for their pubs, on their farm at Dorking and run just one pub locally. We wish them well. Other licensees are beginning to think the same. The Government no longer checks the authenticity of immigrants, shifting responsibility to employers, under threat of criminal conviction and £5,000 fines. Employers, including our licensees, must check passports to ensure they match the holder and check all visas and government stamps. The passport then has to be photocopied and the copies retained for three years after employment ceases.

No other country enforces European Union regulations with the vigour that Britain does. Some positively ignore them, which I know from experience having been married to a Belgian. As a result, people are not taking the British Government and Civil Service seriously. It is time to untie the red tape and burn it, Mr Blair.

Finally, I thank all on whom the success and renown of our business depends – all who work at the brewery and in our offices, our ambassadors on the road who deliver the beer, our tenants and managers, our shareholders and our loyal customers. Thank you, all.

John Young

J. A. Young

John Young
Chairman

Chief executive's report

Operational review

Quality and service are the essential ingredients to prosper in today's competitive market place. Their importance is vital given the fragile nature of consumer demand and ever-increasing regulatory and legislative burdens and their associated costs.

It is therefore pleasing to report that our principles of providing first class products and service have served us well once more.

Retail

Young's retail success in the year under review is we believe the result of delighting our customers with stylish pubs, great service, quality food and unique beers.

It proved to be a challenging year for our managed business competing with the exceptional summer of 2003 and stricken with the seemingly endless additional costs of regulation and legislative burdens. Nonetheless, turnover was up 7.0% and operating profit by 9.7%. Like for like turnover and operating profit improved by 2.0% and 5.7% respectively. The operating profit increase was helped by food sales up 14.5% and food margins also improved on the back of efficiencies from tighter supply chain management that have resulted from the investment in, and successful roll out of, our internet food ordering solution.

The improvement in our operations has been supported by £8.8 million of capital expenditure on the managed estate. High property prices have not prevented us during the year from finding attractive opportunities to acquire freehold pubs, with three new acquisitions, the White Hart in Sherfield-on-Loddon, the Penny Black in Leatherhead and the Bell in Fetcham. These pubs fit perfectly into the Young's model and are already trading above expectations. We sold our leasehold interests in the Columbia Bar, Bill Bentley's in the Minories and Willy's Wine Bar. In addition we sold the Crown and Anchor in Chiswick and the King's Head in Merton, two freeholds that were no longer providing adequate returns. We continue to manage our estate to ensure an optimal balance and this has resulted in the transfer of the Lamb at Hindon and Next Door in Oxford to tenancy. Conversely the Duke's Head, a large riverside pub in Putney, was transferred from tenanted to managed. Our managed estate at the year end comprised 109 pubs compared with 112 last year.

Eight major developments were completed at the County Arms, Leather Bottle, Old Ship, Dunstan House, Waverley, Bishop out of Residence, Duke of Wellington and Finch's, Finsbury Square, which has been transformed into the Master Gunner, the name of a popular pub that was lost as part of the Paternoster Square redevelopment.

Chief executive's report
(continued)

Service standards are a major part of our retail proposition and we have recently rolled out a comprehensive interactive training programme. This programme is designed to improve service quality but also ensures that staff keep ahead of all the new legislation and regulation that affects our business. Events and prizes, such as the Academy Reward Dinner, the Cellar and Beer Quality competition and the Gardens competition, all help to develop the Young's service culture and make our licensees feel they are part of the Young's family.

Profit in our inns division increased by 16.8%, the result of recent investment but competition remains intense, with RevPAR (average room rate multiplied by occupancy) up a fraction of one per cent at £37.73. Both occupancy and room rates were little changed on last year.

In our tenanted estate, turnover was up by 4.8% and operating profit was up by 0.8%. Like for like operating profit improved by 2.9%. We invested £4.8 million in our tenanted estate. Four pubs were acquired during the year, the Two Doves in Bromley, the Bell in Broadway, the Unicorn in Somerton and the Lord Nelson in Barnet. The Maltese Cat in Roehampton was sold and there was a net transfer of one pub from management, resulting in a total of 99 pubs in our tenanted division, four higher than last year.

Our traditional tenancies continue to attract experienced tenants to whom we are able to offer support and investment to generate a sustainable long-term business relationship. Last year saw the setting up of our first tenant liaison panel, aimed at improving communication and fostering new business opportunities in partnership with our licensees.

The Retail business has a total of 208 pubs and inns run under management and tenancy, one more than last year. The freehold estate has increased by four to 164 over the year.

Beer Company

The Beer Company has had an excellent year with over 168,000 barrels brewed, a level not seen since the early eighties. Young's Bitter, our flagship brand, increased volume by 9.5% in a declining cask ale market. Young's Bitter is now the fourth largest cask ale in London and the 10th largest cask ale brand in the UK. This represents excellent progress in our strategy to establish Young's Bitter as a national brand.

This growth in volume has been led by free trade and exports, which were up a total of 6.7% on last year, but it is also encouraging to note that volumes increased by 0.8% in our managed and tenanted pubs.

The multiple pub group channel has played a significant part with Young's Bitter growing by 24.6% and there have been key distribution gains with major customers such as Spirit Group, Mitchells & Butlers, Punch and Enterprise.

The take home market becomes more competitive each year, with volumes little changed. In response, we relaunched Waggle Dance, our leading take home brand, in November 2004 with a distinctive new label. Special London Ale and Champion Live Lager, both bottle conditioned products, are leading Young's drive to penetrate the premium end of the take home market.

The wholesale channel produced a very good performance, with volume up by 33.3% as a result of developing stronger partnerships with the major wholesalers, Beer Seller and National Drinks Distributors, which gave Young's Bitter their Champion status for a third year running.

Independent free trade is a central part of our business, with a diversified and loyal customer base. The strength of our team ensures a steady flow of quality new business, which has supported the volume increase of 6.7%.

Export volumes were up 5.5%. A listing for canned Special Bitter provided the impetus for a 42.2% volume growth in our Scandinavian market. Young's market share continues to grow in the United States with volumes up 1.5% despite a weak dollar.

In excess of £1 million has been invested in supporting Young's Bitter. In September 2004, we launched our new campaign, "This is a Ram's World", comprising a heavyweight poster campaign within our London heartland. This was repeated in December and again at the start of the current year and was supported with new-style point of sale. Consumer reaction has been favourable and among London's cask ale drinkers our brand awareness grew to 91%, the highest ever for the brand.

Cockburn & Campbell

Wine's popularity in pubs continues to increase, exploited by Young's through a wide, high-quality, on-trade focused product range backed up by comprehensive training in product knowledge and service. As a consequence of this trend, Cockburn & Campbell continued to see volume increases, with overall wine volumes up by 12.6%. More than a hundred people working in our pubs hold an industry-recognised wine qualification and more than half our pubs offer at least 14 wines by the glass.

In the free trade, an expanded sales team had an excellent year, increasing wine volumes by 22.9%. The pre-mixed spirits category continued its predictable decline. Wine volumes in the tied trade were up 7.3%.

Investment and finance

Asset-backed sustainable dividend growth, our main financial objective, has once again been achieved with a dividend increase for the year of 5.1% to 23.65p, more than double the rate of inflation. Dividends have been increased for eight successive years, providing a total increase of 30.7% over the past five years.

The adjusted earnings per share are stated before exceptional items in order to illustrate the underlying performance of the business. The exceptional items this year are made up of property related profits of £0.4 million and the £0.5 million costs incurred throughout the year in respect of the review of our Wandsworth operation. Adjusted earnings per share increased by 10.7%, providing a total increase over five years of 37.8%.

We have invested £15.5 million in our business in the year, mainly on our existing retail estate and on seven new freehold pubs. The combination of a strong operating cash flow and proceeds from disposal of underperforming assets has allowed this level of investment to be undertaken at the same time as reducing net debt to £53 million.

Before the year end, we renewed and increased our unsecured revolving credit facility on attractive terms. The new £25 million committed facility expires on 30 April 2010 and provides headroom for our future investment plans as and when opportunities present themselves.

Our approach to interest rate management remains unchanged with 74% of our debt fixed at the year end. Should interest rates rise by 1%, our interest costs will increase by £0.1 million. Gearing finished the year at 37.0% and operating profit before site review costs covers interest costs by 3.4 times.

Outlook

We remain focused on our strategy and anticipate making progress in the coming year, even though we expect conditions to be challenging.

Stalling consumer confidence and ever increasing margin pressures, from rising staff and utility costs, never ending red tape and this year added costs from new licensing laws and increases in the business rate, are all challenges we will have to face. Accordingly, any sales and profit growth achieved this year will be well earned.

Nonetheless we are confident that our actions will provide long-term sustainable growth for our shareholders.

S Goodyear.

Stephen Goodyear.

Stephen Goodyear
Chief executive

The board of directors

John Young, C.B.E.

Chairman

Joined the company in 1954 as an assistant to the managing directors and appointed to the board in 1955. Appointed chairman in 1962 and carried out the combined duties of chairman and chief executive until 2 June 1999. Retains the position of chairman. Past director W Runciman Ltd, past chairman R I Shipping Ltd, commissioner of taxes 1975-1991. Director National Hospital 1972-1986, chairman 1982-1986. Freeman of the City of London and of the Borough of Wandsworth. Aged 83 years.

James Young

Deputy chairman and production and distribution

Joined the company in 1974 as a brewing trainee. Appointed to the board in 1984 and deputy chairman in 1989. Chairman of wines and spirits subsidiary Cockburn & Campbell Ltd. Honorary treasurer of London Harness Horse Parade Society. Aged 53 years.

Stephen Goodyear

Chief executive

Joined the company in 1995 as sales director. Appointed to the board in 1996 as sales and marketing director. Appointed chief executive in July 2003. Previously worked for Courage Ltd from 1974 to 1995 where he held a number of senior roles, most recently business unit director. Aged 49 years.

Christopher Sandland, A.C.M.A., M.Sc.

Company secretary and personnel

Joined the company in 1973 as management accountant. Appointed personnel manager in 1981 and company secretary in 1987. Joined the board in 1990. Aged 56 years.

Torquil Sligo-Young

Information services

Joined the company in 1985 becoming an area manager for managed houses in 1987 and a member of the finance department in 1989. Appointed manager of the computer department in 1993 and joined the board in 1997. Previously worked for stockbrokers Bell, Lawrie, Macgregor & Co. Aged 45 years.

Peter Whitehead, F.C.A.

Finance

Joined the company and the board as finance director in 1997. Qualified as a chartered accountant with KPMG in 1988, becoming a fellow of the Institute of Chartered Accountants in 1998. Previously worked for Fuller, Smith & Turner P.L.C. from 1990 to 1997. Aged 43 years.

Patrick Dardis

Retail

Joined the company in 2002 to take charge of managed houses. Appointed to the board in July 2003. Previous positions have included director of retail operations at Wolverhampton & Dudley PLC, business development with Guinness Brewing and retail management with Whitbread PLC and Courage Limited. Aged 46 years.

Brian Palmer

Non-executive

Appointed as a non-executive director in 1965 and was a managing director between 1974 and 1980. Background in marketing and advertising, wrote first TV commercial to appear in the UK. Former director, Young and Rubicam Limited, was founder director KMP Advertising and of New Solutions Ltd., a leading marketing consultancy, and a governor of Camberwell College of Art. Aged 75 years.

Roy Summers, O.B.E., D.Univ., F.I. Brew.

Non-executive and senior independent director

Appointed to the board in 1995. Previously a main board director of Scottish & Newcastle plc, from 1980 to 1995. Past president of the Institute of Brewing, chairman Thistle Pub Company II plc, non-executive director of Canongate Technology Ltd and a number of other companies. Director of the International Centre for Brewing and Distilling at Heriot Watt University. Aged 69 years.

A simplified profit and loss account

What's poured in

What's poured in	£000
The company's turnover is the total amount of money that has been charged for our products and services. It includes sales of beers, wines and spirits, other sales over the bar, including food, the letting of hotel rooms, and rent from the tenants of Young's pubs	
Turnover	**119,532**

What's poured out

Out of this, we have to pay for:	
Raw materials, wines, spirits and beer from other brewers	27,109
Beer duty	10,463
Wages, salaries and pensions	34,764
Profit sharing	1,177
All eligible brewery employees become members of the profit sharing scheme after five years' service. A two-part share this year is £5,222.86.	
Repairs to licensed properties	2,023
Depreciation	8,127
Other operating costs	22,346
Total expenses	**106,009**

What's left

We are now left with our **operating profit before site review costs** from which we have to deduct:	13,523
Exceptional items	
Site review costs	(485)
Non-operating exceptional items	362
Interest payable – on money borrowed from the bank and other institutions	(3,969)
Profit before tax	**9,431**

Our profit is then divided between:

Corporation tax – the government's share	2,976
Dividends – the shareholders' return	2,730
Profit retained – for investment in the future	3,725
	9,431

A simplified balance sheet

What we own

What we own	£000
Fixed assets – the brewery, public houses, hotels, restaurants and other assets	212,455
Stocks – raw materials, beer, wines and spirits	4,018
Debtors – money owed by customers and others	6,247
Cash	1,028
	223,748

Less what we owe

Creditors – for supplies of malt, hops, wines, spirits, duty, VAT, tax, dividends, services and equipment	19,189
Loans – long-term money borrowed to run the business	53,806
Provisions for liabilities and charges	7,470
	80,465

Net assets	**143,283**

Directors' report

The directors submit their annual report and the audited financial statements for the financial year ended 2 April 2005. This represents a 53-week period compared to a 52-week period for the previous financial year.

Profits and dividends

The profit for the 53 weeks attributable to ordinary shareholders amounted to £6,455,000. The interim dividend of 11.4p per ordinary share was paid on 10 December 2004 and the directors recommend a final dividend of 12.25p per ordinary share, payable on 14 July 2005, to shareholders on the register as at 17 June 2005. This will leave profit retentions of £3,725,000 to be taken to reserves.

Principal activities

The principal activities of the company continued to be brewing and bottling beer, and selling food and drink through its public houses, inns, restaurants and drink through other trade channels. The company's two subsidiary undertakings referred to on page 38 had no trading activities other than as agents for the company.

Review of business

A review of the business for the year and an indication of likely future developments are presented in the chief executive's report on pages 7 to 9.

Conversion of shares, adoption of new articles and move to AIM

The directors announced on 5 May 2005 their proposal that the company should simplify its share structure by converting the B ordinary shares into A ordinary shares, thereby creating a single class of voting ordinary shares. In conjuction with this, they proposed certain necessary amendments to the company's articles of association.

The directors also proposed the de-listing of the existing A ordinary shares and non-voting shares from the official list of the UK Listing Authority and, following the conversion referred to above, the admission of the enlarged class of A ordinary shares and the non-voting shares to trading on AIM.

Further details of these proposals and the approvals required from shareholders are contained in the circular posted to shareholders on 5 May 2005. Copies of the circular can be obtained from the company secretary.

Directors

The names and brief biographical details of current directors can be found on page 10. No other persons served as directors during the year.

Directors' liabilities

Article 163 of the company's articles of association contains, among other things, a qualifying third party indemnity provision (within the meaning of section 309B of the Companies Act 1985) for the benefit of the company's directors. This provision was in force throughout the year.

Re-election of directors

In accordance with article 113 of the company's articles of association, John Young, aged 83, retires at the forthcoming AGM and, being eligible, offers himself for re-election.

In accordance with the Combined Code, each of Brian Palmer, aged 75, and Roy Summers, aged 69, has agreed to be subject to annual re-election. Both are offering themselves for re-election at the forthcoming AGM.

Details of directors' service agreements are given in the directors' remuneration report on page 23.

Corporate governance

A report on corporate governance is on pages 18 and 19.

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 as at the end of the financial year and of the profit of the company for that year. UK company law also requires the directors to prepare a report containing, among other things, a fair review of the development of the business of the company during the year and of its position at the end of it.

The directors confirm that in their opinion the accounting policies selected by them 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 53 weeks ended 2 April 2005. 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

Within the limitation of commercial confidentiality and security, the company continued to provide its employees with information concerning trading, development and other appropriate matters, by the production of simplified accounts, the company's Ram Magazine and the use of notice boards. It also consulted regularly with them in meetings thereby enabling the board to have regard to their interests in general. In addition, the company operated an integrated appraisal and development process designed to improve communications and company performance, involving the setting of individual objectives linked directly with the company's business objectives.

The company also operated a profit-sharing scheme for its eligible employees through the Ram Brewery Trust, which exists to promote the involvement of employees in the company's affairs.

The company maintained its policy of giving full and fair consideration to all applications for employment, including those of disabled people, taking account of the applicant's particular aptitude and ability. It was also the company's policy to seek to continue to employ anyone who becomes disabled while employed by the company and arrange training in a role appropriate to the person's changed circumstances. All employees, including disabled employees, are given equal opportunities for training, career development and promotion.

Donations

The company gave money for the following charitable purposes: education (£7,825), health (£450), social and community (£2,750), environmental (£1,389), animal welfare (£300), sport (£1,000) and culture and arts (£200). The total value of goods and services provided for charitable purposes amounted to £25,933. The company made no political donations.

Substantial shareholdings

As at 25 May 2005, the following shareholders* had notified the company of their interest in holdings of 3% or more of any one class of voting share:

	A ordinary shares	%	B ordinary shares	%	Total voting equity	%
Ram Brewery Trustees Limited	–	–	1,887,400	45.76	**1,887,400**	**25.98**
W.A. Young Charitable Trust	–	–	804,183	19.50	**804,183**	**11.07**
Guinness Peat Group plc	730,991	23.27	–	–	**730,991**	**10.06**
Thomas and Helena Young**	39,549	1.26	343,973	8.34	**383,522**	**5.28**
El Oro Mining and Exploration Company plc	194,900	6.20	–	–	**194,900**	**2.68**
Young's Staff Pension Scheme	–	–	141,400	3.43	**141,400**	**1.95**

*The holdings of directors are shown in the table on page 16.

**This excludes the interests already shown for the W.A. Young Charitable Trust and the Young's Staff Pension Scheme.

Market value of land and buildings

The directors are of the opinion that the market value of the company's properties is significantly in excess of the book value. The directors are unable to quantify the difference in the absence of a full professional valuation.

Payment of suppliers

The company's policy is to pay suppliers promptly at the end of the month following the month in which invoices are received, subject to any specific arrangements that may have been agreed in advance. As at 2 April 2005, the aggregate amount owing to trade creditors shown in the company's balance sheet was equivalent to 40 days' average purchases from suppliers.

Directors' report
(continued)

Directors' holdings and interests

The interests of the directors and their immediate families in the ordinary share capital of the company as at 2 April 2005 (and 27 March 2004) were:

			A ordinary shares of 50p each	B ordinary shares of 50p each	Non-voting ordinary shares of 50p each
John Young[a,c]	Beneficial & family	**2005**	**11,180**	**142,223**	**12,586**
		2004	11,180	140,620	12,586
	Trustee[b,c,d]	**2005**	**-**	**1,030,483**	**11,512**
		2004	-	812,323	11,512
James Young[a,c]	Beneficial & family	**2005**	**1,110**	**150,179**	**22,301**
		2004	1,110	149,979	22,301
	Trustee[b]	**2005**	**-**	**853,507**	**11,512**
		2004	-	545,347	11,512
Stephen Goodyear[a,c]	Trustee	**2005**	**-**	**1,000**	**-**
		2004	-	1,000	-
Christopher Sandland[a,c]	Beneficial & family	**2005**	**-**	**1,000**	**-**
		2004	-	1,000	-
Torquil Sligo-Young[a,c]	Beneficial & family[e]	**2005**	**10,900**	**62,352**	**4,500**
		2004	10,900	62,352	4,500
	Trustee[c,d]	**2005**	**5,000**	**246,610**	**16,347**
		2004	5,000	336,610	16,347
Peter Whitehead[a,c]	Beneficial & family	**2005**	**-**	**-**	**4,500**
		2004	-	-	4,500
	Trustee	**2005**	**-**	**1,000**	**-**
		2004	-	1,000	-
Patrick Dardis[a,c]	Trustee	**2005**	**-**	**1,000**	**-**
		2004	-	1,000	-
Brian Palmer[c]	Beneficial & family	**2005**	**2,800**	**53,664**	**11,448**
		2004	2,800	53,664	11,948
Roy Summers	Beneficial & family	**2005**	**8,000**	**-**	**-**
		2004	8,000	-	-
	Trustee	**2005**	**-**	**1,000**	**-**
		2004	-	1,000	-

Notes:

(a) At 2 April 2005, each of the executive directors had an interest in 4,505 (2004: 4,988) A ordinary shares, 1,887,400 (2004: 1,887,400) B ordinary shares and 3,596 (2004: 3,596) non-voting ordinary shares held in trust by Ram Brewery Trustees Limited as they were beneficiaries under that trust as members of the company's profit-sharing and share option schemes.

(b) At 2 April 2005, John Young and James Young had an interest in 804,183 (2004: 496,023) B ordinary shares and 11,512 (2004: 11,512) non-voting ordinary shares held in trust by them and Thomas Young.

(c) At 2 April 2005, each of the executive directors and Brian Palmer had an interest in 141,400 (2004: 194,400) B ordinary shares held in trust by John Young, Torquil Sligo-Young and Thomas Young for the purposes of the company's staff pension scheme as they were beneficiaries under that trust as members of that scheme.

(d) At 2 April 2005, John Young and Torquil Sligo-Young had an interest in 84,900 (2004: 121,900) B ordinary shares held in trust by them and Thomas Young.

(e) The B ordinary shares held by each of Peter Whitehead and Patrick Dardis as trustee are included within these figures.

On 8 April 2005, Ram Brewery Trustees Limited released 4,505 A ordinary shares pursuant to the terms of the company's profit-sharing scheme to a participant who was neither a director nor an immediate family member of a director. The deemed interest of the executive directors in the shares in the company held by the trustee (see note (a) above) was accordingly reduced to the extent of this release. Apart from this, there have been no changes in directors' interests between 2 April 2005 and 17 May 2005.

Interests in share options are shown on page 23.

Renewal of authority for the company to purchase its own shares

At the AGM held in July 2004, shareholders authorised the company to make market purchases, in the aggregate, of not more than 793,140 of its own A ordinary shares and/or non-voting ordinary shares. This authority, which expires at the end of the forthcoming AGM unless renewed before then, has not been used.

Resolution number 9, to be proposed at this year's AGM, seeks to renew the shareholders' authority for the company to make market purchases of its own shares. The authority being sought contains the following important restrictions:

- it will only be valid until the end of the AGM in 2006 or 11 October 2006, whichever is earlier, unless before then it is renewed and made valid until a later date;
- only 793,140 A ordinary shares and/or non-voting ordinary shares in aggregate may be purchased, representing 10% of the company's current combined issued A ordinary share capital and non-voting ordinary share capital;
- the minimum price per share (exclusive of expenses) that may be paid is the nominal value of 50p; and
- the maximum price per share (exclusive of expenses) that may be paid is 105% of the average middle market price of the share as shown in the London Stock Exchange Daily Official List (or in the AIM appendix to the Daily Official List if the share is then traded on AIM) for the five business days immediately preceding the purchase.

Any shares purchased under this authority will be cancelled or held as treasury shares. The directors do not have any immediate intention of exercising this authority and will only do so if they consider that it would be earnings enhancing and in the best interests of shareholders as a whole.

As at 25 May 2005 the total number of options over shares that were outstanding was 512,018 (being in respect of 508,422 B ordinary shares and 3,596 non-voting ordinary shares), representing 4.25% of the company's issued share capital at that date. This number of outstanding options could potentially represent 4.89% of the company's issued share capital if the company were to purchase its own shares to the fullest possible extent of its authority from shareholders (existing and being sought). The company has not issued any warrants to subscribe for share capital.

International Financial Reporting Standards (IFRS)

The company is planning to de-list from the London Stock Exchange and admit its shares to AIM instead. As an unlisted company it will not be mandatory for the company to prepare its financial statements under IFRS until its 2008 financial year. However, based on our initial review, the main impacts are likely to be:

- Turnover and operating expenses will exclude excise duty;
- The pension deficit will be recognised in full on first time adoption. Depending on the policy selected, subsequent actuarial gains and losses will be recognised either as a charge against profits, to the extent that they fell outside a corridor of 10% of the assets or liabilities of the fund, or immediately, in the statement that succeeds the current statement of total recognised gains and losses;
- Deferred tax provisions will be increased to include the potential tax payable on rolled-over capital gains made on previous disposals, and to include the potential tax on the revaluation of certain of the company's properties;
- Staff costs will be increased by charges for the share option plans;
- Certain property leases will no longer be classified as fixed assets; in future, lease premiums will be recognised in the same way as other long-term assets and the amortisation of them will be treated as rent rather than depreciation;
- Proposed dividends that are subject to shareholder approval will no longer be included as a creditor at the period end; and
- Any financial derivatives will be included in the balance sheet at their fair value.

In addition to the above, there will be considerable changes in the presentation and format of the financial statements.

Auditors

A resolution proposing the re-appointment of Ernst & Young LLP as auditors of the company will be put to the shareholders at the AGM.

By order of the board

Christopher Sandland
Company secretary
2 June 2005

Corporate governance

Compliance
The board considers that it has achieved compliance with the provisions set out in section 1 of the Combined Code throughout the financial year ended 2 April 2005, apart from in the minor instances referred to below.

The board
The board comprises the chairman, chief executive, five other executive and two non-executive directors. Their brief biographical details are on page 10. The board considers its non-executive directors to be independent; the board's view is that independence is an attitude of mind and a matter of strength of character rather than something measured by reference to conditions set in advance.

The board meets every two months with additional meetings arranged as required. The board met seven times during the year, and all directors attended each meeting. All directors receive within their board papers details of the company's performance against budget and individual reports from the chief executive and finance director.

The board's principal role is to set the objectives and strategy of the company, to ensure that appropriate financial and human resources are available to support the achievement of objectives, and to direct a suitable management team. A formal schedule of matters reserved for decision by the board was reviewed and updated during the year. The schedule ensures that the board considers strategic, major financial and key operational issues such as the approval of operating and capital expenditure budgets and financial statements, structure and capital review, major investments and disposals, risk management and approval of policies.

The roles of the chairman and chief executive were separated in 1999. The chairman is responsible for the effective running of the board; the chief executive has overall responsibility for managing the company, which includes strategy and operations. This division of responsibilities has been set out in writing and was agreed by the board after the year-end and to this extent the company was not in compliance with Code Provision A.2.1.

The day-to-day running of the company is managed by the executive directors who hold a weekly meeting as a group and with the company's senior management team. Each of the executive directors carries specific responsibilities, as set out in the details of directors on page 10.

All directors have access to independent professional advice at the company's expense and have access to the advice and services of the company secretary, who ensures a good flow of information and advises the board on governance matters. A schedule setting out the information to be given to new directors was approved during the year and an appropriately tailored induction programme would be arranged. The training needs of directors are met as required. All directors are required to submit themselves for election at the first annual general meeting following their appointment and thereafter for re-election every three years. Non-executive directors are appointed for fixed three-year terms.

The evaluation of the performance of the board, its committees and the individual directors has been carried out with the chairman and executive directors in almost daily contact and frequent meetings of individual and groups of executive directors with the non-executives. Consideration has been given to a formal evaluation process based on questionnaires and interviews and further consideration will be given to the value of such an exercise.

The two non-executive directors, Brian Palmer and Roy Summers, have served for many years. They have agreed to be subject to annual re-election and the chairman confirms that their performance continues to be effective and to demonstrate commitment to the role. As explained above, no formal performance evaluation has taken place and, to this extent, the company is not in compliance with Code Provision A.7.2.

Nomination committee
The nomination committee comprises the chairman and the two non-executive directors and is chaired by John Young. The committee did not meet during the year.

The processes for considering and nominating board appointments are set out in the committee's terms of reference, which were reviewed and updated during the year and are displayed on the company's website. Nominees are considered on merit and against objective criteria, taking care in the case of non-executive directors that they have enough time available to devote to the position.

Remuneration committee
The remuneration committee comprises the two non-executive directors and is chaired by Roy Summers. The committee met four times during the year and the committee members attended each meeting. The terms of reference of the committee were reviewed and updated during the year and are displayed on the company's website.

The remuneration committee aims to ensure that remuneration packages are sufficient to attract, retain and motivate executive directors to run the company successfully. Incentive rewards, including share options and bonuses, are designed to link rewards to performance.

The committee conducted a thorough review of directors' service agreements during the year with professional advice, including revisions necessary in the light of forthcoming changes in pensions regulations. In view of their very long periods of service, John Young, James Young and Christopher Sandland have retained their three-year notice periods but have agreed to reduce these to one year by 31 March 2007 – pending this, the company is not in compliance with Code Provision B.1.6. The notice period for all other executive directors is one year and for any new directors is expected to be set at one year or less.

The remuneration report on pages 20 to 24 contains a more detailed description of the company's policies and procedures for executive remuneration. No director is involved in deciding his own remuneration. None of the executive directors receives remuneration as a non-executive director elsewhere. The remuneration of non-executive directors is determined by the executive board.

Audit committee
The audit committee comprises the two non-executive directors and is chaired by Roy Summers. The committee met three times during the year and the committee members attended each meeting. The external auditors, finance director and business risk assurance manager were also in attendance for part of some meetings by invitation. The committee reviewed a wide range of financial matters including the interim and annual accounts prior to their consideration and approval by the board, and the controls which exist to ensure the accuracy of financial information reported to shareholders. It also advised the board on the appointment, remuneration and scope of work of the external auditors.

The terms of reference of the committee were reviewed and updated during the year and are displayed on the company's website.

Following consideration of the need for an internal audit function, a business risk assurance manager was appointed during the year on the recommendation of the committee.

The company uses its auditors for taxation advice and, with the prior approval of the audit committee, other corporate activity. When appointing advisers for non-audit work, the company considers the value for money, experience and objectivity required and in this respect it has used other professional practices for non-audit work. The board is satisfied that where the company's auditors are used for non-audit services, their objectivity and independence is not compromised.

Internal control
The board aims to maintain a sound system of internal control with a view to identifying, evaluating and managing risks faced by the company. Internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable and not absolute assurance against material misstatement or loss. The business risk assurance manager (see above) was appointed to support and further develop the internal control systems. The scope and effectiveness of business risks and internal controls is reviewed on an ongoing basis throughout the year. The most recent review of internal financial controls was approved by the board on 23 March 2005.

Communication
The company met during the year with institutional investors including at interim and year-end results presentations. Results presentations are given by the chief executive and finance director with other directors in attendance as required. Directors attending meetings with representatives of shareholders and analysts report back to the whole board. The annual general meeting is used by all directors to meet and address both institutional and private investors. The chairman ensures that the chairmen of the audit, remuneration and nomination committees are available at the AGM to answer questions.

Going concern basis
The directors have formed a judgement at the time of approving the audited financial statements for the financial year ended 2 April 2005 that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors considered it appropriate to adopt the going concern basis in preparing the financial statements.

Directors' remuneration report

Composition of the remuneration committee

The committee members are the board's non-executive directors, Roy Summers and Brian Palmer. The committee complies with written terms of reference which deal clearly with its authority and duties; these terms were renewed and updated during the year and are displayed on the company's website. The committee determines, on behalf of the board, the remuneration packages of the company's executive directors. The remuneration of the non-executive directors is determined by the board. Advice was provided to the committee by the company secretarial department, Bryan Cave (solicitors) (who also provided legal advice to the company), HSBC Actuaries and Consultants Limited (who also provided pensions advice to the company) and the company's auditors, Ernst & Young LLP (who also provided audit services and non-audit services such as taxation advice, taxation planning and corporate activity advice to the company). All of the above provided services to the company as indicated and were not specifically appointed by the committee.

Policy on executive directors' remuneration

The company's remuneration policy for the current financial year and for the future is to ensure that remuneration packages of executive directors are competitive with companies of a similar size, activity and complexity and are designed to retain and motivate existing executive directors with, and attract high quality performers in the future with, appropriate skills and capabilities in a competitive industry.

Remuneration packages for executive directors

The fixed and performance-related elements of the executive directors' remuneration packages were:

(i) Base salary

Individual base salaries are reviewed annually by the remuneration committee.

(ii) Directors' incentive bonus scheme

Each executive director is eligible to participate in an annual incentive bonus scheme. Bonuses for executive directors are determined by the achievement of demanding profit objectives. The remuneration committee reviews and sets bonus targets. During the 53 weeks ended 2 April 2005, the scheme provided for a bonus payment of up to 40% of base salary if target profits were achieved. No bonus is payable should target profits not be achieved.

(iii) Profit-sharing scheme

All executive directors are members of the company's profit-sharing scheme, which is open to all eligible employees with more than five years' service. Members of the scheme are allocated shares of the company, which are held in the Ram Brewery Trust, on the basis of their entitlement, after deduction of income tax and national insurance. Senior management including executive directors are entitled to a four-part share. Holdings by directors are as follows:

	2004 Holdings B ordinary shares	**2005 Allocation B ordinary shares**	**2005 Holdings B ordinary shares**
John Young	3,426	**401**	**3,827**
James Young	15,232	**401**	**15,633**
Stephen Goodyear	5,269	**401**	**5,670**
Christopher Sandland	15,060	**401**	**15,461**
Torquil Sligo-Young	7,452	**401**	**7,853**
Peter Whitehead	4,808	**401**	**5,209**
Patrick Dardis	1,273	**401**	**1,674**

On retirement the member receives the accrued entitlement to shares.

(iv) Benefits

Benefits consist of all taxable benefits arising from employment by the company, being mainly the provision of a company car and private health insurance.

(v) Pensions

The pension terms included in executive directors' service agreements were reviewed by the remuneration committee in the light of changes imposed by the Finance Act 2004, effective from 6 April 2006. The committee's approach was to update the provisions without either enhancing or materially reducing existing benefits.

Executive directors participate in the company's staff final salary pension scheme. The terms of their service agreements are such that directors appointed prior to 6 April 1997 (except John Young to whom special terms apply) are entitled to a pension of two-thirds of final pensionable earnings at age 60, accrued over 25 years' service or at an accrual rate, calculated by reference to potential service, sufficient to achieve the proportion of two-thirds permitted by Inland Revenue limits. Accrued pension to date is payable upon early retirement over the age of 50, subject to Inland Revenue restrictions. Directors appointed on or after 6 April 1997 (currently being Patrick Dardis) are entitled to a pension of one-sixtieth of final pensionable earnings for each year of service, payable from age 60, calculated by reference to the rules of the company's staff final salary pension scheme.

Final pensionable earnings include profit-sharing, as they do for all members of the staff final salary scheme under the scheme rules. Life assurance for executive directors and other senior employees is provided at four times pensionable earnings.

Six executive directors accrued benefits during the year. Stephen Goodyear, Peter Whitehead and Patrick Dardis are subject to the Inland Revenue earnings cap. John Young did not accrue benefits under the staff final salary scheme as he is already in receipt of a scheme pension. His service agreement provides for a top-up pension if he ceases to be employed by the company. As payment of such a pension is considered unlikely, no provision is made in these disclosures.

Pension benefits earned by the executive directors in the staff final salary scheme are as follows:

	1	2	3	4	5	6	7	8	9
	Age at 02.04.05	Years of pensionable service	Increase in accrued pension during the year £	Increase in accrued pension during the year (excluding inflation) £	Transfer value of increase (net of member contributions) £	Accumulated total accrued pension as at 02.04.05 £	Transfer value of accrued pension benefits as at 27.03.04 £	Transfer value of accrued pension benefits as at 02.04.05 £	Increase in transfer value during the year (net of member contributions) £
Patrick Dardis	45	2	1,767	1,699	8,573	3,967	16,958	31,926	9,868
Stephen Goodyear	49	9	4,275	3,389	28,774	33,150	261,773	317,126	50,253
Christopher Sandland	56	31	7,625	5,615	74,805	73,117	881,077	1,061,825	173,829
Torquil Sligo-Young	45	19	5,741	4,606	29,899	42,734	274,196	332,746	52,249
Peter Whitehead	43	8	3,282	2,704	14,142	22,140	127,502	156,848	24,246
James Young	53	31	6,074	4,346	47,114	62,394	635,517	757,029	115,106

Notes:

(a) The pension entitlement shown in column 6 is that which would be paid annually on retirement under the terms of the Staff Pension Fund and Life Assurance Scheme based on service to 2 April 2005.

(continued over)

(b) *The transfer values (and their increases) in columns 5, 7, 8 and 9 have been calculated in accordance with Actuarial Guidance Note GN11, on an* adjusted Minimum Funding Requirement (MFR) basis reflecting appropriate market conditions.

(c) The difference between the transfer value increase shown in column 5 and column 9 arises from a change in the date of calculation of transfer values.

(d) The normal retirement age for directors is 60.

Pension entitlement shown to date has, upon the advice of the scheme actuary, assumed retirement at normal retirement age of 60, since there has been no expectation of directors retiring early in view of past experience. However, with the introduction of the new Inland Revenue rules, effective 6 April 2006, early payment of pension is considered more likely as further pensions accrual for *long-serving directors will, in some cases, not be permitted, and pensions may be received while continuing in employment.* The committee has therefore decided, upon advice from the scheme actuary, to present an additional table showing service agreement pension entitlement values based upon early retirement for all directors who were appointed prior to 6 April 1997 at the earliest age permissible by the Inland Revenue, or current age if over age 50. This was previously a highly unlikely position, but reflects the uncertainty which has now arisen following the introduction of the new Inland Revenue rules. This second table is in line with pension costs calculated by reference to FRS 17, shown in note 4(d)(ii) on page 33, which continue to reflect a maximum cost position. For long-serving directors over the age of 50, total pension costs calculated in this way are expected to decrease in each successive year.

	1	2	3	4	5	6	7	8	9
	Age at 02.04.05	Years of *pensionable* service	Increase in accrued pension *during* the year £	Increase in accrued pension during the year *(excluding* inflation) £	Transfer value of increase (net of *member* contributions) £	Accumulated total accrued pension *as at* 02.04.05 £	Transfer value of accrued pension *benefits as* at 27.03.04 £	Transfer value of accrued pension *benefits as* at 02.04.05 £	Increase in transfer value during the year (net of *member* contributions) £
Patrick Dardis	45	2	1,767	1,699	8,573	3,967	16,958	31,926	9,868
Stephen Goodyear	49	9	4,275	3,389	70,551	33,150	592,039	741,954	144,814
Christopher Sandland	56	31	6,956	4,648	92,208	82,185	1,614,035	1,752,875	131,921
Torquil Sligo-Young	45	19	7,770	6,234	100,305	57,841	796,619	990,847	187,927
Peter Whitehead	43	8	3,294	2,713	21,284	22,216	181,640	222,683	35,942
James Young	53	31	7,087	4,992	107,153	75,372	1,558,565	1,714,644	149,674

Notes:

(a) The pension entitlement shown in column 6 is that which would be paid annually on retirement under the terms of each executive director's service agreement based on service to 2 April 2005. Directors appointed before 6 April 1997 are entitled to a pension of two-thirds of final pensionable *earnings, payable from age 50 on completion of 25 years' service (compared to a pension of two-thirds of final pensionable earnings being accrued* over the period to age 60 under the staff pension scheme). This means that, in the above transfer value figures, those directors currently aged over 50 with more than 25 years service have been assumed to retire immediately. All other retirements of directors appointed prior to 6 April 1997 have been assumed to take place at the earliest age permissible by the Inland Revenue.

(b) The transfer values (and their increases) in columns 5, 7, 8 and 9 have been calculated in accordance with Actuarial Guidance Note GN11, on an adjusted Minimum Funding Requirement (MFR) basis reflecting appropriate market conditions.

(c) The difference between the transfer value increase shown in column 5 and column 9 arises from a change in the date of calculation of transfer values.

(vi) Share options

The company operates approved and unapproved executive share option schemes (the "executive schemes"). Options are granted to executive directors at the discretion of the remuneration committee and are subject to performance conditions; they are regarded as vital for the retention and motivation of executive directors whilst at the same time aligning their interests more closely with those of shareholders. Awards are limited so that, at the time of grant, an executive director's holding is generally not more than four times his remuneration, exclusive of bonuses and benefits. Options granted under the executive schemes are normally only exercisable if and to the extent that performance conditions are satisfied over a period of three years after the date *of grant and may be exercised for a period of seven years thereafter.*

The performance conditions require that, for the option to be exercisable in full, adjusted earnings per share ('EPS') growth must exceed inflation by 9% per annum compound or more over the three-year performance period. No part of the option grant will be exercisable if EPS growth fails to equal or exceed 3% per annum compound above inflation over the performance period. The proportion of the grant exercisable by the executive will increase on a sliding scale between 20% and 100% if EPS growth exceeds inflation by between 3% and 9% per annum compound over the performance period. The remuneration committee believes that, in relation to the executive schemes, EPS growth in excess of inflation is the most appropriate measure for determining the increase in value delivered to shareholders.

	Number of options							
	At 27.3.04	Granted during the year	Exercised/ lapsed during the year	At 2.4.05	Exercise price (pence)	Market price at date of exercise (pence)	Exercise From	To
John Young	68,618 B	–	–	68,618 B	587.5	–	17.9.01	16.9.08
	–	12,750 B	–	12,750 B	1137.5	–	6.7.07	5.7.14
James Young	49,592 B	–	–	49,592 B	587.5	–	17.9.01	16.9.08
	–	10,630 B	–	10,630 B	1137.5	–	6.7.07	5.7.14
Stephen Goodyear	49,174 B	–	–	49,174 B	587.5	–	17.9.01	16.9.08
	–	16,260 B	–	16,260 B	1137.5	–	6.7.07	5.7.14
Christopher Sandland	50,702 B	–	–	50,702 B	587.5	–	17.9.01	16.9.08
	–	12,410 B	–	12,410 B	1137.5	–	6.7.07	5.7.14
Torquil Sligo-Young	37,105 B	–	–	37,105 B	587.5	–	17.9.01	16.9.08
	–	14,040 B	–	14,040 B	1137.5	–	6.7.07	5.7.14
Peter Whitehead	49,018 B	–	–	49,018 B	587.5	–	17.9.01	16.9.08
	–	12,380 B	–	12,380 B	1137.5	–	6.7.07	5.7.14
Patrick Dardis	53,910 B	–	–	53,910 B	822.5	–	17.7.06	16.7.13
	–	5,490 B	–	5,490 B	1137.5	–	6.7.07	5.7.14
Total	358,119 B	83,960 B	–	442,079 B				

Notes:

(a) No payment is required to be made by any director for the grant of an option.

(b) The market price of B ordinary shares at 2 April 2005 was 1562.5p and the range during the period was from 1077.5p to 1562.5p.

Service agreements

The company's policy is that all executive directors retire at age 60 (unless the company and executive agree otherwise), that their contracts be for an indefinite period but capable of being terminated on one years' notice or less, and that no compensation be payable by the company for early termination.

The executive directors' service agreements were comprehensively reviewed by the remuneration committee during the year with the benefit of legal and specialised pensions advice. The objectives of the committee, which were achieved, included updating the agreements without either enhancing or materially reducing the terms of the agreements. Arising from the review, John Young, James Young and Christopher Sandland agreed to a reduction in their notice periods from three years to one year over the three-year period to 31 March 2007, without compensation. Apart from in this respect, the new service agreements reflect the above policy. The pensions provisions are dealt with above. The revised agreements are dated 1 February 2005.

Non-executive directors are appointed for fixed three-year periods. Brian Palmer's agreement dated 5 October 2003 expires on 4 October 2006 and Roy Summers' agreement dated 21 July 2004 expires on 20 July 2007. Non-executive directors' fees are determined having regard to the need to attract individuals of the right calibre and experience and the fees paid by other companies. Non-executive directors do not participate in any of the company's share or incentive schemes, nor do they accrue benefits under any of the company's pension schemes. No compensation is payable by the company for early termination.

Directors' remuneration report

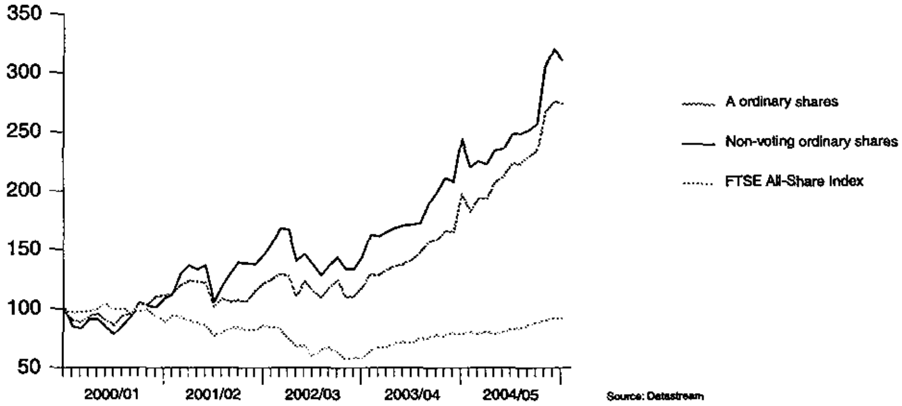
(continued)

Payments made to former directors

On 1 August 2003, Patrick Read (a former director who retired on 15 July 2003) entered into a consultancy agreement with the company in connection with the company's retail operations and acquisition/disposal of public houses and hotels with an annual retainer of £19,000 plus expenses. This agreement terminates on 31 July 2005. Under this agreement a total payment of £23,981 was made to Patrick Read in the period.

Performance graph

The company's total shareholder return performance, as calculated in accordance with the Directors' Remuneration Report Regulations 2002, for the five years to 2 April 2005 is shown on the graph below compared with the return performance achieved by the FTSE All-Share Index. This index has been selected because it is a broad market index of which the company is a member.



Directors' emoluments

The emoluments of the directors for their services as directors of the company for the period ended 2 April 2005 were:

	Basic salary & fees £	Profit sharing £	Benefits £	Total excluding pension costs 2005 £	Total excluding pension costs 2004 £
John Young	168,122	10,446	31,744	210,312	194,374
James Young	115,245	10,446	21,560	147,251	137,386
Stephen Goodyear	148,469	10,446	14,573	173,488	152,388
Christopher Sandland	125,546	10,446	14,559	150,551	141,033
Torquil Sligo-Young	115,150	10,446	16,184	141,780	131,048
Peter Whitehead	125,362	10,446	14,881	150,689	140,857
Patrick Dardis	125,305	10,446	15,764	151,515	119,208
Brian Palmer	22,484	–	694	23,178	23,231
Roy Summers	25,868	–	–	25,868	24,061
Patrick Read (retired 15.7.03)	–	–	–	–	73,494
Total	971,551	73,122	129,959	1,174,632	1,137,080

Information subject to audit

Remuneration packages for executive directors, payments made to former directors and directors' emoluments information set out above has been subject to audit.

Shareholder approval

A resolution will be proposed at the annual general meeting seeking shareholder approval for this report.

Roy Summers

Chairman of the remuneration committee

2 June 2005

Independent auditors' report to the members of Young & Co.'s Brewery, P.L.C.

We have audited the company's financial statements for the year ended 2 April 2005, which comprise the profit and loss account, balance sheet, cash flow statement, note of historical cost profits and losses, reconciliation of movements in shareholders' funds and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the statement of directors' responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises the following sections: financial highlights, chairman's statement, chief executive's report, the board of directors, simplified accounts, directors' report, corporate governance statement, unaudited part of the directors' remuneration report, five year review, directors, officers and advisers and the shareholder information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the part of the directors' remuneration report to be audited. 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 and the part of the directors' remuneration report to be audited 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 and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 2 April 2005 and of its profit for the year then ended; and
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP Ernst & Young LLP
Registered Auditor
London, England
2 June 2005

Profit and loss account

For the 53 weeks ended 2 April 2005

	Notes	2005 £000	2004 £000
Turnover	2	**119,532**	111,982
Net operating costs before site review costs	3	**(106,009)**	(99,343)
Operating profit before site review costs		**13,523**	12,639
Site review costs	5(a)	**(485)**	–
Operating profit		**13,038**	12,639
Non-operating exceptional items	5(b)	**362**	(129)
Profit on ordinary activities before interest		**13,400**	12,510
Net interest charge	6	**(3,969)**	(3,626)
Profit on ordinary activities before tax		**9,431**	8,884
Tax on profit on ordinary activities	7	**(2,976)**	(3,014)
Profit attributable to ordinary shareholders		**6,455**	5,870
Ordinary dividends on equity shares	8	**(2,730)**	(2,660)
Retained profit for the financial period	19	**3,725**	3,210
		Pence	Pence
Basic earnings per 50p ordinary share	9	**56.36**	48.95
Diluted basic earnings per 50p ordinary share	9	**55.23**	48.44
Adjusted earnings per 50p ordinary share	9	**55.47**	50.11

There are no recognised gains and losses other than those shown above. The prior year adjustment arising from the adoption of UITF 38 Accounting for ESOP Trusts (see note 19) has had no impact on total recognised gains and losses.

The results above are all in respect of continuing operations of the company.
The notes on pages 30 to 43 form part of these financial statements.
The independent auditors' report is set out on page 25.

Balance sheet

At 2 April 2005

	Notes	2005 £000	Restated 2004 £000
Fixed assets			
Tangible fixed assets	*10*	**212,413**	209,057
Investments	*12*	**42**	197
		212,455	209,254
Current assets and liabilities			
Stocks	*13*	**4,018**	4,221
Debtors	*14*	**6,247**	7,897
Cash		**1,028**	1,005
		11,293	13,123
Creditors: amounts falling due within one year	*15*	**(19,189)**	(18,633)
Net current liabilities		**(7,896)**	(5,510)
Total assets less current liabilities		**204,559**	203,744
Creditors: amounts falling due after more than one year	*16*	**(53,806)**	(57,011)
Provisions for liabilities and charges	*17*	**(7,470)**	(7,484)
Net assets		**143,283**	139,249
Capital and reserves			
Called-up share capital	*18*	**6,028**	6,028
Share premium account	*19*	**1,319**	1,341
Revaluation reserve	*19*	**87,139**	88,094
Capital redemption reserve	*19*	**1,808**	1,808
Investment in own shares	*19*	**(3,267)**	(3,188)
Profit and loss account	*19*	**50,256**	45,166
Equity shareholders' funds		**143,283**	139,249

Approved by the board of directors and signed on its behalf by:

John Young Chairman

Peter Whitehead Finance director

2 June 2005

Peter Whitehead

J.A. Young

The notes on pages 30 to 43 form part of these financial statements.

The independent auditors' report is set out on page 25.

The 2004 figures have been restated for the effects of the adoption of UITF 38 Accounting for ESOP Trusts as set out in note 19 on page 42.

Cash flow statement

For the 53 weeks ended 2 April 2005

	2005 £000	Restated 2004 £000
Net cash inflow from operating activities *(note 20)*	**24,705**	20,915
Interest received	**22**	11
Interest paid	**(4,340)**	(3,561)
Returns on investments and servicing of finance	**(4,318)**	(3,550)
Corporation tax paid	**(2,983)**	(2,453)
Purchase of tangible fixed assets	**(15,526)**	(12,539)
Sales of tangible fixed assets	**4,382**	1,164
Capital expenditure	**(11,144)**	(11,375)
Equity dividends paid	**(2,671)**	(2,660)
Cash inflow before financing	**3,589**	877
(Decrease)/increase in loan capital	**(3,183)**	9,632
Repurchase of share capital	**–**	(5,728)
Decrease in lease finance	**(15)**	(14)
Employee benefit trust share redemptions	**(368)**	(737)
Financing	**(3,566)**	3,153
Increase in cash in period	**23**	4,030

Reconciliation of net cash flow to movement in net debt

For the 53 weeks ended 2 April 2005

	2005 £000	2004 £000
Increase in cash in period	**23**	4,030
Decrease/(increase) in debt in period	**3,198**	(9,618)
Decrease/(increase) in net debt in period	**3,221**	(5,588)
Opening net debt	**(56,176)**	(50,588)
Closing net debt	**(52,955)**	(56,176)

Analysis of net debt

At 2 April 2005

	2005 £000	Cash flow £000	2004 £000
Cash	**1,028**	**23**	1,005
Loan capital and finance leases	**(53,983)**	**3,198**	(57,181)
Net debt	**(52,955)**	**3,221**	(56,176)

The notes on pages 30 to 43 form part of these financial statements.

The independent auditors' report is set out on page 25.

The 2004 figures have been restated for the effects of the adoption of UITF 38 Accounting for ESOP Trusts as set out in note 19 on page 42.

Note of historical cost profits and losses

For the 53 weeks ended 2 April 2005

	2005 £000	2004 £000
Profit on ordinary activities before tax	**9,431**	8,884
Amount realised/(written back) on property revaluation gains (note 19)	**955**	(183)
Difference between historical cost depreciation and the actual depreciation charge for the period calculated on the revalued amount	**319**	336
Historical cost profit on ordinary activities before tax	**10,705**	9,037
Historical cost profit for the period retained after tax and dividends	**4,999**	3,363

Reconciliation of movements in shareholders' funds

For the 53 weeks ended 2 April 2005

	2005 £000	Restated 2004 £000
Profit attributable to ordinary shareholders	**6,455**	5,870
Dividends	**(2,730)**	(2,660)
Shares repurchased and cancelled	**–**	(5,728)
Movement in own shares:		
Employee benefit trust redemptions	**(368)**	(737)
Employee benefit trust allocations	**677**	640
Net addition to/(deduction from) shareholders' funds	**4,034**	(2,615)
Opening shareholders' funds	**139,249**	141,864*
Closing shareholders' funds	**143,283**	139,249

**2004: previously £144,594,000 before prior year adjustment of £2,730,000.*

The notes on pages 30 to 43 form part of these financial statements.
The independent auditors' report is set out on page 25.
The 2004 figures have been restated for the effects of the adoption of UITF 38 Accounting for ESOP Trusts as set out in note 19 on page 42.

Notes to the financial statements

For the 53 weeks ended 2 April 2005

1. Accounting policies

(a) Basis of accounting
The financial statements have been prepared using the historical cost convention, modified to include the revaluation of freehold and leasehold properties, and in accordance with applicable accounting standards.

(b) Consolidation
Under the exemptions in sections 229 (2) and (5) of the Companies Act 1985 the company has not prepared consolidated financial statements. Accordingly the financial statements present information about the company as an individual undertaking.

(c) Tangible fixed assets and depreciation
The value of fixed assets is their purchase cost, together with any incidental acquisition costs, or their 1997 valuation where appropriate.

The freehold and leasehold properties were revalued in 1997. The basis of the valuation is included in note 10. As permitted by FRS 15 the valuation has not been revised subsequently.

Depreciation is provided on a straight line basis over the expected useful economic lives shown below:

	Years
The brewery, offices and wines and spirits store	50
Freehold and long leasehold property	50
Plant and machinery	3–40
Motor vehicles	5–10
Fixtures, containers and sundry equipment	5–20

Depreciation is provided on the buildings content of freehold public houses, private houses and long leases so as to write them down to their residual value over 50 years. Short leases are written off over the term of the lease.

A provision is made in the profit and loss account where the directors consider that an impairment has been identified in accordance with FRS 11.

Fully depreciated assets are treated as disposals in the period following completion of their write-down.

(d) Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.
- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

(e) Stocks
Stocks are valued at the lower of cost and net realisable value and, where appropriate, include excise duty and production overheads.

(f) Debenture issue premiums and costs
Debenture premiums are allocated to accounting periods over the term of the debt at a constant rate on the carrying amount. Debenture issue costs, which have been set against the proceeds of the debenture, are amortised over its life. A corresponding transfer is made from the profit and loss account to the share premium account in each financial period.

(g) Operating leases
Rentals receivable and payable under operating leases are accounted for in the profit and loss account in the period incurred.

(h) Post retirement health care 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 17(b)).

(i) Pension costs
Pension costs are charged to the profit and loss account so as to spread the costs over employees' working lives with the company.

(j) Accounting for ESOP Trusts
UITF 38 Accounting for ESOP Trusts has been adopted in these financial statements. Investments in own shares which comprise the unallocated shares of the Ram Brewery Trust are now treated as a deduction in arriving at shareholders' funds. When the company purchases shares from retiring employees during the year, the cost of the shares is treated as additions, and allocations of shares to employees under the profit sharing scheme are treated as disposals.

2. Turnover and segmental reporting

Turnover comprises sales inclusive of excise duties and rents, and excludes VAT and property disposals. The directors consider the company's business is that of a fully integrated regional brewer and that this is a single class of business conducted materially in the United Kingdom.

3. Net operating costs before site review costs

		2005 £000	2004 £000
Change in stocks of finished goods and work in progress		**66**	(217)
Raw materials and consumables		**27,043**	24,697
Excise duty – beer		**10,463**	11,414
Employment costs *(note 4(a))*		**35,941**	33,586
Repairs to licensed properties		**2,023**	1,863
Depreciation		**8,127**	7,547
Operating lease rentals:	*plant and machinery*	**1,239**	1,137
	land and buildings	**2,526**	2,575
Auditors' remuneration:	audit services	**92**	84
	other services	**117**	63
Other operating costs		**18,372**	16,594
		106,009	99,343

4. Employment

(a) Costs

	2005 £000	2004 £000
Wages and salaries	**30,236**	28,242
Profit-sharing scheme	**1,177**	1,111
Social security	**2,541**	2,235
Pension schemes	**1,987**	1,998
	35,941	33,586

(b) Number of employees

	2005	2004
Full time	**1,643**	1,576
Part time	**401**	419
	2,044	1,995

Notes to the financial statements
(continued)

(c) Directors' emoluments

	2005 £000	2004 £000
Basic salaries and fees	**972**	908
Profit sharing	**73**	67
Benefits	**130**	162
Total emoluments excluding pension costs	**1,175**	1,137

Details of directors' remuneration and pension benefits are disclosed in the directors' remuneration report on pages 24 and 21 respectively.

(d) Retirement benefits

The company operates three pension schemes: the staff scheme, the works scheme and the Ram Brewery Trust Pension Fund. The staff and works schemes are contributory. Contributions are at the rate of 2% or 5% of pensionable earnings. The schemes are defined benefit schemes investing largely in managed funds.

In addition the company bears the cost of post retirement health care premiums for certain ex-employees. These premiums are disclosed in note 17(b). They are provided for but not funded.

The company accounts for retirement benefits in accordance with SSAP 24, as set out below. FRS 17, the new accounting standard for retirement benefits, comes into effect for accounting periods beginning on or after 1 January 2005. Up to that date, disclosures regarding the financial effects of applying FRS 17 are required. These are set out below at note 4(d)(ii) and (iii).

(i) SSAP 24 Accounting for pension costs

The schemes are valued every three years by an independent qualified actuary using the attained age method. The latest valuations were in April 2002. The most significant valuation assumptions for the staff and work schemes were that the growth rate of the funds would be 7% per annum pre-retirement and 6% per annum post-retirement and pensionable earnings increases would average 5% per annum. It is assumed that pensions in payment will increase by 3% per annum on the excess over GMP benefits. At the last actuarial valuations, the combined market value of the assets of the staff and works schemes was £54,100,000. The actuarial value of the assets of both schemes represented 104% of the past benefits accrued to members, after allowing for expected increases in earnings and equalisation. The amount charged to profit and loss for these pension schemes is £1,987,000 (2004: £1,998,000).

The staff and works schemes were closed to new employees who were offered employment on or after 24 February 2003. Consequently, in the medium to long-term, the average age of the membership will rise and pension costs will increase as a percentage of members' pensionable earnings. New employees have been invited to join a stakeholder scheme.

The Ram Brewery Trust Pension Fund's membership consists entirely of pensioners currently in receipt of pension benefits from the fund. Pensions for members and their dependents in retirement principally relate to service before the company's present schemes commenced. In the actuary's opinion, the scheme was fully solvent to meet the liabilities to current pensioners at the rates currently being paid. In neither the current nor the previous period has the company made any contribution to the cost of these pensions.

The actuarial value of the post retirement health care obligation in respect of past service up to 2 April 2005, based upon the advice of an independent qualified actuary, amounts to £1,766,000 (2004: £1,779,000). The movement in provision is set out in note 17(b). The principal assumptions used in determining the annual charge are that the provision will need to increase by 9% per annum, the premiums required by the health care provider will increase by 7% per annum, with age-related increases of 5.5% per annum for members under the age of 75. These assumptions are reviewed every three years. The amount charged to profit and loss is £174,000 (2004: £201,000).

(ii) FRS 17 Retirement benefits

The company operates defined benefit funded pension schemes and a post retirement health care scheme. An independent qualified actuary has updated the most recent actuarial valuations at April 2002 to take account of the requirements of FRS 17 in order to assess the liabilities of the schemes as at 2 April 2005. Scheme assets are stated at their market value as at 2 April 2005 and pension liabilities have been measured using the projected unit method with a one-year control period discounted at an AA corporate bond rate.

Assumptions made by the actuary

	Pension			Health care		
	2005	2004	2003	**2005**	2004	2003
	%	%	%	**%**	%	%
Rate of increase in salaries	**3.50**	4.00	3.75	**N/A**	N/A	N/A
Discretionary pension increases	**2.50**	3.00	3.50	**N/A**	N/A	N/A
Rate of revaluation of deferred pensions	**2.50**	3.00	2.75	**N/A**	N/A	N/A
Discount rate	**5.50**	5.75	5.50	**5.50**	5.75	5.50
Inflation	**2.50**	3.00	2.75	**2.50**	3.00	2.75
General medical expenses inflation	**N/A**	N/A	N/A	**7.00**	7.00	7.00
Age related premium increases	**N/A**	N/A	N/A	**5.50**	5.50	5.50

Pension scheme assets, liabilities and expected rates of return

	Expected rate of return			Assets and liabilities		
	2005	2004	2003	**2005**	2004	2003
	%	%	%	**£000**	£000	£000
Equities	**8.50**	8.50	8.50	**42,118**	36,251	26,080
Property	**7.00**	8.00	8.00	**502**	407	333
Government bonds	**4.75**	4.70	4.60	**2,356**	3,723	4,155
Corporate bonds	**5.50**	5.75	5.50	**5,582**	3,463	3,606
Insured pensions	**5.50**	5.75	5.50	**17,346**	17,167	18,871
Other	**4.00**	4.00	4.00	**4,033**	2,168	1,313
Total market value of the assets				**71,937**	63,179	54,358
Present value of retirement benefit liabilities				**(83,988)**	(73,126)	(73,310)
Scheme deficit				**(12,051)**	(9,947)	(18,952)
Related deferred tax				**3,615**	2,984	5,686
				(8,436)	(6,963)	(13,266)

Movement in scheme deficit in year

	2005	2004	2003
	£000	£000	£000
Opening deficit	**(9,947)**	(18,952)	(3,929)
Current service cost	**(1,850)**	(2,036)	(2,461)
Past service cost	**(133)**	(3)	-
Contributions	**2,171**	2,114	1,867
Other finance income/(cost)	**364**	(298)	540
Actuarial (loss)/gain	**(2,656)**	9,228	(14,969)
Closing deficit	**(12,051)**	(9,947)	(18,952)

The increase in the pension schemes' deficit results from changes to the actuarial assumptions regarding mortality rates, offset by a greater than expected increase in the market value of the scheme assets. The adoption of FRS 17 is likely to give rise to significant fluctuations in the reported values of the pension schemes' assets and liabilities. They do not necessarily give rise to the need for changes in the required contribution rate, which is recommended by an independent actuary based on the expected long-term rate of return on the schemes' assets.

Notes to the financial statements

(continued)

(iii) Changes required if FRS 17 was implemented

Profit and loss account

Operating profit

	2005 £000	2004 £000	2003 £000
Current service cost	**1,850**	2,036	2,461
Past service cost	**133**	3	–
	1,983	2,039	2,461

Net interest charge

	2005 £000	2004 £000	2003 £000
Expected return on pension scheme assets	**(4,554)**	(3,767)	(4,472)
Interest on scheme liabilities	**4,190**	4,065	3,932
	(364)	298	(540)

The net amount that would be charged to the profit and loss account under FRS 17 for retirement benefits would have been £1,619,000 *(2004: £2,337,000) compared with £2,161,000 (2004: £2,199,000) charged in these accounts.*

Net assets and profit and loss reserve

	Net assets			Profit and loss reserve		
	2005 £000	2004 £000	2003 £000	**2005 £000**	2004 £000	2003 £000
Net assets/reserves as stated (2004 and 2003 as restated)	**143,283**	139,249	141,864	**50,256**	45,166	47,484
Net retirement benefit liability	**(8,436)**	(6,963)	(13,266)	**(8,436)**	(6,963)	(13,266)
Present value of post retirement health care provided *(note 17(b))*	**1,766**	1,779	1,753	**1,766**	1,779	1,753
Related deferred tax	**(530)**	(534)	(526)	**(530)**	(534)	(526)
	136,083	133,531	129,825	**43,056**	39,448	35,445

Statement of total recognised gains and losses

Actuarial (loss)/gain

	2005 £000	2004 £000	2003 £000
Actual return less expected return on pension scheme assets	**4,408**	3,786	(11,715)
Experience gains and losses arising on the scheme liabilities	**(191)**	468	722
Changes in assumptions underlying the present value of the scheme liabilities	**(6,873)**	4,974	(3,976)
	(2,656)	9,228	(14,969)

History of experience gains and losses

	2005 %	*2004 %*	*2003 %*	**2005 £000**	2004 £000	2003 £000
Difference between the expected and actual return on scheme assets	**6.1**	6.0	(21.6)	**4,408**	3,786	(11,715)
Experience (losses)/gains on scheme liabilities	**(0.2)**	0.6	1.0	**(191)**	468	722
Changes in assumptions	**(8.2)**	6.8	(5.4)	**(6,873)**	4,974	(3,976)
Total amount recognised in the statement of total recognised gains and losses	**(3.2)**	12.6	(20.4)	**(2,656)**	9,228	(14,969)

(e) Profit-sharing scheme

The Ram Brewery Trust General Account exists to promote the involvement of the employees of the company in its affairs. The trust holds assets and makes payments to or for the benefit of employees principally in connection with the company's profit-sharing scheme for eligible employees. Members of the scheme are allocated shares of the company, which are held in the Ram Brewery Trust, on the basis of their entitlement, after deductions of income tax and national insurance. The contribution to the scheme is £1,177,000 (2004: £1,111,000) and has been charged to the profit and loss account. On retirement, the member receives the accrued entitlement to shares. If a member leaves the employment of the company before reaching normal retirement age, he ceases to participate further in the scheme although he continues to receive income accruing to him by virtue of his membership of the scheme prior to his leaving the company's employment. The trustee holds his allocation to the date of leaving on his behalf until normal retirement age.

The General Account also holds shares in respect of the executive share option schemes (see page 22).

The company maintains a current account to conduct transactions on behalf of the Ram Brewery Trust.

5. Exceptional items

(a) Operating

Site review costs of £485,000 (2004: nil) comprise costs incurred to date relating to the possible redevelopment of the company's sites in Wandsworth.

(b) Non-operating

	2005 £000	2004 £000
Profit on sales of properties and investments	**2,604**	178
Provision for loss on sales of properties *(note 10)*	**(2,242)**	(307)
	362	(129)

The tax credit on exceptional items was £225,000 (2004: tax charge £10,000).

6. Net interest charge

	2005 £000	2004 £000
Bank loans and overdrafts	**1,580**	1,232
Debentures	**2,411**	2,405
Interest receivable and similar income	**(22)**	(11)
	3,969	3,626

7. Tax

	2005 £000	2004 £000
Corporation tax for the period at 30% (2004: 30%)	**2,977**	2,541
Adjustment in respect of prior periods	**–**	244
Current period tax	**2,977**	2,785
Deferred tax *(note 17)*	**(1)**	229
	2,976	3,014

Factors affecting current tax charge

	2005 £000	2004 £000
Profit on ordinary activities at 30% (2004: 30%)	**2,829**	2,665
Expenses not deductible for tax purposes	**348**	251
Capital allowances in excess of depreciation	**(29)**	(479)
Short term timing differences	**16**	55
Profit on sales of properties to be rolled over or covered by capital losses	**(810)**	(32)
Tax underprovided in previous years	**-**	244
Property and other exceptional losses not allowable for tax purposes	**623**	81
Total current tax charge	**2,977**	2,785

8. *Ordinary dividends on equity shares*

	2005 Pence	2004 Pence	2005 £000	2004 £000
Interim dividend	**11.40**	10.85	**1,316**	1,305
Proposed *final dividend*	**12.25**	11.65	**1,414**	1,355
	23.65	22.50	**2,730**	2,660

The trustee of the Ram Brewery Trust has waived its rights in respect of the dividends on the shares held in the trust on behalf of the executive share option schemes.

9. Earnings per share

	2005 £000	2004 £000
Profit attributable to ordinary shareholders	**6,455**	5,870
Site review costs *(note 5(a))*	**485**	-
Non-operating exceptional items, after adjusting for tax *(note 5(b))*	**(587)**	139
Adjusted earnings	**6,353**	6,009
	Number	Number
Weighted average number of ordinary shares in issue	**11,453,672**	*11,991,159*
	Pence	Pence
Basic earnings per 50p ordinary share	**56.36**	48.95
Effect of exceptional items	**(0.89)**	1.16
Adjusted earnings per 50p ordinary share	**55.47**	50.11

The weighted average number of shares in issue exclude the company's investment in its own shares.

Diluted earnings per ordinary share of 55.23p (2004: 48.44p) are calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of ordinary share options outstanding during the year. The resulting weighted average number of ordinary shares is 11,687,302 (2004: 12,116,939).

An adjusted earnings per share figure is presented to eliminate the effect of the exceptional items on basic earnings per share.

10. *Tangible fixed assets*

	Freehold properties £000	Leasehold properties: More than 50 years £000	Leasehold properties: 50 years and under £000	Plant machinery & vehicles £000	Fixtures containers & sundry equipment £000	Total £000
Cost or valuation						
At 2004	159,844	8,878	9,134	27,205	47,721	252,782
Additions	6,939	1,040	71	1,031	6,445	15,526
Disposals	(1,447)	–	(948)	(305)	(1,746)	(4,446)
Fully depreciated assets	–	–	–	–	(3,192)	(3,192)
At 2005	**165,336**	**9,918**	**8,257**	**27,931**	**49,228**	**260,670**
Depreciation and amortisation						
At 2004	2,658	263	4,071	15,251	21,482	43,725
Charge for period	507	73	324	1,422	5,801	8,127
Accelerated depreciation (note 5)	–	–	1,321	–	921	2,242
Disposals	(23)	–	(948)	(227)	(1,447)	(2,645)
Fully depreciated assets	–	–	–	–	(3,192)	(3,192)
At 2005	**3,142**	**336**	**4,768**	**16,446**	**23,565**	**48,257**
Net book value						
At 2005	**162,194**	**9,582**	**3,489**	**11,485**	**25,663**	**212,413**
At 2004	157,186	8,615	5,063	11,954	26,239	209,057

Property valuations

The freehold and leasehold properties were valued as follows:

1. The brewery was valued as at 29 March 1997 by Chesterton plc, chartered surveyors, London, on a depreciated replacement cost basis.
2. The licensed properties were valued as at 29 March 1997 by Mr I. N. Wilcockson, a retired employee of the company and member of the Association of Valuers of Licensed Property, at open market value for existing use, having regard to trading potential.
3. The unlicensed properties were valued as at 29 March 1997 by Colleys, surveyors and valuers, Southampton, at an open market value for existing use basis.

All valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

(a) Fixed assets at historical cost

	2005 £000	2004 £000
Cost	**168,058**	159,319
Accumulated depreciation	**(44,134)**	(40,230)
Net book value	**123,924**	119,089

(b) Capital commitments

	2005 £000	2004 £000
Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to:	**1,425**	1,726

(c) Finance leases

Plant machinery and vehicles above include assets held under a finance lease with an original cost of £73,000 (2004: £73,000) and a net book value of £33,000 (2004: £48,000).

Notes to the financial statements

(continued)

11. Financial commitments

	2005 £000	2004 £000
Annual commitments under non-cancellable operating leases are as follows:		
Leases expiring after five or more years:		
Property	**1,857**	2,070
Leases expiring between one and five years:		
Property	**448**	466
Equipment	**190**	219
Leases expiring within one year:		
Property	**11**	198
Equipment	**78**	34
	2,584	2,987

12. Investments

	Subsidiary undertakings £000	Other £000	Total £000
At 2004 as restated	42	155	197
Disposal	–	(155)	(155)
At 2005	**42**	**–**	**42**

The subsidiary undertakings, Bill Bentley's (Bishopsgate) Ltd. and Cockburn & Campbell Ltd., are both wholly owned by the company, registered in England and Scotland respectively and have no trading activities other than as agents for the company. These companies have made no profit and have aggregate capital and reserves of £42,000.

Other investments comprised a trade investment in an unlisted company registered in England, which was disposed of during the year.

13. Stocks

	2005 £000	2004 £000
Raw materials and consumables	**516**	695
Work in progress	**306**	348
Finished goods and goods for resale	**3,196**	3,178
	4,018	4,221

The replacement cost of stocks approximates to the value stated above.

14. Debtors

	2005 £000	Restated 2004 £000
Amounts falling due within one year:		
Trade debtors	**4,534**	5,864
Other debtors	**683**	1,055
Prepayments and accrued income	**1,030**	978
	6,247	7,897

15. Creditors: amounts falling due within one year

	2005 £000	Restated 2004 £000
Trade creditors	**6,043**	6,084
Amounts owed to subsidiary undertakings	**42**	42
Corporation tax	**1,629**	1,635
Other tax and social security	**5,751**	5,329
Proposed dividend	**1,414**	1,355
Other creditors	**1,338**	1,210
Obligations under finance leases	**16**	15
Accruals and deferred income	**2,956**	2,963
	19,189	18,633

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

(a) Loan capital and finance leases

	2005 £000	2004 £000
3.5% irredeemable mortgage debenture stock	–	300
9.5% debenture stock	**29,445**	29,578
Bank loan	**15,000**	15,000
Variable rate unsecured revolving credit facility	**9,500**	12,250
Obligations under finance leases	**38**	53
Loan capital and finance leases	**53,983**	57,181
Debt falling due within one year	**(177)**	(170)
Debt due after one year	**53,806**	57,011

The 3.5% debenture stock was redeemed at par on 23 December 2004.

The 9.5% debenture stock, repayable at par on 14 September 2018, is secured by a second floating charge over the company's assets and undertaking.

The breakdown of nominal value, issue costs and premium of the 9.5% debenture stock is:

	Nominal value £000	Issue costs £000	Issue premium £000	Total £000
At 2004	26,500	(340)	3,418	29,578
Amortisation	–	22	(155)	(133)
At 2005	**26,500**	**(318)**	**3,263**	**29,445**

The bank loan is secured by a second floating charge over the company's assets and undertaking and is repayable in instalments from *28 March 2018 with a final repayment of £10 million on 28 March 2023.*

On 30 March 2005, the company renewed and extended its revolving credit facility with the Royal Bank of Scotland. This unsecured variable rate *£25,000,000 facility expires on 30 April 2010.*

(b) Interest rates and fair value

	Effective interest rate	Period rate fixed	**Nominal value 2005 £000**	Nominal value 2004 £000	**Fair value 2005 £000**	Fair value 2004 £000	**Carrying value 2005 £000**	Carrying value 2004 £000
Secured								
Debenture fixed rate	3.50%	Undated	–	300	–	185	–	300
Debenture fixed rate (1st *tranche)*	9.50%	13 years	**15,000**	15,000	**19,625**	19,352	**15,000**	15,000
Debenture fixed rate (2nd tranche)	6.31%	13 years	**11,500**	11,500	**15,045**	14,836	**14,445**	14,578
Bank loan swapped into fixed rate	5.90%	18 years	**10,000**	10,000	**9,959**	10,007	**10,000**	10,000
Bank loan	Variable		**5,000**	5,000	**5,000**	5,000	**5,000**	5,000
			41,500	41,800	**49,629**	49,380	**44,445**	44,878
Unsecured								
Revolving credit facility	Variable						**9,500**	12,250
Finance leases	7.59%						**38**	53
Loan capital and finance leases							**53,983**	57,181

(c) Maturity of financial liabilities and expiry of facilities

	Expiry of undrawn facilities		Maturity of financial liabilities	
	2005 £000	2004 £000	**2005 £000**	2004 £000
Between one and two years	–	7,750	**188**	12,427
Between two and five years	–	–	**584**	566
After five years	**15,500**	–	**53,034**	44,018
Debt due after one year	**15,500**	7,750	**53,806**	57,011

Treasury risk is managed within limits set by the board. The board's policy is to retain a large portion of long dated fixed interest debt.

17. Provisions for liabilities and charges

(a) Deferred tax

	2005 £000	2004 £000
Amount provided		
Capital allowances	**6,134**	6,134
Other timing differences	**(430)**	(429)
	5,704	5,705
Movement in deferred tax account		
Opening provision	**5,705**	5,476
Amount (credited)/charged *(note 7)*	**(1)**	229
Closing provision	**5,704**	5,705

Factors that may affect future tax charges
Based on current capital expenditure plans, the company expects to continue to be able to claim capital allowances in excess of *depreciation in future years at the same level as the current year.*

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or where capital gains arising on the sale of properties have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim further rollover relief. The total amount unprovided is estimated at £11.4 million. At present, it is not envisaged that any such tax will become payable in the foreseeable future.

The company has capital losses of £1,105,000 which are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses because at present it is unclear whether suitable gains will arise in the foreseeable future to utilise these losses.

(b) Post retirement health care benefits provision

	2005 £000	2004 £000
Opening provision	**1,779**	1,753
Profit and loss account	**174**	201
Utilised during the period	**(187)**	(175)
Closing provision	**1,766**	1,779

Details of post retirement health care benefits provision are shown in note 4(d).

Total provisions	**7,470**	7,484

Notes to the financial statements
(continued)

18. Equity share capital

		Authorised shares	Issued & fully paid shares	Authorised £000	Issued & fully paid £000
A ordinary shares of 50p each	**2004 and 2005**	**3,141,400**	**3,141,400**	**1,571**	**1,571**
B ordinary shares of 50p each	**2004 and 2005**	**4,124,600**	**4,124,600**	**2,062**	**2,062**
Non-voting ordinary shares of 50p each	**2004 and 2005**	**5,683,636**	**4,790,000**	**2,842**	**2,395**
Total equity share capital	**2004 and 2005**	**12,949,636**	**12,056,000**	**6,475**	**6,028**

All ordinary shares rank equally inter se for all purposes of participation in profits or assets, but the non-voting ordinary shares do not confer the right to receive notice of, attend or vote at any general meeting. The A ordinary shares and the non-voting ordinary shares are listed on the London Stock Exchange.

19. Reserves

	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Investment in own shares £000	Profit and loss account £000
At 2004 – as previously stated	1,341	88,094	1,808	–	44,805
Prior year adjustment	–	–	–	(3,188)	361
At 2004 – restated	1,341	88,094	1,808	(3,188)	45,166
Profit for the period	–	–	–	–	3,725
Debenture issue costs written off	(22)	–	–	–	22
Amount (written back)/realised on sales of properties	–	(955)	–	–	955
Movement in own shares:					
Employee benefit trust redemptions	–	–	–	(368)	–
Employee benefit trust allocations	–	–	–	289	388
At 2005	**1,319**	**87,139**	**1,808**	**(3,267)**	**50,256**

Goodwill
At 2 April 2005, the accumulated goodwill on the acquisition of subsidiary undertakings which has been written off against reserves amounted to £3,697,000 (2004: £3,697,000). On any subsequent disposal of the related businesses, such goodwill would be reinstated and charged to the profit and loss account of the company.

Prior year adjustment
UITF 38, Accounting for ESOP Trusts, has been adopted for the first time in these financial statements. A prior year adjustment has been made and comparative figures restated.

Unallocated shares held by the Ram Brewery Trust General Fund, an employee benefit trust, are now treated as a deduction in arriving at shareholders' funds where previously they were shown as an investment. These shares, which were previously held at the cost of the shares to the Ram Brewery Trust, have been adjusted to reflect the additional cost of the shares redeemed from retiring members.

The adoption of UITF 38 had no effect on the profit and loss account for the years ended 2 April 2005 or 27 March 2004.

Investment in own shares
On 2 April 2005, the Ram Brewery Trust held 571,063 (2004: 584,688) unallocated B ordinary shares, including shares required for the executive share option schemes, with an aggregate cost of £3,267,000 (2004 £3,188,000) and market value of £8,910,000 (2004: £6,294,000). The shares are held to meet the company's future obligations under the terms of the profit sharing scheme and executive share option schemes.

During the year, the trust acquired from retiring members 29,259 (2004: 94,403) B ordinary shares for a consideration of £368,000 (2004: £737,000), and allocated 42,884 (2004: 57,131) B ordinary shares to employees for consideration of £677,000 (2004: £640,000).

20. Net cash inflow from operating activities

	2005 £000	Restated 2004 £000
Operating profit	**13,038**	12,639
Depreciation	**8,127**	7,547
Employee benefit trust share allocations	**677**	640
Movements in working capital		
Stocks	**203**	(14)
Debtors	**1,650**	(1,465)
Creditors	**1,010**	1,568
Net cash inflow from operating activities	**24,705**	*20,915*

21. Related party transactions

The company has entered into transactions with the directors during the period as disclosed in the directors' remuneration report (see pages 20 to 24). Directors' shareholdings are disclosed on page 16.

Roy Summers, a non-executive director, is also a director of Canongate Technology Ltd, a supplier. During the period purchases from Canongate Technology Ltd amounted to £66,000 (2004: £187,000). The amount outstanding at the period end was £16,000 (2004: £53,000).

The Ram Brewery Trust exists to promote the involvement of the employees of the company in its affairs. The trust is managed by a corporate trustee; two of its three directors are directors of the company. The corporate trustee is not a subsidiary of the company but its eight shareholders are all directors of the company. The assets of the trust are principally shares in the company. As at 17 May 2005, the trust held 1,887,400 or 46% of the B ordinary shares.

There are two parts to 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 company. The General Account, also established in 1959, holds assets and makes payments to or for the benefit of employees principally in connection with the company's profit-sharing scheme for eligible employees. The General Account also holds shares for the executive share option schemes. Details of the pension and profit-sharing schemes are given in note 4.

No other transactions have been entered into with the directors.

Five year review

	2005 £000	2004 £000	2003 £000	2002 £000	2001 £000
Turnover	**119,532**	111,982	107,828	106,253	96,901
Operating profit	**13,038**	12,639	11,953	11,665	11,287
Non-operating exceptional items	**362**	(129)	757	227	1,754
Net interest charge	**(3,969)**	(3,626)	(3,343)	(3,062)	(2,774)
Profit on ordinary activities before tax	**9,431**	8,884	9,367	8,830	10,267
Tax on profit on ordinary activities	**(2,976)**	(3,014)	(2,768)	(2,665)	(2,707)
Profit on ordinary activities after tax	**6,455**	5,870	6,599	6,165	7,560
Preference dividends	**-**	–	(113)	(113)	(113)
Profit attributable to ordinary shareholders	**6,455**	5,870	6,486	6,052	7,447
Ordinary dividends	**(2,730)**	(2,660)	(2,643)	(2,539)	(2,414)
Retained profit for the financial period	**3,725**	3,210	3,843	3,513	5,033
Net assets employed					
Fixed assets	**212,455**	209,254	205,515	200,534	190,783
Net current liabilities	**(7,896)**	(5,510)	(9,013)	(4,366)	(7,822)
Long-term creditors	**(53,806)**	(57,011)	(47,409)	(45,473)	(36,091)
Provisions	**(7,470)**	(7,484)	(7,229)	(6,772)	(6,460)
	143,283	139,249	141,864	143,923	140,410
Financed by					
Ordinary share capital	**6,028**	6,028	6,378	6,475	6,475
Preference share capital	**-**	–	–	1,361	1,361
Share premium and reserves	**137,255**	133,221	135,486	136,087	132,574
	143,283	139,249	141,864	143,923	140,410
Gross capital expenditure	**15,526**	12,539	16,486	18,748	20,524
Per 50p ordinary share					
Adjusted earnings	**55.47p**	50.11p	46.39p	45.69p	45.23p
Basic earnings	**56.36p**	48.95p	52.98p	49.31p	60.71p
Dividends	**23.65p**	22.50p	21.40p	20.35p	19.30p
Net assets	**£12.48**	£12.14	£11.63	£11.59	£11.30
Gearing	**37.0%**	40.3%	35.7%	31.2%	26.7%
Average number of employees	**2,044**	1,995	2,140	2,197	1,966

Provisions, share premium and reserves, net assets per share and gearing for 2001 have been restated for the prior year adjustment arising from the adoption of FRS 19 Deferred Tax.

The figures for 2004 and 2003, but not earlier years, have been restated for the prior year adjustment arising from the adoption of UITF 38 Accounting for ESOP Trusts.

Senior personnel, committees and advisers

Executive directors

John Young, C.B.E.
Chairman

James Young
Deputy chairman and production and distribution

Stephen Goodyear
Chief executive

Christopher Sandland, A.C.M.A., M.Sc.
Company secretary and personnel

Torquil Sligo-Young
Information services

Peter Whitehead, F.C.A.
Finance

Patrick Dardis
Retail

Non-executive directors

Brian Palmer
Roy Summers, O.B.E., D.Univ., F.I. Brew.
Senior independent director

Head brewer

Ken Don, B.Sc. Brewing, Dip. Inst. B.

Audit committee

Roy Summers (chairman)
Brian Palmer

Remuneration committee

Roy Summers (chairman)
Brian Palmer

Nomination committee

John Young (chairman)
Roy Summers
Brian Palmer

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Royal Bank of Scotland Group plc
Corporate Banking London
280 Bishopsgate
London EC2M 4RB

Stockbrokers

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DR

Solicitors

Bryan Cave
33 Cannon Street
London EC4M 5TE

Druces & Attlee
Salisbury House
London Wall
London EC2M 5PS

Shareholder information

Registrar:

The company's registrar is Computershare Investor Services PLC. If you have questions about your shareholding or if you require other guidance (e.g. to notify a change of address or to give instructions for dividends to be paid directly into a bank account) please contact Computershare. All requests to amend account details must be made in writing to:

Computershare Investor Services PLC
P.O. Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

You can also contact Computershare by telephone: 0870 702 0000

Registrar's investor centre:

Shareholders can manage their Young's shareholding online at:
www.computershare.com/investor

Share dealing service:

JP Morgan Cazenove Limited
Stockbrokers: 020 7588 2828

The availability of this service should not be taken as a recommendation to deal.

Shareholder offers:

Details of shareholder discounts and offers are mailed to shareholders from time to time. Any shareholder who does not wish to receive details of such offers should write to the company secretary at the registered office.

Registered office and company number:

The Ram Brewery
Wandsworth
London SW18 4JD
Registered number: 32762

For further information about the company please visit our website at:
www.youngs.co.uk

Financial diary 2005:

15 June 2005
Ex-dividend date for final dividend

17 June 2005
Record date for final dividend

12 July 2005
Annual general meeting

14 July 2005
Payment of final dividend

10 November 2005
Interim results announcement

23 November 2005
Ex-dividend date for interim dividend

25 November 2005
Record date for interim dividend

9 December 2005
Payment of interim dividend

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