

Contents

Page	
1	Directors, Officers and Advisers
2-3	Chairman's Statement
4-6	Report of the Directors (including Corporate Governance)
6	Statement of Directors' Responsibilities
7	Report of the Auditors
8	Profit and Loss Account
9	Statement of Total Recognised Gains and Losses
9	Reconciliation of Movements in Shareholders' Funds
9	Note of Historical Cost Profits
10	Balance Sheet
11	Cash Flow Statement
12-19	Notes to the Financial Statements
20	Financial Calendar

Registered Number 52412



Directors, Officers and Advisers

Directors

R. W. D. Hanson, T.D. (*Chairman & Managing Director*)
P. T. Helps, B.Sc.
J. D. Harrison, F.C.A.
N. J. Forman Hardy, D.L.
T. E. Bonham

Secretary and Registered Office

J. D. Harrison, F.C.A.
Kimberley Brewery, Nottingham NG16 2NS

Auditors

Robt. A. Page & Co.,
Chartered Accountants and Registered Auditor
16 Pelham Road, Nottingham NG5 1AR

**Bankers and Trustees for the
Debenture Stockholders**

Lloyds Bank Plc

Registrars

Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Subsidiary Company (wholly owned)

Hansons Limited (non-trading)

Chairman's Statement

I am very pleased to report record profits for the period ending 29th September 1995. For the first time, our profit on ordinary activities before taxation exceeded £8m and, at £8,050,000, showed an increase of 4.2% over the profit for last year of £7,724,000. Operating profit, which increased by 2.7%, was then boosted by a substantial increase in interest receivable, partly because average rates were slightly higher but mainly because of an increase in the sums on deposit.

The improvement in the results has meant that your board have felt able to propose that the final dividend should be increased to 6.4p per ordinary share, compared with 6.0p last year; with the inclusion of the interim dividend already paid, the total dividend for the period will then amount to 10.1p per ordinary share compared with 9.4p last year.

I would draw shareholders' attention to the separate letter which accompanies this annual report and accounts and which gives details of the special business to be transacted at the annual general meeting, which is to be held on Tuesday, 13th February 1996. At that meeting shareholders will be invited to approve new articles of association of the company, the existing articles having remained largely unchanged since the company's ordinary shares were first listed on the London Stock Exchange in 1962; shareholders will also be invited to approve a number of changes to the company's memorandum of association and to authorise the company (or a subsidiary of it) to purchase its first mortgage debenture stock.

Capital expenditure in the brewery itself has increased with a number of projects completed during the year dominated, as indicated twelve months ago, by the installation of two new 9,000 lbs/hr boilers, manufactured in nearby Lincoln. The phased installation programme was successfully completed in September so the full efficiency benefits will not be seen until the current financial year. The other major investment has been in a new full keg handling system thereby improving both safety in manual handling and warehouse utilisation. Last but not least, we have made a substantial commitment in the further support of our product in retail outlets by enlarging and restructuring our cellar services department to help licencees deliver consistently high quality beers to their customers.

In the interim statement for the 26 weeks to 31st March 1995, we reported that trading performance had been disappointing in the second quarter after a promising first quarter; unfortunately trading remained difficult in the second half year and the benefit from the very hot summer was surprisingly slow to appear. When it did, lager, cider and soft drinks performed well but, ironically, the weather actually appears to have been too hot for traditional ales. The pattern of trading remained unchanged as new or recently improved public houses, with substantial food facilities, traded well but some estate-type managed houses and some tenancies continued to suffer not just from the recession but also, perhaps, from the national lottery and certainly from the very unfair competition from cross-border shopping and the smuggling of alcohol. In his November 1995 budget and for the third consecutive year the Chancellor of the Exchequer acknowledged that both were serious problems but then did

Chairman's Statement (continued)

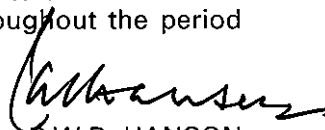
nothing to reduce the enormous differential, of seven to one, in the tax paid on beer in this country compared with that paid in France—and this despite the Government's stated policy not to raise taxes in ways which harm United Kingdom companies. Other countries within the European Community have recently confirmed that they will not increase duties to reduce tax differentials and it is, therefore, essential that the United Kingdom Government reduce the excise duty on beer before more harm is done to both brewers and retailers and, indeed, to society as illegal activity is encouraged at the expense of the public house, the latter being so much a part of the national heritage.

Competition for good new sites remains fierce but we have recently purchased a site at Kings Mill, about two miles west of the centre of Mansfield; building works should start in April with the intention that the public house, with restaurant facilities for approximately 130 together with an extensive childrens' play area, and costing nearly £2m, should open in November 1996. Work on two other new houses should also start during 1996, one in a major leisure and retail development, the other more community orientated, with smaller eating facilities. Also, in January 1996, work should start on the famous "Ye Olde Trip to Jerusalem" in Nottingham as we have finally obtained all the necessary consents and approvals to enable us to improve this unique inn, which we will ensure will remain unique.

We increased, once again, our budget for repairs and major improvements by more than the increases in the relevant building indices, which enabled us to complete major alterations at the Angel Inn, Blyth, the George Hotel, Tideswell, the Lady Bay, West Bridgford, the Paddock, Breadsall, the Plainsman, Mapperley and the Sir Colin Campbell at Kimberworth, in addition to the continual expenditure necessary to ensure that our properties are maintained at a high standard.

It is disappointing to report that our trading performance during the first quarter of the current financial year has not been good; if there is no improvement in the New Year, it will be difficult to maintain profits for the 26 weeks ending the 29th March 1996 at the level of those for the same period in 1995. A number of measures to improve the position are in hand, most notably the brewing of a selection of occasional or seasonal cask conditioned beers which will result in a wider choice of draught beers in our public houses. Also, it is hoped that the gradual introduction of new amusement-with-prizes machines since the 1st November 1995 and, hopefully next summer, the change to higher and all-cash payouts will result in an improvement in machine performance.

Finally, because of the record results as referred to in the first paragraph of this statement, we were very pleased to increase the allocation to the employees' share scheme from £156,000 to £162,000. On behalf of the board, I would like to thank all of our employees and licencees for their efforts throughout the period which enabled us to achieve those results.


R.W.D. HANSON
Chairman

Report of the Directors

The directors have pleasure in submitting the financial statements for the 52 weeks ended 29th September 1995, which were approved on 8th December 1995, and may be found between pages 8 and 19. The comparative figures for 1994 also cover a 52 week period.

Results and Dividends

After the allocation to the employees' share scheme of £162,000 (£156,000 in 1994), the operating profit increased by 2.7% from £6,997,000 to £7,189,000 and net investment income increased from £625,000 to £886,000. The profit before tax was £8,050,000 compared with £7,724,000. After providing for corporation tax at the rate of 33%, the profit after tax was £5,356,000 compared with £5,241,000.

Interim dividends were paid on 7th August 1995, on the ordinary and deferred ordinary shares of 3.7 pence per share and 3.525 pence per share respectively.

The directors recommend a final dividend of 6.4 pence per share on both the ordinary and deferred ordinary shares which, if approved, will be paid on 4th March 1996.

The remaining £2,824,000 (£2,884,000 in 1994) has been transferred to reserves.

Review of the Business and Future Developments

Information under this heading is included in the Chairman's statement on pages 2 and 3.

Activities

The principal activities of the company consist of the brewing of beer, the wholesaling and retailing of beer, wines and spirits and soft drinks, the retailing of food and the ownership and management of public houses.

Fixed Assets

The company's freehold and leasehold properties were professionally revalued as at 30th September 1994. The directors are of the opinion that there has been no material change in the value during the financial period.

There have been no significant changes in the fixed assets during the financial period except in the ordinary course of the business.

A statement of movements in fixed assets during the period is included within the notes to the financial statements.

Donations and Subscriptions

During the period the company contributed £4,500 for charitable purposes and £1,000 to the East Midlands Industrial Council.

Employee Involvement

The company recognises the importance of good communications and relations with its employees. Heads of department meet frequently with the directors to exchange views and information on all the company's activities; in addition, the directors hold regular departmental briefing meetings for all employees at Kimberley.

The employees' share scheme helps to promote the involvement of employees with the company's performance. Financial statements are published biannually and copies are made available for anyone who does not automatically receive them as a member of the share scheme.

Report of the Directors (continued)

Employment of Disabled Persons

Disabled persons are considered for employment and training according to their aptitudes and abilities providing suitable vacancies exist.

In the event of an employee becoming disabled every effort is made to ensure the continuation of his or her employment with the company. In appropriate cases re-training or a transfer may be arranged.

For training, career development and promotion, disabled persons are, where possible, treated the same as other employees.

Directors

The directors are named on page 1 of the annual report.

The director retiring in rotation order is Mr. N. J. Forman Hardy who, being eligible, offers himself for re-election. Mr. Forman Hardy's appointment extends for a period of one year.

The directors' interests in the shares of the company are set out in note 19 to the financial statements.

Corporate Governance

The board of directors has considered the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance.

The board, which meets regularly, consists of four full-time executive directors and one independent non-executive director; the latter is also the recognised senior member. There is an agreed procedure for directors to take independent professional advice.

A formal schedule of matters is specifically reserved for the decision of the board; these include the approval of overall company strategy and major capital expenditure, investments, acquisitions, disposals and major alterations and improvements.

The Committee recognised that smaller listed companies may have difficulty in complying with some aspects of the Code. Your board doubts the need for as many as three non-executive directors, with the extra costs involved. There is, therefore, no separate remuneration committee but for many years it has been the board's practice to base the remuneration of directors on the recommendations of a wholly independent firm of management consultants, who report annually to the chairman and the non-executive director. For the same reason, there is no separate audit committee; the responsibility for reviewing accounting procedures and controls and for the publication of the company's financial statements is the joint responsibility of all directors. The external auditor attends the board meeting when the annual financial statements are considered and approved and, at a later date, attends a meeting with the directors and senior management, when the financial statements and any matters arising from the audit are discussed in detail.

There are no directors' service agreements having an unexpired term of over two years.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

The auditors, Robt. A. Page & Co., have signified their willingness to continue in office. A resolution proposing their re-appointment will be put to the annual general meeting.

Contracts

None of the directors has, or had during the period, an interest in any contract with the company, other than in connection with service agreements.

Report of the Directors (continued)

Arrangements

No arrangement to which the company was a party subsisted at the end of the financial period or at any time during that period whose objects enabled the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any body corporate, other than as participants in the employees' share scheme.

Close Company


The Board is of the opinion that the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Capital Gains Tax

Official Stock Exchange prices:

	6th April 1965	31st March 1982
5p Ordinary shares	£0.11563	£0.726
£1 3.5% net First preference shares	£0.7125	£0.325
£1 4.2% net Second preference shares	£0.8625	£0.345
£100 4% First mortgage debenture stock	£57.50	£26.25

Kimberley Brewery
Nottingham
8th December 1995


By Order of the Board
R. W. D. HANSON
P. T. HELPS
Directors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the company's affairs and of its profit or loss for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Report of the Auditors to the Shareholders of Hardys & Hansons p.l.c.

We have audited the financial statements on pages 8 to 19 which have been prepared under the accounting policies set out on page 12.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29th September 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBT. A. PAGE & CO.
*Chartered Accountants
and Registered Auditor*

Nottingham
8th December 1995

Profit and Loss Account

for the 52 weeks ended 29th September 1995

	Notes	1995		1994	
		£000	£000	£000	£000
Turnover	2		34,063		32,705
Change in stocks of finished goods and work-in-progress			92		(41)
Raw materials, consumables and duty			34,155		32,664
			13,314		12,770
			20,841		19,894
Staff costs	3	6,446		6,139	
Depreciation		1,226		1,134	
Other operating costs		5,980		5,624	
			13,652		12,897
Operating profit			7,189		6,997
Disposal of fixed assets	4		(25)		102
			7,164		7,099
Income from fixed asset investments		139		121	
Other interest receivable		760		516	
			899		637
			8,063		7,736
Interest payable	5		13		12
Profit on ordinary activities before taxation	6		8,050		7,724
Tax on profit on ordinary activities	8		2,694		2,483
Profit on ordinary activities after taxation			5,356		5,241
Preference dividends	9		16		16
Profit for the financial period			5,340		5,225
Ordinary dividends	9		2,516		2,341
Retained profit for the period			2,824		2,884
Retained profit brought forward			105		103
			2,929		2,987
Proposed transfers—General reserve		2,860		2,780	
Capital reserve		61		107	
Revaluation reserve		(95)		(5)	
			2,826		2,882
Retained profit carried forward			103		105
Earnings per share	10				
Ordinary shares of 5p each			21.395p		20.935p
Deferred ordinary shares of 5p each			21.220p		20.760p

Statement of Total Recognised Gains and Losses

for the 52 weeks ended 29th September 1995

	1995 £000	1994 £000
Profit for the financial period	5,340	5,225
Unrealised surplus on revaluation of properties	<u>—</u>	<u>30,879</u>
Total gains and losses recognised for the period	<u>5,340</u>	<u>36,104</u>

Reconciliation of Movements in Shareholders' Funds

for the 52 weeks ended 29th September 1995

	1995 £000	1994 £000
Profit for the financial period	5,340	5,225
Ordinary dividends	<u>(2,516)</u>	<u>(2,341)</u>
	2,824	2,884
Unrealised surplus on revaluation of properties	<u>—</u>	<u>30,879</u>
Net additions to shareholders' funds	2,824	33,763
Shareholders' funds at 30th September 1994	76,836	43,073
Shareholders' funds at 29th September 1995	<u>79,660</u>	<u>76,836</u>

Note of Historical Cost Profits

for the 52 weeks ended 29th September 1995

	1995 £000	1994 £000
Profit on ordinary activities before taxation	8,050	7,724
Realisation of property revaluation gains of prior years	95	5
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>31</u>	<u>13</u>
Historical cost profit on ordinary activities before taxation	<u>8,176</u>	<u>7,742</u>
Historical cost profit for the year retained after taxation and dividends	<u>2,950</u>	<u>2,902</u>

Balance Sheet

29th September 1995

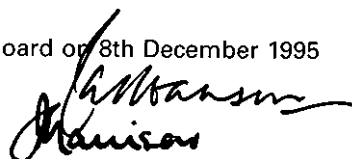
	Notes	1995		1994	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11		68,601		68,411
Investments	12		1,778		1,955
Shares in Hansons Ltd less amounts due	13		—		—
			<u>70,379</u>		<u>70,366</u>
Current assets					
Stocks	14	1,020		885	
Debtors	15	2,043		1,969	
Cash at bank and in hand		14,547		11,810	
		<u>17,610</u>		<u>14,664</u>	
Creditors					
Amounts falling due within one year	16	7,300		7,271	
Net current assets			<u>10,310</u>		<u>7,393</u>
Total assets less current liabilities			80,689		77,759
Creditors					
Amounts falling due after more than one year	17	200		200	
Provisions for liabilities and charges	18	829		723	
			<u>1,029</u>	<u>923</u>	
Net assets			<u>79,660</u>		<u>76,836</u>
Capital and reserves					
Called-up share capital including non-equity capital	19		1,675		1,675
Revaluation reserve	20		41,631		41,757
Other reserves	21		36,251		33,299
Profit and loss account			103		105
			<u>79,660</u>		<u>76,836</u>
Shareholders' funds			<u>79,660</u>		<u>76,836</u>

Approved by the Board on 8th December 1995

R. W. D. HANSON

J. D. HARRISON

Directors



Cash Flow Statement

for the 52 weeks ended 29th September 1995

	Notes	1995		1994	
		£000	£000	£000	£000
Net cash inflow from operating activities	24		7,955		8,807
Return on investments and servicing of finance					
Income from fixed asset investments		139		121	
Interest receivable		760		516	
Interest payable		(13)		(12)	
Dividends paid		(2,432)		(2,228)	
Net cash (outflow) from return on investments and servicing of finance			(1,546)		(1,603)
Taxation					
Corporation tax paid (including advance corporation tax)			(2,408)		(2,277)
Investing activities					
Payments to acquire investments		—		(32)	
Receipts from sales of investments		1		29	
Payments to acquire fixed assets		(1,627)		(2,484)	
Receipts from sales of fixed assets		186		180	
Decrease/(increase) in loans to customers and others		176		(211)	
Net cash (outflow) from investing activities			(1,264)		(2,518)
Increase in cash and cash equivalents	25		<u>2,737</u>		<u>2,409</u>

Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of properties and land, and follow the form prescribed by the Companies Act 1985.

Valuations

Surpluses arising from the professional valuation of properties are taken direct to the revaluation reserve. Valuation surpluses realised on sale are transferred to the capital reserve. Any deficit arising from the professional valuation of properties is taken direct to the revaluation reserve to the extent that such deficit is regarded as temporary. Where a permanent diminution in value of an individual property is identified, the deficit is firstly eliminated against any revaluation reserve in respect of that property with any excess being charged to the profit and loss account.

Sales of properties and investments

Profits and losses on the sale of properties and investments are transferred to capital reserve.

Depreciation

Freehold brewery premises, plant, motors, containers and fixtures are depreciated at varying rates to write off the cost of the assets over their estimated useful lives in equal annual instalments.

The rates used are:

Freehold brewery premises	2%	Computer equipment	14%
Plant—fixed	5%	Motor vehicles	20%
other	10%	Free trade fixtures, bottles	25%
Casks, cases, fixtures	10%		

No depreciation has been provided on the licensed and unlicensed freehold properties as it is the company's policy to maintain such properties in a continual state of sound repair, the cost being written off to profit and loss account as incurred. The directors believe that, as a result of this policy, the lives of the properties are substantial and their depreciation is not significant enough to warrant a provision for depreciation being made against the profits. No depreciation is provided on leaseholds with an unexpired term exceeding 100 years. The cost of other leasehold properties is amortised on a straight line basis over the period of the lease.

Goodwill

Purchased goodwill is written off against reserves in the year of acquisition.

Maintenance and improvement of properties

Additions to and major refurbishment of premises are capitalised; minor capital projects are charged against profits.

Stocks

Stocks are valued as follows:

- (a) Raw materials and bought-in goods at cost plus overheads.
- (b) Work-in-progress and finished stocks at the cost of materials, duty (where applicable) and labour and overheads.

Deferred taxation

Deferred taxation is provided at 33% using the liability method on those timing differences which are expected to reverse in the future.

No provision has been made for gains "rolled over" on the sale and replacement of licensed properties.

No provision has been made for the potential liability to tax on capital gains which might arise from any possible future disposals of premises at the valuation in the balance sheet, since the directors are of the opinion that the likelihood of any material liability arising in this respect is remote.

Pensions

The company operates two defined benefit pension schemes which are funded at rates determined by professionally qualified actuaries every three years. The amounts paid into the schemes are invested separately from the company's assets and are charged against profits so as to spread the cost of providing the expected benefits over the members' anticipated service lives with the company.

Notes to the Financial Statements (continued)

7 Directors

The emoluments of the directors (excluding pensions and pension premiums but including the allocation from the employees' share scheme) fall within the following categories:

	1995	1994
£5,001 to £10,000	1	1
£60,001 to £65,000	—	3
£65,001 to £70,000	3	—
£75,001 to £80,000	—	1
£80,001 to £85,000	1	—

Included in the above: Chairman and highest paid director £84,528 (£78,328)

8 Taxation

	£000	£000
Corporation tax based on the profits at the rate of 33% (33%)	2,689	2,506
Tax on franked investment income	21	17
Taxation adjustment earlier years	(40)	(2)
Deferred taxation	24	(38)
	<u>2,694</u>	<u>2,483</u>

9 Dividends

Dividends paid or provided:	pence per share			
First preference shares	3.5	3.5	8	8
Second preference shares	4.2	4.2	8	8
Ordinary shares interim	3.7	3.4	740	680
Ordinary shares proposed final	6.4	6.0	1,280	1,200
Deferred ordinary shares interim	3.525	3.225	176	161
Deferred ordinary shares proposed final	6.4	6.0	320	300
			<u>2,532</u>	<u>2,357</u>

10 Earnings per share

Earnings per share are calculated on 20 million ordinary shares and 5 million deferred ordinary shares, using the profit for the period after taxation, less preference dividends, amounting to £5,340,000 (£5,225,000). The profits resolved to be distributed as ordinary dividends in any year are applied first in the payment of 0.175 pence per share to the ordinary shareholders and the balance rateably among the holders of the ordinary and deferred ordinary shares.

Notes to the Financial Statements (continued)

11 Tangible fixed assets

	Properties		Plant, machinery and motor vehicles £000	Containers and fixtures £000	Total £000
	Freehold £000	Long leasehold £000			
Cost or valuation					
30th September 1994	61,742	415	4,753	9,860	76,770
Additions	160	—	495	972	1,627
Disposals	(121)	—	(194)	(27)	(342)
Transfers	195	(195)	—	—	—
29th September 1995	<u>61,976</u>	<u>220</u>	<u>5,054</u>	<u>10,805</u>	<u>78,055</u>
At cost	160	—	5,054	10,805	16,019
At valuation 1994	<u>61,816</u>	<u>220</u>	<u>—</u>	<u>—</u>	<u>62,036</u>
	<u>61,976</u>	<u>220</u>	<u>5,054</u>	<u>10,805</u>	<u>78,055</u>
Depreciation					
30th September 1994	—	—	3,157	5,202	8,359
Charge for the period	41	2	295	885	1,223
Disposals	—	—	(124)	(4)	(128)
29th September 1995	<u>41</u>	<u>2</u>	<u>3,328</u>	<u>6,083</u>	<u>9,454</u>
Net book value					
29th September 1995	<u>61,935</u>	<u>218</u>	<u>1,726</u>	<u>4,722</u>	<u>68,601</u>
30th September 1994	<u>61,742</u>	<u>415</u>	<u>1,596</u>	<u>4,658</u>	<u>68,411</u>
The comparable amounts determined under historical cost accounting are:					
Cost	20,222	160	5,054	10,805	36,241
Depreciation	<u>206</u>	<u>12</u>	<u>3,328</u>	<u>6,083</u>	<u>9,629</u>
Net book value					
29th September 1995	<u>20,016</u>	<u>148</u>	<u>1,726</u>	<u>4,722</u>	<u>26,612</u>
30th September 1994	<u>20,121</u>	<u>279</u>	<u>1,596</u>	<u>4,658</u>	<u>26,654</u>

12 Investments

	Listed £000	Loans to customers and others £000	Total £000
Additions	—	224	224
Disposals and repayments	(1)	(400)	(401)
Cost 29th September 1995	<u>743</u>	<u>1,035</u>	<u>1,778</u>

At 29th September 1995 the market value of listed investments, which are all dealt with on a recognised stock exchange, was £2,536,000 (£2,245,000).

13 Shares in Hansons Limited

	1995 £000	1994 £000
Ordinary shares	175	175
Less amounts due	<u>175</u>	<u>175</u>
	<u>—</u>	<u>—</u>

Hansons Limited is a wholly owned non-trading subsidiary.

Notes to the Financial Statements (continued)

	1995 £000	1994 £000
14 Stocks		
Raw materials	90	66
Consumable stores	104	85
Beer in process	47	46
Finished products	779	688
	<u>1,020</u>	<u>885</u>
15 Debtors		
Trade debtors	1,279	1,374
Other debtors	220	257
Prepayments and accrued income	544	338
	<u>2,043</u>	<u>1,969</u>
16 Creditors: amounts falling due within one year		
Trade creditors	1,550	1,681
Taxation	2,717	2,430
Other taxes and social security costs	433	505
Other creditors	741	916
Accruals	251	231
Ordinary shares proposed final dividend	1,280	1,200
Deferred ordinary shares proposed final dividend	320	300
Preference dividend to date	8	8
	<u>7,300</u>	<u>7,271</u>
17 Creditors: amounts falling due after more than one year		
4% Irredeemable first mortgage debenture stock secured on certain properties and a general charge on the undertaking	<u>200</u>	<u>200</u>
18 Provisions for liabilities and charges		
Pensions—Balance 30th September 1994	381	278
Charge for the period	107	103
Balance 29th September 1995	<u>488</u>	<u>381</u>
Deferred taxation	<u>341</u>	<u>342</u>
	<u>829</u>	<u>723</u>
Deferred taxation		
Provided at 33% in respect of:		
Accelerated capital allowances	790	806
Short-term timing differences	(47)	(87)
	<u>743</u>	<u>719</u>
Less advance corporation tax recoverable on dividends proposed, for relief on taxation payable 2nd July 1997	<u>402</u>	<u>377</u>
	<u>341</u>	<u>342</u>
Movement in provision		
Balance 30th September 1994	719	757
Charge/(release) for the period	24	(38)
Balance 29th September 1995	<u>743</u>	<u>719</u>
If full provision had been made at 33% the amount would have been:		
Accelerated capital allowances	1,385	1,345
Short-term timing differences	(47)	(87)
Tax on gains subject to roll-over relief	468	468
	<u>1,806</u>	<u>1,726</u>

Notes to the Financial Statements (continued)

19 Share capital	Authorised	Allotted, called-up and fully paid	
	1995 and 1994	1995	1994
	£000	£000	£000
Non-equity Capital			
3.5% net First cumulative preference shares of £1 each	225	225	225
4.2% net Second cumulative preference shares of £1 each	250	200	200
Equity Capital			
Ordinary shares of 5p each	1,000	1,000	1,000
Deferred ordinary shares of 5p each	250	250	250
	<u>1,725</u>	<u>1,675</u>	<u>1,675</u>

The 3.5% net first cumulative preference shareholders are entitled to a fixed cumulative preferential dividend at that rate and, subject thereto, the 4.2% net second cumulative preference shareholders are entitled to a fixed preferential dividend at that rate. These shares have, respectively, a first and second entitlement to amounts receivable on a winding-up, not exceeding the amounts paid up on these shares plus any arrears of dividends. Voting rights attach to these shares if dividends are in arrear by more than one month and six months respectively and in certain other circumstances.

After payment of the two cumulative preference dividends above, the profits resolved to be distributed as ordinary dividends in any financial period are applied first in the payment of a non-cumulative 0.175 pence per share to the ordinary shareholders and the balance rateably among the holders of the ordinary and deferred ordinary shares.

Each ordinary share carries one vote and each deferred ordinary share carries four votes.

Directors' interests	29th September 1995		30th September 1994	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
R. W. D. Hanson				
Second preference	2,923	—	2,923	—
5p Ordinary	176,176	36,390	174,480	36,390
Hardy Hanson Holdings Limited	4,175	—	4,175	—
P. T. Helps				
First preference	240	—	240	—
Second preference	403	—	403	—
5p Ordinary	59,044	1,179,315	57,739	1,179,315
Hardy Hanson Holdings Limited	5,737	25,249	6,833	24,153
J. D. Harrison				
First preference	100	—	100	—
Second preference	600	—	600	—
5p Ordinary	16,014	—	14,709	—
Debenture stock	£500	—	£500	—
N. J. Forman Hardy				
5p Ordinary	1,359,520	—	1,359,520	—
Hardy Hanson Holdings Limited	65,513	42,375	65,513	42,375
T. E. Bonham				
First preference	100	—	100	—
5p Ordinary	3,629	—	2,324	—

Notes to the Financial Statements (continued)

19 Share capital (continued)

Substantial holdings

The undermentioned members of the company hold, or are interested in, 3% or more of the called-up ordinary share capital:

Britannic Assurance Public Limited Company	2,111,500	10.55%
Prudential Corporation	2,060,500	10.30%
Sun Alliance Group	1,105,000	5.53%
Trustees of the Lloyds Bank Pension Scheme	1,000,000	5.00%
Forman Hardy Holdings Limited (also included in the beneficial interests of Mr. N. J. Forman Hardy)	777,515	3.88%

So far as the directors are aware, there is no other member holding a substantial part of the called-up share capital.

Hardy Hanson Holdings Limited with 300,000 shares in issue owns the whole of the deferred ordinary shares in Hardys & Hansons p.l.c.

There were no changes in the statements of directors' interests and substantial holdings up to and including 18th December 1995.

20 Revaluation reserve

	1995 £000	1994 £000
Balance 30th September 1994	41,757	11,052
Profit and loss account, re properties sold	(95)	(5)
Transfer to general reserve	(31)	(169)
Revaluation surplus	—	30,879
	<u>41,631</u>	<u>41,757</u>

21 Other reserves

Capital reserve

Balance 30th September 1994	4,696	4,589
Proposed transfers from profit and loss account:		
Disposal of fixed assets (note 4)	(25)	102
Taxation	(9)	—
Revaluation reserve, re properties sold	95	5
	<u>61</u>	<u>107</u>
	<u>4,757</u>	<u>4,696</u>

General reserve

Balance 30th September 1994	28,603	25,654
Proposed transfer from profit and loss account	2,860	2,780
Transfer from revaluation reserve	31	169
	<u>31,494</u>	<u>28,603</u>
	<u>36,251</u>	<u>33,299</u>

22 Capital commitments

Outstanding contracts	63	57
Authorised by the directors	4,715	239
	<u>4,778</u>	<u>296</u>

Notes to the Financial Statements (continued)

23 Pension schemes

The company operates two pension schemes, both of which are of the defined benefit type, with assets held in separate insured funds.

The main scheme was valued by the professional actuaries of Prudential Corporate Pensions as at 1st May 1992, using the projected unit credit method with a 15 year control period. The principal actuarial assumption adopted in that valuation was that, over the long-term, the annual rate of return on investments would be 1.5% higher than the annual increase in total pensionable remuneration. The actuarial value of the assets represented 188% of the benefits that had accrued to members, and the market value as at the date of valuation was £4,989,000. The company's current rate of funding is 2% and the current regular cost is 7%.

The subsidiary scheme was valued by the professional actuaries of Provident Mutual as at 31st January 1993, using the attained age method. The principal actuarial assumption adopted in that valuation was that, over the long-term, the annual rate of return on investments would be 2% higher than the annual increase in total pensionable remuneration. The actuarial value of the assets represented 121% of the benefits that had accrued to members and the market value as at the date of valuation was £627,000. The company's current rate of funding is 15.3% and the current regular cost is 12.5%.

The above surpluses have not been included in the accounts as, when allowance is made by the actuaries for the effect of the Social Security Act 1990, the overall level of funding at the review dates is estimated to be only 131% of accrued benefits, part of which may be consumed by changes to the pension schemes.

The total pension charge was £196,000 (£191,000). Prepaid contributions amounted to £41,000 (£42,000).

24 Reconciliation of operating profit with net cash inflow from operating activities

	1995 £000	1994 £000
Operating profit	7,189	6,997
Depreciation charge	1,226	1,134
(Increase)/decrease in stock	(135)	49
(Increase)/decrease in debtors	(74)	24
(Decrease)/increase in creditors	(251)	603
Net cash inflow from operating activities	<u>7,955</u>	<u>8,807</u>

25 Analysis of changes in cash and cash equivalents during the year

Cash at bank and in hand:		
Balance 30th September 1994	11,810	9,401
Net cash inflow	<u>2,737</u>	<u>2,409</u>
Balance 29th September 1995	<u>14,547</u>	<u>11,810</u>

Financial Calendar

	1996
Annual General Meeting	13th February
Payment of final dividend for 1994/95	4th March
Interim Results for 1995/96:	
Preliminary announcement of results and amount of interim dividend	End June
Interim Statement to Shareholders and Debentureholders	End June/early July
Payment of interim dividend for 1995/96	Early August
Full year preliminary announcement of results and proposed final dividend for 1995/96	Mid December

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services Act 1986 without delay.

If you have sold or transferred all your ordinary shares, deferred ordinary shares or 3.5% net first cumulative preference shares in Hardys & Hansons p.l.c., please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

Hardys & Hansons p.l.c.

(Registered in England No. 52412)

Directors:

R.W.D. Hanson, T.D. (Chairman & Managing Director)
P.T. Helps, B.Sc. (Production Director)
J.D. Harrison, F.C.A. (Financial Director)
N.J. Forman Hardy, D.L. (Non-executive Director)
T.E. Bonham (Retail Director)

Registered Office:
Kimberley Brewery
Nottingham
NG16 2NS

18 January 1996

To holders of ordinary shares, deferred ordinary shares, 3.5% net first cumulative preference shares and, for information only, 4.2% net second cumulative preference shares and holders of debenture stock.

Dear Shareholder

ANNUAL GENERAL MEETING – 1996

This letter accompanies the annual report and accounts of the company for the fifty-two weeks ended 29 September 1995, and gives details of the special business to be transacted at the annual general meeting which is to be held on Tuesday, 13 February 1996 at 11.30 a.m. The notice convening the annual general meeting of the company is set out on pages 7 and 8 of this document.

In addition to the ordinary business to be transacted at the annual general meeting, the meeting will consider, as special business, three special resolutions. The first of these proposes an amendment to the company's memorandum of association; the second proposes the adoption by the company of new articles of association. In addition, a resolution is to be proposed authorising the directors to make arrangements for the company to purchase its own debenture stock. Your directors' reasons for recommending these proposals to you are set out below.

Amendment to the memorandum of association

Your directors believe that it is desirable to make a number of changes to the company's objects and powers contained in the objects clause set out in its memorandum of association. Rather than making amendments to the existing clause, it is proposed to substitute that clause with a new clause which contains a modern form of objects and powers appropriate for the company. In accordance with modern practice, the proposed new objects clause is drafted in wide terms and includes power for the company to purchase and maintain, at the company's expense, liability insurance for its directors, officers and employees, following clarification of the law in this area.

The proposed changes to the company's objects and powers will not, of themselves, affect the business of the company or the manner in which it is conducted.

The amendment to the company's memorandum of association will be effected by resolution 5 in the notice of annual general meeting, which will be proposed as a special resolution.

Adoption of new articles of association

The company's existing articles of association were adopted in 1962 and only minor changes have been made to them. Over this period there have been a number of important changes in the legislation relating to companies and some significant developments in public company practices. Your directors now consider it appropriate to make amendments to the company's articles of association in order to reflect current best practice and to bring them into line with the requirements of the revised listing rules of the London Stock Exchange. Rather than make extensive amendments to the existing articles of association, it is proposed to adopt new articles of association which take into account current law and practice.

Information regarding the proposed new articles of association, including the principal differences between them and the current articles of association, is contained in the appendix to this letter. It is emphasised that no changes will be made to the special rights relating to the different classes of shares in the company – these have been reproduced in the proposed new articles of association in the same terms as expressed in the company's current articles of association. In addition, no changes regarding the company's borrowing powers are proposed.

Resolution 6 in the notice of annual general meeting deals with the adoption of the new articles of association. This resolution will also be proposed as a special resolution.

Authority to purchase own debenture stock

The company's irredeemable first mortgage debenture stock was constituted and issued in 1897. The original principal amount of the stock of £200,000 has not increased since that date and, as at close of business on 12 January 1996, there were only 25 registered holders of the stock. The company is required to appoint trustees of the stock and a significant number of the company's properties, with current book values considerably in excess of the principal amount of the stock outstanding, are charged to the trustees as security.

The board believes that the disadvantages of the time and expense involved in the administration of the stock, together with the restrictions which the debenture stock trust deed imposes on the company's flexibility to deal with its properties, outweigh any benefits to shareholders of the stock remaining outstanding. Since the terms of the trust deed do not permit the stock to be redeemed by the company, the directors propose to take authority from shareholders for the company to purchase the stock with a view, in due course, to all the stock being cancelled.

Your directors are, therefore, seeking approval for the company (or a subsidiary of it) to purchase some or all of the company's stock (a maximum of £200,000). The maximum price which may be paid for £100 of the debenture stock is £50. This compares with the average of the middle-market prices shown in the quotation for stock in the London Stock Exchange Daily Official List for the five business days ended on 12 January 1996 of £45. The authority for the company to purchase its stock is contained in resolution 7 in the notice of annual general meeting which will be proposed as a special resolution. This authority will expire at the conclusion of the annual general meeting to be held in 1997 but may then be renewed.

Action to be taken

You are asked to complete the enclosed form of proxy in accordance with the instructions printed thereon and to return it to the registered office of the company as soon as possible but in any event so as to be received no later than forty-eight hours before the time of the annual general meeting.

Completion and return of the form of proxy will not prevent shareholders from attending the annual general meeting and voting in person if they wish to do so.

Recommendation

Your directors consider that the proposed amendment to the memorandum of association, the proposed adoption of new articles of association and the proposals regarding purchase by the company of its debenture stock are in the best interests of the company and its shareholders. Accordingly, your directors unanimously recommend shareholders to vote in favour of the special resolutions set out in the attached notice of annual general meeting, as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely
R.W.D. Hanson
Chairman



communications equipment which allows all persons participating in the meeting to hear each other simultaneously.

Provision is also made (Article 110) for written resolutions of the directors to be sent by facsimile.

Directors' interests

In general, a director is not permitted to vote in respect of any matter in which he or any person connected with him (for example his spouse and any children under the age of eighteen) has a material interest. The exceptions to this general rule are set out in Article 107. In addition to the exceptions contained in the company's current articles of association, Article 107 permits a director to vote on any resolution:—

- (i) concerning companies in which he does not hold an interest in shares representing 1% or more;
- (ii) relating to pension, superannuation or share schemes open to employees generally; and
- (iii) regarding insurance which the company is to purchase and/or maintain for the benefit of persons who include directors.

This brings the articles of association into line with the listing rules of the London Stock Exchange.

Officers' indemnity insurance

Article 122 provides that the directors may exercise the powers of the company to purchase and maintain insurance for directors, officers and employees of the company.

Dividends

Article 138 allows the company to retain dividends otherwise payable to a shareholder who is in default of a notice served pursuant to section 212 of the Companies Act 1985 and who holds shares representing at least 0.25% of the class in question (see "Disclosure of interests" above).

The company is entitled, pursuant to Article 143, to cease sending any cheque or warrant in payment of a dividend if, in respect of at least three consecutive dividends payable on that share, the cheque or warrant has been returned undelivered or remains uncashed. The company must recommence sending cheques or warrants if the shareholder claims arrears of dividends. Under Article 140, unclaimed dividends may be forfeited if they have not been claimed within twelve years of first becoming due for payment. This is as permitted by the listing rules of the London Stock Exchange.

Article 142 makes it clear that dividends may be paid by fund transfer and other methods, as well as by cheque or warrant through the post.

Accounts

Whilst the company has no present intention of issuing summary financial statements in place of its full annual accounts, the directors believe that it is appropriate that the company should have power to do so, subject to the relevant regulations. This power is contained in Article 148. Even if the company does issue summary financial statements in the future, the regulations provide that any member wishing to do so is entitled to continue to receive full annual accounts.

Power to cease sending communications to a shareholder

Article 157 provides that if, on three consecutive occasions, notices sent through the post to a member have been returned undelivered, the member shall not then be entitled to receive further notices from the company until the member has provided a new address for service within the United Kingdom.

Notice of general meetings

Provision is made (Article 153) for notice of general meetings to be given to shareholders by advertisement in a national daily newspaper during the suspension or curtailment of postal services in the United Kingdom. In such cases, the company will be required to send confirmatory copies of the notice by post if, at least seven days prior to the meeting, posting becomes practicable.

Hardys & Hansons p.l.c.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 98th annual general meeting of the Company will be held at the registered office, Kimberley Brewery, Nottingham, on Tuesday, 13 February 1996 at 11.30 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the fifty-two weeks ended 29 September 1995 and the reports of the directors and auditors.
2. To declare final dividends on the ordinary shares and the deferred ordinary shares.
3. To re-elect Mr N J Forman Hardy, who is retiring in accordance with the articles of association of the Company, as a director.
4. To re-appoint Robt. A. Page & Co. as auditors and to authorise the directors to set their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, all of which will be proposed as special resolutions:-

5. THAT the memorandum of association of the Company be amended as to its objects by the adoption of the new objects clause produced to the meeting and initialled by the chairman for the purpose of identification only in substitution for, and to the exclusion of, the existing clause 4 of the memorandum of association of the Company.
6. THAT the new articles of association produced to the meeting and initialled by the chairman for the purpose of identification only be adopted in substitution for, and to the exclusion of, the existing articles of association of the Company.
7. THAT the Company (or a subsidiary of it) be and is hereby generally and unconditionally authorised to make purchases (whether market or off-market) of all or any of the outstanding irredeemable first mortgage debenture stock of the Company ("Stock") provided that the maximum price that may be paid for any £1 nominal of Stock purchased is £0.50 (exclusive of expenses) and the authority hereby granted shall expire at the conclusion of the annual general meeting of the Company in 1997, provided that a contract may be made before such expiry which will or may be executed wholly or partly thereafter and a purchase of Stock may be made in pursuance of any such contract.

BY ORDER OF THE BOARD
J.D. HARRISON 
Secretary

18 January 1996

Registered Office:
Kimberley Brewery
Nottingham
NG16 2NS

Notes:

1. Members holding ordinary shares and deferred ordinary shares are entitled to attend and vote at the meeting. Members holding 3.5% net first cumulative preference shares are entitled to attend the meeting and to vote on resolution 6 only.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend (and on a poll to vote) instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed and to be effective must be lodged at the Company's registered office not later than 48 hours before the time of the meeting. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting.
3. Copies of the following documents may be inspected at the Company's registered office during normal business hours from the date of this notice until the date of the annual general meeting and at the place of the meeting for a period of at least 15 minutes prior to, and during, the meeting:-
 - (i) the register of directors' interests in the Company's share capital;
 - (ii) the directors' service contracts with the Company;
 - (iii) the existing memorandum and articles of association of the Company;
 - (iv) the proposed amended memorandum and new articles of association of the Company.

The existing and proposed amended memorandum and new articles of association of the Company will also be available for inspection during normal business hours on any week day (Saturdays and public holidays excepted) at the offices of the Company's solicitors, Browne Jacobson, 44 Castle Gate, Nottingham, NG1 7BJ and Aldwych House, 81 Aldwych, London, WC2B 4HN until the date of the meeting.

Contents

Page	
1	Directors, Officers and Advisers
2-3	Chairman's Statement
4-6	Report of the Directors (including Corporate Governance)
6	Statement of Directors' Responsibilities
7	Report of the Auditors
8	Profit and Loss Account
9	Statement of Total Recognised Gains and Losses
9	Reconciliation of Movements in Shareholders' Funds
9	Note of Historical Cost Profits
10	Balance Sheet
11	Cash Flow Statement
12-19	Notes to the Financial Statements
20	Financial Calendar

**98th REPORT
& FINANCIAL
STATEMENTS**

1995

Hardys & Hansons p.l.c.

