

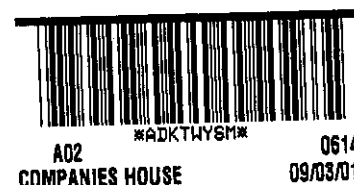
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Highlights

- Turnover of £42.4m Increased by 10%
- Comparable operating profit* Increased by 12%
- Comparable profit before tax* Increased by 12%
- Comparable earnings per share* Increased by 14%
- Dividend per ordinary share of 13.6 pence Increased by 7%
- Capital expenditure of £8.2m Increased by 78%
- Eight major refurbishments undertaken including high profile sites at the Three Ponds, Nuthall, the Nurseryman at Beeston, the Mundy Arms at Marlpool and the Badger Box at Annesley.
- The Wylde Green, Sutton Coldfield acquired in June. This is a prominently located large family pub/restaurant with indoor play facilities.
- New site opened at Bradley, Huddersfield and two new sites to be developed at Etwall, Derbyshire and Barnsley, South Yorkshire.
- Estate of eight large pubs acquired for £12m from January 2001.

* see notes 10 and 11



Chairman's Statement

Financial

I am pleased to report that our Operating Profit for the 52 weeks ending 29th September 2000 was £7,772,000, an increase of 12% over the comparable amount of £6,941,000 last year (as explained in note 11). This was achieved from a turnover of £42.4m, an increase of 10%.

Our profit on ordinary activities before taxation amounted to £9,014,000 compared with £8,929,000 for the previous year. This comparison has been heavily influenced by the surplus on the disposal of fixed assets of only £141,000 this year compared with the substantial surplus of £877,000 last year, when we sold a parcel of land for residential development. Adjusting for this influence and for the effect of FRS 15 (as also explained in note 11), comparable growth in profit before tax was 12%.

Our second half operating profit performance increased by 18%, helped by a later Easter, improved beer purchase terms and increased levels of contract brewing. Overall growth in comparable operating profit has been achieved against a background of more closures for refurbishment than in the previous year.

Net cash inflow from operating activities increased to £10.1m from £9.0m in the year. The company increased capital expenditure to £8.2m, from £4.6m last year, primarily devoted to the refurbishment and acquisition of managed houses. This investment contributed to a net decrease in funds of £1.4m to £15.3m.

The Board proposes a final dividend of 8.5p per ordinary share, subject to approval at the annual general meeting on 20th February 2001, compared with the final dividend last year of 7.8p. With the inclusion of the 5.1p interim dividend already paid (4.9p last year), the total dividend for the period will be 13.6p per ordinary share which is an increase of 7% on last year's total of 12.7p. On behalf of the Board, it is very appropriate to thank once again all our employees, whether based at Kimberley or at our retail premises, for all

their efforts and contributions to our success throughout the period. As a result of this and, of course, because of the good results now reported, we have been pleased to increase the allocation to the employees' share scheme by £16,000 to £182,000.

Retail

Substantial capital developments were completed during the financial period amounting to £4.2m in respect of acquisitions and new builds and £2.9m on re-developments of the existing estate. A new public house/restaurant, with 140 covers, the High Park at Bradley, Huddersfield opened as planned in early September, too late to contribute to profits until the current period, but it has made a satisfactory start and has steadily improved during the autumn. We purchased a similar operation but with a large play-barn, the Wylde Green at Sutton Coldfield, with 190 covers, at the beginning of June. It, also, is trading satisfactorily but will close for refurbishment in early February 2001 until re-opening in late April, when we anticipate a significant increase in turnover. We also purchased, in early April, the Jolly Scotchman at Sleaford and immediately introduced new retailing initiatives into this tavern outlet.

In our existing estate, four important managed houses, the Badger Box at Annesley, the Nurseryman at Beeston and the Three Ponds at Nuthall, all in Nottinghamshire, and the Mundy Arms at Marlpool in Derbyshire, were re-developed and up-graded and now have 120-150 food covers. A common feature of all four is that they are well-sited, fronting very busy main roads, and are easily visible; it is very pleasing to report that they are all trading well and at levels above our expectations. They re-opened between May and the first week in October 2000 so their main contributions to our profits will come in the period ending September 2001. Other public houses where we carried out significant alterations and improvements during the year were the Boat Inn at Hayton near Retford acquired last year, the Jug & Glass at Nether

Chairman's Statement

Langwith, the Lumley Hotel at Skegness on the east coast of Lincolnshire and the Man-in-Space at Eastwood.

At the end of the year our retail estate consisted of 244 outlets of which 170 were tenanted. The 74 managed houses consisted of 16 large pub-restaurants, 22 taverns/tavern venues (of which 14 are also company catering) and 36 up-graded or standard community public houses (two with company catering); company catering outlets therefore total 32 and food sales now account for 27% of all managed house takings. We sold five under-performing tenancies and transferred seven low volume managed houses to tenancy, thereby increasing the overall quality of both the managed and tenanted estates.

The managed estate had a very good year with a like for like volume increase as well as growth in both wet and dry margins. Overall turnover continued to grow, menus were upgraded and a new promotional menu was launched which helped food sales to increase as a proportion of total sales. The engagement of a purchasing consultant has led to savings in many areas, which has helped keep downward pressure on the cost base. Electronic point of sale (EPOS) systems trials have been completed and a roll out of the new system across the managed estate has commenced; early signs are encouraging, with improved sales, margin and control benefits being achieved. The transfer of some managed houses to tenancy, coupled with the year's acquisitions and developments, has led to a significant increase in the average turnover for managed houses.

It remains a key part of our strategy to build or acquire large pub-restaurants for which purpose we have recently bought two very visible new sites. The first, targeted at the adult dining market, is at Etwall, five miles south-west of Derby and close to the recently completed M1-M6 link road. The second, a family public house and restaurant including a children's play barn, is to the north-west of Barnsley adjoining a roundabout and is easily accessible from the M1. In each case, we hope to start work on site in March 2001 and to

open in October 2001 so the benefits of each development will not start to accrue until the following financial period ending in early October 2002. The estimated total capital expenditure is £3.5m for these two projects. In addition, several other sites and a number of existing public houses are under active consideration. For our present managed house estate, we have a high capital investment programme which will include the improvement and up-grading of the Wylde Green (referred to earlier in this statement), the Crusader at Clifton and the Test Match at West Bridgford, both in Nottinghamshire, and the Sir John Warren at Ilkeston in Derbyshire, at total estimated costs of £1.8m.

On 29th November 2000 the company announced the purchase of eight public houses for £12m cash, trading as Watling Street Inns, from Yates Group PLC. This acquisition will be earnings enhancing from the first year of operation and does not cause any significant increase to existing central overheads. The company has been looking to invest its cash resources in such quality assets for some time and the achievement of this objective with the resultant improvement in return on capital should contribute to our performance in the current financial year.

Five of the public houses are situated in or around Manchester with the remaining three at Burnley, Leeds and Stourbridge. Five of the properties are freehold and three are leasehold. With the exception of one Manchester city centre site, all are tavern style operations in good locations with easy access to large conurbations. The mix of sales is 80% liquor and 20% food. The properties form a natural extension to the company's existing estate and will give us the platform to grow all sections of our business within the surrounding areas.

Brands & Brewing

Kimberley Cool now accounts for around a quarter of our own draught beer sales and continues to grow in volume and reputation. Happily, Kimberley Dark, which is served at an

Chairman's Statement

extra cold temperature and is a refreshingly smooth drink, has gone from strength to strength since being rolled out within our estate last spring; it has not only reversed the decline in mild sales but has created significant growth.

Our Free Trade department has delivered a good increase in sales in the second half, both in the core free trade and with wholesalers, where Kimberley Classic and, particularly, the Cellarman's Cask range of beers have been successful. The latter has benefited from an increased number of beers and we will be introducing a further three in 2001; one of the established favourites, Rocking Rudolph, is proving very popular in the run-up to Christmas. Listings with the major supermarkets, on a regional basis, for our Kimberley Classic and Peddler's Pride in 500ml non-returnable bottles has led to a further widening of distribution, with more stores stocking these beers. These successes must be kept in perspective, however, as the free trade and wholesaler markets remain fiercely competitive but it has been an encouraging period with gains continuing into the current year.

In January we installed a new hopback in the brewery, replacing a 1938 vessel. Subsequently, as we were successful in obtaining significantly higher levels of contract brewing, we spent a further £100,000 to increase the capacity and improve the utilisation of our maturation vessels. The additional contract volumes have provided a useful contribution to overheads, even though the full benefit was only felt towards the end of the financial year.

Directors

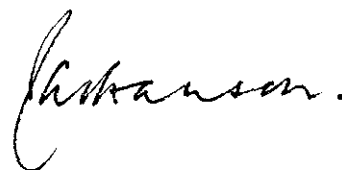
As shareholders were informed last year, Mr. David Harrison retired from the Board on 6th November 1999 when his position as both Finance Director and Company Secretary was taken over by Mr. David Smith. As announced when reporting our Interim Results last June, Mr. Patrick Helps decided at that time, for personal reasons, to step down as Production

Director when his successor had been appointed. The handing over of his executive responsibilities will take place on 31st January 2001 and it will, therefore, be more appropriate to refer to his service with the company next year although, of course, he will not be severing all his connections as he has accepted the Board's invitation to continue as a non-executive director and as Vice-Chairman.

I am very pleased to confirm that, at the end of October, we announced the appointment of a new Production Director, Mr. Iain Masson, who will join the Board on 2nd January 2001; aged 42, he has been Head Brewer in charge of brewing and packaging operations at Greene King plc since 1998. Prior to that, he spent nine years with the Greenalls Group plc and nine years with Bass PLC.

Prospects

It is too early to predict how the company will perform over the remainder of this year. However, we have made a solid start and the benefits from last year's investment programme together with the recent purchase of the eight public houses and the other initiatives referred to earlier should all make a positive contribution to the company's performance.



R.W.D. HANSON
Chairman

Directors and Advisers

Directors

Richard W. D. Hanson T.D.

Chairman. Richard Hanson (65) joined the company in 1956 becoming a director in 1962. He became Managing Director in 1973 and Chairman and Managing Director in 1989. During 1998 he became part time Chairman.

Patrick T. Helps B.Sc.

Vice-Chairman and Production Director. Patrick Helps (55) trained with Courage plc, before joining the company in 1969. He progressed within the brewery becoming Production Director in 1973. He became Vice-Chairman in 1998.

Timothy E. Bonham

Managing Director. Tim Bonham (48) joined the company as Retail Director in 1990 and became Managing Director in 1998. Prior to joining the company he was with Watney Mann and Truman Brewers for 11 years and Whitbread plc for 8 years where he held various positions, finally as a Director and General Manager of Whitbread Inns.

Nicholas J. Forman Hardy D.L.

Non-executive Director. Nick Forman Hardy (52) joined the company in 1987. He is a Director of Forman Hardy Holdings Limited. Formerly the Chairman of the Nottingham based media group T. Bailey-Forman Limited, he is now Chairman of T. Bailey Fund Managers Limited and T. Bailey Asset Management Limited and holds other chairmanships in the agriculture and hotel sectors.

Jonathan P. Webster M.A., M.B.A.

Retail Director. Jonathan Webster (39) joined the company in October 1998. He is responsible for the management of the company's retail operations and provides a significant input into site selection and development. He has extensive experience in the operation of both managed and tenanted public houses, having spent two years with Tom Cobleigh plc as Operations Director and 13 years with Bass PLC including the role of regional Retail Director of Bass Taverns.

David A.G. Smith F.C.M.A.

Finance Director and Company Secretary. David Smith (44) joined the company in November 1999. Prior to his appointment he spent three years as Group Finance Director of Blacks Leisure Group plc and five years with Pentland Group plc, finally as Senior Vice President of Speedo International Limited. He has extensive financial and general management experience in branded businesses.

Advisers

Auditors
Robt. A. Page Kirk Cree Jepson
Sherwood House
7 Gregory Boulevard
Nottingham NG7 6LB

Bankers
Lloyds TSB Bank Plc
Butt Dyke House
3 Park Row
Nottingham NG1 6GZ

Stockbrokers
Gerrard Ltd
Norwich Union House
South Parade
Nottingham NG1 2LH

Solicitors
Browne Jacobson
32 Castle Gate
Nottingham NG1 7BJ

Directors' Report

The directors submit their report for the 52 weeks ended 29th September 2000. The comparative figures for 1999 also cover a 52 week period.

Principal Activities and Business Review

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.

A review of the year's activities and future developments is contained in the Chairman's Statement on pages 2 to 4.

Results and Dividends

The company profit for the year is shown on page 14. Operating Profit in the year increased from £7.1m to £7.8m and profit before tax was £9.0m compared to £8.9m in 1999. Comparable operating profit and profit before tax increased by 12%. Earnings per share in the year were 25.55 pence representing a reduction of 1% whilst comparable earnings per share increased by 14% (see note 10).

Interim dividends were paid on 7th August 2000 on the ordinary and deferred ordinary shares of 5.1 pence per share and 4.85 pence per share respectively. The directors recommend a final dividend of 8.5 pence per share on both the ordinary and deferred ordinary shares which, if approved, will be paid on 5th March 2001 to shareholders on the Register at the close of business on 2nd February 2001. This represents a total ordinary dividend for the year of 13.6 pence per share, an increase of 7%.

Derivatives and Other Financial Instruments

Details of the company's financial instruments are disclosed in note 27 to the financial statements, which have been prepared in accordance with FRS13. The company's only financial liabilities as defined by the standard are the 4% irredeemable first mortgage debenture stock and the first and second cumulative preference shares.

It is the company's policy to invest the majority of cash reserves in short term interest bearing deposit accounts. The company does not use financial derivatives and its business does not involve material exposure to foreign exchange transactions.

Substantial Interests in Share Capital

As at 7th December 2000 the directors are aware of the following substantial interests, holding or with interest in 3% or more of the ordinary called-up share capital of the company:

Britannic Assurance PLC	2,586,500	12.93%
Tweedie Browne Global Value Fund	1,098,479	5.49%
Harbour Investments	777,515	3.88%

(also included in the beneficial interests of Mr. N. J. Forman Hardy)

Hardy Hanson Holdings Limited with 300,000 shares in issue owns the whole of the deferred ordinary shares in Hardys & Hansons p.l.c. and therefore controls 50% of the equity shareholders' voting rights.

Directors

The names of the current directors of the company and their biographical details are set out on page 5. All directors served throughout the period with the exception of D.A.G. Smith who was appointed a director on 6th November 1999. R.W.D. Hanson and N.J. Forman Hardy retire by rotation and offer themselves for re-election.

Directors' Report

Directors' Remuneration

The company seeks to remunerate directors at a level which is competitive to attract, retain and motivate those with appropriate capabilities and experience.

No formal remuneration committee is in operation for directors and therefore the company has not complied with Section A of the best practice provisions annexed to the Stock Exchange Listing Rules. The chairman and non-executive director review directors' remuneration annually following recommendations from independent management consultants. This is currently believed to be appropriate and effective for a company of this scale. This is referred to further in the Statement of Corporate Governance on page 11.

The Board has given consideration to and conformed with the provisions of Section B of the best practice provisions annexed to the Stock Exchange Listing Rules.

The elements of the executive directors' remuneration packages are basic salary, share allocations under the employees' share scheme, benefits in kind (primarily the provision of a company car) and contributions to the pension scheme. Details of the disclosures required by paragraphs 12.43 A(c), A(c)(ii), A(c)(iii) and A(c)(iv) of the Listing Rules are shown below.

All executive directors apart from R.W.D. Hanson are members of the employees' share scheme. In any year in which an allocation of profit is made to the share scheme, the independent scheme trustees acquire ordinary shares of the company in the market. Allocations of shares are made to individual members in proportion to basic salary and such shares are held by the Trustees on behalf of the members. Shares held by the Trustees on behalf of the directors are included in their beneficial holdings shown on page 8.

An analysis of the directors' remuneration is set out below:

	Salary/fee		Value of shares allocation ¹		Cash value of benefits in kind		TOTAL	
	2000 £000	1999 £000	2000 £000	1999 £000	2000 £000	1999 £000	2000 £000	1999 £000
R.W.D. Hanson	57	57	–	–	8	8	65	65
P.T. Helps	78	74	4	4	8	8	90	86
T.E. Bonham	98	93	5	4	9	8	112	105
J.D. Harrison	8	68	–	3	–	7	8	78
N.J. Forman Hardy	11	10	–	–	–	–	11	10
J.P. Webster	83	80	5	4	8	8	96	92
D.A.G. Smith	88	–	5	–	3	–	96	–
	<u>423</u>	<u>382</u>	<u>19</u>	<u>15</u>	<u>36</u>	<u>39</u>	<u>478</u>	<u>436</u>
Total pension contributions							<u>190</u>	<u>155</u>
Total emoluments							<u>668</u>	<u>591</u>

Pension benefit entitlements of the directors²:

	Increase in accrued pension during the period ³	Transfer value of increase ⁴	Accumulated total accrued pensions
	2000 £000	2000 £000	2000 £000
R. W. D. Hanson	1	11	60
P. T. Helps	2	26	38
T.E. Bonham	4	32	16
J.P. Webster	3	13	3
D.A.G. Smith	–	–	–

Notes:

- 1) The value of shares allocation results from membership of the employees' share scheme.
- 2) The pension entitlement shown is that which would be paid annually on normal retirement based on service to the end of the period. Details of the directors' pension scheme are contained in note 24.
- 3) The increase in accrued pension during the year excludes any increase for inflation, based on an inflation rate of 3% for the year.
- 4) The transfer value has been calculated on the basis of actuarial advice, with reference to the minimum funding requirement basis, and in accordance with Actuarial Guidance Note GN11.

Directors' Report

Directors' Service Contracts

A summary of the service contracts of current executive directors is as follows:

R.W.D. Hanson	6 months	J. P. Webster	12 months
P.T. Helps	6 months	D.A.G. Smith	12 months
T.E. Bonham	12 months		

Non-executive Directors

The remuneration of the non-executive director is set by the executive directors and consists of fees for services in connection with Board and other advisory meetings. N. J. Forman Hardy does not have a service contract. He was appointed for 3 years from 2nd November 1999, a period which is considered appropriate for the company to secure the continuity of the services of an experienced non-executive director. He is considered by the Board to be independent of management and is recognised as the senior non-executive director. He holds interests in the company and in Hardy Hanson Holdings Limited as listed below. He does not participate in the employees' share scheme, is not eligible for pension scheme membership, and is free from any business or other relationship which could interfere with the exercise of his independent judgement.

Directors' Interests

The interests of directors in office at 29th September 2000 were:

	29th September 2000		1st October 1999	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
R.W.D. Hanson				
Second preference	2,923	–	2,923	–
5p Ordinary	232,947	36,390	182,947	225,165
Hardy Hanson Holdings Limited	4,842	–	4,175	2,000
P.T. Helps				
First preference	240	40	240	40
Second preference	403	172	403	172
5p Ordinary	65,892	699,853	64,252	703,713
Hardy Hanson Holdings Limited	5,737	20,906	5,737	20,906
T.E. Bonham				
First preference	100	–	100	–
5p Ordinary	10,915	–	8,837	–
N.J. Forman Hardy				
First preference	1,500	–	1,500	–
Second preference	2,598	–	2,598	–
5p Ordinary	1,359,520	–	1,359,520	–
Debenture stock	£4,400	–	£4,400	–
Hardy Hanson Holdings Limited	65,513	42,375	65,513	42,375
J.P. Webster				
5p Ordinary	2,530	–	780	–

No arrangement to which the company was a party existed 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.

There were no transactions in which any director had a material interest, other than in connection with service agreements.

Directors' Report

There have been no movements in directors' interests, whether beneficial or non-beneficial, between 29th September 2000 and 7th December 2000. D.A.G. Smith held no shares beneficially or non-beneficially during the year.

Donations and Subscriptions

During the period the company contributed £4,500 for charitable purposes.

Employment Policies

The company maintains close communication with employees through the management structure on a day to day basis. This regular contact is supplemented by periodic briefings by the directors separately with their own staff, at which information on matters which concern them as members of staff is presented. At these briefings provision is made for employees themselves to make suggestions or raise matters which are of concern to them.

Financial statements published half-yearly to shareholders are also made available to employees. The well established share scheme for employees provides encouragement to staff to contribute to the success of the business and thereby achieve a direct share of profits which is measured against the overall performance of the company.

Employment of Disabled Persons

The company supports the 'Code of Good Practice on the Employment of Disabled People' and supports the employment of disabled persons whenever practicable. It is the policy of the company to ensure disabled persons participate as far as possible in all training and career development opportunities available to staff.

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 since the 1994 revaluation, except as reflected in the financial statements. The adoption of FRS 15 has resulted in a depreciation charge of £122,000 this year.

During the year the company sold five under performing tenancies for £0.7m. There have been no other 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 shown in note 12 to the financial statements.

Supplier Payment Policy

In most instances suppliers are paid by the end of the month following the receipt of an invoice for the supply of goods or services provided the supply has been satisfactorily completed. In the remaining cases payment is made on the basis of terms agreed in advance with individual suppliers. Trade creditor days of the company, based on the ratio of company trade creditors at the end of the period to the amounts invoiced during the period by trade creditors, were 27 days, being 19 working days.

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.

Directors' Report

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 and explained 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.

The responsibilities of the company's external auditors in connection with the annual report and financial statements are set out in their report on page 13.


Annual General Meeting

The annual general meeting of the company will be held on Tuesday, 20th February 2001. Full details of the business to be considered are given on page 27.

Auditors

The auditors, Robt. A. Page Kirk Cree Jepson, have signified their willingness to continue in office and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the annual general meeting.

Kimberley Brewery
Nottingham
7th December 2000


By Order of the Board
D.A.G. SMITH
Secretary

Corporate Governance

The Board is accountable to the company's shareholders for good governance. The statement set out below describes how the principles identified in the Combined Code are applied within the company.

The company has continued to comply throughout the relevant period with those best practice principles as detailed below. The company has adopted the implementation arrangements set out in the letter from the London Stock Exchange dated 27th September 1999 in respect of the guidance issued by the Turnbull Committee on implementation of Code principle D2 and Code provision D2.1. Procedures necessary to comply with the Turnbull guidance have been put in place that will allow full compliance by September 2001. The company confirms that the practice of good governance, applied as described below, complied throughout the relevant period with the general principles set out in Section 1 of the Code, except as otherwise stated in this report.

Directors

The Board consists of a part-time chairman, managing director, one independent non-executive director and three other executive directors. Biographies of the Board members appear on page 5 of this report. These indicate the high level and range of business experience which underpins the effective management of the company.

The Board will normally meet at least 12 times each year. There is a schedule of matters reserved for the decision of the Board which includes; approval of overall company strategy, material capital commitments, business acquisitions and disposals, major litigation matters and Board appointments. There is an agreed procedure for directors to take necessary independent professional advice at the company's expense. This is in addition to the access which every director has to the company secretary. The secretary is responsible to the Board for ensuring that Board procedures are followed. Board members are provided with access to appropriate external training courses and to the company's solicitors in respect of their role and duties as a public company director.

The company complied with those provisions of the Code which do not require a minimum of three non-executive directors. The Board does not feel it appropriate or cost beneficial to appoint as many as three non-executive directors within a business of this size and complexity. There is, therefore, no separate remuneration committee. The company continues the long established practice of basing the directors' remuneration on the recommendations of a wholly independent firm of management consultants, who report annually to the chairman and non-executive director. For the same reason there is no separate audit committee; the responsibility for reviewing accounting procedures and controls and for the review and approval 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. As a result of the situation described above, the company has not complied with provisions A3.1, B2.1 and D3.1 of the Code.

Internal Control

The directors have overall responsibility for the company's systems of internal financial control and, having reviewed the related procedures pursuant to the guidance for directors on internal control and financial reporting issued in December 1994, they consider that the systems in operation provide a reasonable, though not absolute, assurance against material misstatement or loss.

The company has an executive management structure through which day to day control is maintained. Significant expenditure and investment of surplus funds are sanctioned by the Board after careful appraisal and consideration of the anticipated rate of return. Forecasts and budgets are prepared which allow management to monitor business and financial performance and risks, and the progress towards financial objectives set for the year; monthly management information is prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate.

Corporate Governance

The Board recognises the importance of both financial and non-financial controls and has reviewed the company's control environment and any related shortfalls during the financial year. Specific controls will be subject to further detailed review during the year as the company implements new information systems, structures and practices.

Going Concern

Having made appropriate enquiries and taking account of the company's net cash resources, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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

We have audited the financial statements on pages 14 to 26.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and as described on page 10 the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 statement on pages 11 and 12 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, 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 the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Nottingham
7th December 2000

Robt. A. Page Kirk Cree Jepson
Chartered Accountants
and Registered Auditor

Profit and Loss Account

for the 52 weeks ended 29th September 2000

	Notes	2000		1999	
		£000	£000	£000	£000
Turnover	3		42,422		38,529
Change in stocks of finished goods and work-in-progress			237		95
			42,659		38,624
Raw materials, consumables and duty			(15,109)		(13,747)
			27,550		24,877
Staff costs	4	(9,303)		(8,158)	
Depreciation		(1,921)		(1,592)	
Other operating costs		(8,554)		(8,066)	
			(19,778)		(17,816)
Operating profit			7,772		7,061
Disposal of fixed assets	5		141		877
			7,913		7,938
Income from fixed asset investments		127		146	
Other interest receivable		985		858	
			1,112		1,004
			9,025		8,942
Interest payable	6		(11)		(13)
Profit on ordinary activities before taxation	7		9,014		8,929
Tax on profit on ordinary activities	8		(2,615)		(2,453)
Profit on ordinary activities after taxation			6,399		6,476
Non-equity dividends	9		(23)		(21)
Profit attributable to the equity shareholders			6,376		6,455
Equity dividends	9		(3,388)		(3,163)
Retained profit for the period			2,988		3,292
Earnings per share	10				
Ordinary shares of 5p each			25.55p		25.87p
Deferred ordinary shares of 5p each			25.30p		25.62p
Comparable earnings per share	10				
Ordinary shares of 5p each			24.99p		21.88p
Deferred ordinary shares of 5p each			24.74p		21.53p

All activities are continuing

Statement of Total Recognised Gains and Losses

for the 52 weeks ended 29th September 2000

	2000 £000	1999 £000
Profit for the financial period	6,376	6,455
Unrealised deficit on revaluation of properties	(184)	(82)
Total gains and losses recognised for the period	6,192	6,373

Note of Historical Cost Profits

for the 52 weeks ended 29th September 2000

	2000 £000	1999 £000
Profit on ordinary activities before taxation	9,014	8,929
Realisation of property revaluation gains of prior years	400	1,343
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	30	30
Historical cost profit on ordinary activities before taxation	9,444	10,302
Historical cost profit for the year retained after taxation and dividends	3,418	4,665

Reconciliation of Movements in Total Shareholders' Funds

for the 52 weeks ended 29th September 2000

	2000 £000	1999 £000
Profit for the financial period	6,376	6,455
Equity dividends	(3,388)	(3,163)
	2,988	3,292
Unrealised deficit on revaluation of properties	(184)	(82)
Net additions to shareholders' funds	2,804	3,210
Shareholders' funds at 1st October 1999	90,362	87,152
Shareholders' funds at 29th September 2000	93,166	90,362

Balance Sheet

29th September 2000

	Notes	2000		1999	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12		82,205		76,759
Investments	13		1,447		1,654
Shares in Hansons Limited less amounts due	14		-		-
			83,652		78,413
Current assets					
Stocks	15		1,342		1,096
Debtors	16		2,567		3,042
Cash at bank and in hand			15,277		16,704
			19,186		20,842
Creditors					
Amounts falling due within one year	17		(8,425)		(7,639)
Net current assets			10,761		13,203
Total assets less current liabilities			94,413		91,616
Creditors					
Amounts falling due after more than one year	18		(200)		(200)
Provisions for liabilities and charges	19		(1,047)		(1,054)
			(1,247)		(1,254)
Net assets			93,166		90,362
Capital and reserves					
Equity share capital			1,250		1,250
Non-equity share capital			425		425
Called-up share capital	20		1,675		1,675
Equity reserves					
Revaluation reserve	21		41,294		41,908
Profit and loss account	22		50,197		46,779
Total Shareholders' funds			93,166		90,362

Approved by the Board on 7th December 2000



R.W.D. HANSON



D.A.G. SMITH

Directors

Cash Flow Statement

for the 52 weeks ended 29th September 2000

	Notes	2000		1999	
		£000	£000	£000	£000
Net cash inflow from operating activities	25		10,101		8,970
Returns on investments and servicing of finance					
Income from fixed asset investments		127		146	
Other interest received		985		858	
Interest paid		(11)		(13)	
Non-equity dividends paid		(17)		(19)	
			1,084		972
Taxation					
Corporation tax paid (including advance corporation tax)			(2,196)		(3,360)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(8,182)		(4,592)	
Receipts from sales of tangible fixed assets		678		3,078	
Payment to acquire investments		-		(32)	
Receipts from sales of investments		143		37	
Decrease in loans to customers and others		158		257	
			(7,203)		(1,252)
Equity dividends paid			(3,213)		(3,113)
(Decrease)/increase in net funds			(1,427)		2,217
Management of liquid resources					
Decrease/(increase) in short term bank deposits			801		(1,650)
(Decrease)/increase in cash in the period			(626)		567
Reconciliation of net cash flow to movement in net funds	26				
(Decrease)/increase in cash in the period			(626)		567
Movement in cash (from)/to liquid resources			(801)		1,650
(Decrease)/increase in net funds			(1,427)		2,217
Net funds at 1st October 1999			16,704		14,487
Net funds at 29th September 2000			15,277		16,704

Liquid resources comprise term deposits of less than one year.

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. They are made up to the Friday nearest to 1st October. Periodically this results in a 53 week financial period.

Valuations

Surpluses arising from the professional valuation of properties have previously been taken direct to the revaluation reserve. Since the adoption of FRS 15, the policy has been not to revalue properties. Valuation surpluses realised on sale are transferred to the profit and loss account. Any deficit arising from the professional valuation of properties is taken direct to the revaluation reserve to the extent that such deficit leaves the carrying value above historic cost. Any further diminution in value of an individual property is charged to the profit and loss account.

Sales of properties and investments

Profits and losses on the sale of properties and investments are reflected in the profit and loss account based on the net carrying amount.

Tangible fixed assets

Prior to the adoption of FRS 15 in the 2000 financial year, properties were revalued on a cyclical basis. Since the adoption of FRS 15, the policy has been not to revalue properties. Consequently the transitional provisions of FRS 15 have been applied and, while previous valuations have been retained, they have not been updated. Details of the last revaluations are given in note 12. Other fixed assets are stated at cost.

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives, as follows:

- Freehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to 50 years.
- Leasehold properties are depreciated to their estimated residual values over the shortest of either 50 years or their estimated useful lives or their remaining lease periods.
- Computer equipment is depreciated over 4 to 7 years.
- Retail furniture, fixtures and equipment are depreciated over 4 to 10 years.
- Vehicles are depreciated over 5 years.
- Manufacturing plant and vessels are depreciated over 10 to 20 years.

The carrying values of tangible fixed assets are reviewed for impairment in accordance with FRS 11 if there are indications that the carrying value may not be fully recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and book value at the date of disposal.

Goodwill

Goodwill arising on acquisitions is capitalised and amortised, on a straight line basis, over its estimated useful life up to a maximum of 20 years. Goodwill written off against reserves in previous years has not been reinstated.

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 30% 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.

In accounting for the deferred tax implications of pensions, the full provision basis has been used.

Notes to the Financial Statements

Pensions

The company operates contributory defined benefit pension schemes available to qualifying full-time employees over the age of 20 years. The schemes are funded at rates determined by professionally qualified actuaries every three years. These contributions are invested separately from the company's assets. Contributions are charged against profits so as to spread the cost of providing the expected benefits over the members' anticipated service lives with the company.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Derivatives and other financial instruments

The company's policy is to state all financial liabilities at their nominal value. Interest is dealt with in the period in which it arises. For further information, see note 27.

2 Changes to accounting policies

FRS 15 (Tangible Fixed Assets) has been adopted in the year. Under previous accounting standards, where retail properties were maintained in such a state of repair that their residual value was at least equal to their net book value and the corresponding depreciation was not material, depreciation did not need to be charged. However FRS 15 now requires that retail properties are disaggregated and that depreciation is charged on the separate components. The effect of this is that freehold and leasehold retail properties are now depreciated, in accordance with the accounting policies set out on pages 18 and 19. During the year this amounted to a charge against profits of £122,000.

FRS 16 (Current Tax) has been adopted, which has resulted in the 1999 income from fixed assets investments and tax on profit on ordinary activities, each being reduced by £8,000.

3 Turnover

Turnover represents net sales to outside customers, rents receivable and commission, excluding value added tax. There were no exports during the period. Turnover is attributable to one activity.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:	2000	1999
Management, administration and sales	60	57
Production and distribution	68	71
Managed houses	1,138	1,016
	1,266	1,144

The above totals include 964 (869) part-time staff, mainly employed at managed houses, who were approximately equivalent to 448 (377) full-timers.

The aggregate payroll costs of the employees were as follows:	£000	£000
Wages and salaries	8,557	7,439
Social security costs	499	450
Pension schemes	247	269
	9,303	8,158

5 Disposal of fixed assets

Surplus on sale of properties	70	893
Profit on sale of investments	94	10
Provision for loss on disposal of properties and associated assets	(23)	(26)
	141	877

Notes to the Financial Statements

	2000 £000	1999 £000
6 Interest payable		
On deposits repayable within five years	3	5
On debenture stock	8	8
	11	13
7 Profit on ordinary activities before taxation		
Profit before taxation is attributable to one activity and is stated after crediting or charging the following:		
Income from listed investments	106	123
Directors' remuneration		
Fees	11	10
Managerial services	448	411
Pension premiums	190	155
Employees' share scheme allocation	19	15
	668	591
Maintenance and improvement of properties	1,747	1851
Fees payable to the auditors: as auditors	31	32
for other services	33	50
Hire of plant, machinery and motor vehicles	83	59
	2,526	2,583
8 Taxation		
Corporation tax based on the profits at the rate of 30% (30.5%)	2,627	2,486
Taxation adjustment earlier years	(2)	(1)
Deferred taxation	(10)	(32)
	2,615	2,453
9 Dividends		
Dividends paid or provided:		
Non-equity		
First preference shares	5.0	5.0
Second preference shares	6.0	6.0/4.2
	23	21
Equity		
Ordinary shares interim	5.1	4.9
Ordinary shares proposed final	8.5	7.8
Deferred ordinary shares interim	4.85	4.65
Deferred ordinary shares proposed final	8.5	7.8
	3,388	3,163

Notes to the Financial Statements

10 Earnings per share

Earnings per share are calculated on 20 million ordinary shares and 5 million deferred ordinary shares, using the profit attributable to the equity shareholders amounting to £6,376,000 (£6,455,000). The profits resolved to be distributed as ordinary dividends in any year are applied first in the payment of 0.25 pence per share to the ordinary shareholders and the balance rateably among the holders of the ordinary and deferred ordinary shares.

Comparable earnings per share is presented to demonstrate more clearly the underlying performance of the company and is calculated as follows:

	£000 Profits		pence Earnings per share			
	2000	1999	2000		1999	
			Ord	Def. Ord	Ord	Def. Ord
Profit attributable to equity shareholders And earnings per share	6,376	6,455	25.55	25.30	25.87	25.62
Disposal of fixed assets	(141)	(877)	(0.56)	(0.56)	(3.51)	(3.51)
Adjust 1999 FRS15 depreciation: restatement to comparable basis	-	(120)	-	-	(0.48)	(6.48)
Comparable profits and earnings per share (+ 14%)	6,235	5,458	24.99	24.74	21.88	21.63

Earnings per share on the diluted basis show no change to the basic amount.

11 Comparable operating profit and profit before tax

Comparable operating profit and profit before tax is presented to demonstrate more clearly the underlying performance of the company and is calculated as follows:

		2000 £000	1999 £000
Operating Profit		7,772	7,061
FRS 15 comparable adjustment to 1999		-	(120)
Comparable operating profit	(+ 12%)	7,772	6,941
Profit before tax		9,014	8,929
FRS 15 comparable adjustment for 1999		-	(120)
Disposal of fixed assets		(141)	(877)
Comparable profit before tax	(+ 12%)	8,873	7,932

Notes to the Financial Statements

12 Tangible fixed assets

	Properties			Plant, machinery and motor vehicles £000	Containers and fixtures £000	Total £000
	Freehold £000	Long leasehold £000	Short leasehold £000			
Cost or valuation						
1st October 1999	67,793	1,717	120	5,180	16,579	91,389
Additions	5,209	–	6	74	2,893	8,182
Disposals	(458)	(80)	–	(82)	(203)	(823)
Revaluation	(184)	–	–	–	–	(184)
29th September 2000	72,360	1,637	126	5,172	19,269	98,564
At cost	14,494	1,627	126	5,172	19,269	40,688
At valuation 1994	57,542	10	–	–	–	57,552
At valuation 2000	324	–	–	–	–	324
	72,360	1,637	126	5,172	19,269	98,564
Less depreciation						
1st October 1999	205	46	1	4,049	10,329	14,630
Charge for the period	158	5	4	226	1,528	1,921
Disposals	–	(46)	–	(67)	(102)	(215)
Provision	–	–	–	–	23	23
29th September 2000	363	5	5	4,208	11,778	16,359
Net book value						
29th September 2000	71,997	1,632	121	964	7,491	82,205
1st October 1999	67,588	1,671	119	1,131	6,250	76,759
The comparable amounts determined under historical cost accounting are:						
Cost	32,649	1,637	126	5,172	19,269	58,853
Depreciation	(261)	(6)	(5)	(4,208)	(11,778)	(16,258)
Net book value						
29th September 2000	32,388	1,631	121	964	7,491	42,595
1st October 1999	27,248	1,743	119	1,131	6,250	36,491

The 1994 valuation was carried out by Chesterton International p.l.c. The 2000 valuations were carried out by various valuers in respect of properties made available for sale. The bases of the valuation were, for the public houses and development sites, open market value; in accordance with the Statements of Asset Valuations and Guidance Notes of the Royal Institution of Chartered Surveyors. The 1994 valuation disclosed a surplus of £30.9m which has been credited to the revaluation reserve.

Notes to the Financial Statements

13 Investments

	Listed £000	Loans to customers and others £000	Total £000
Cost 1st October 1999	746	908	1,654
Additions	-	197	197
Disposals and repayments	(49)	(355)	(404)
Cost 29th September 2000	697	750	1,447

At 29th September 2000 the market value of listed investments, which are all dealt with on a recognised stock exchange, was £4,226,000 (£3,829,000).

14 Shares in Hansons Limited

	2000 £000	1999 £000
Ordinary shares	175	175
Less amounts due	175	175
	-	-

Hansons Limited is a wholly owned non-trading subsidiary.

15 Stocks

Raw materials	62	78
Consumable stores	124	99
Beer in process	66	49
Finished products	1,090	870
	1,342	1,096

16 Debtors

Trade debtors	1,730	1,758
Other debtors	382	277
Prepayments and accrued income	455	1,007
	2,567	3,042

17 Creditors: amounts falling due within one year

Trade creditors	2,424	1,967
Taxation	1,656	1,227
Other taxes and social security costs	865	1,028
Other creditors	867	1,088
Accruals	476	373
Ordinary shares proposed final dividend	1,700	1,560
Deferred ordinary shares proposed final dividend	425	390
Preference dividend	12	6
	8,425	7,639

18 Creditors: amounts falling due after more than one year

4% Irredeemable first mortgage debenture stock secured on certain properties and by a general charge on the undertaking	200	200
---	-----	-----

Notes to the Financial Statements

19 Provisions for liabilities and charges	2000	1999
	£000	£000
Pensions - Balance 1st October 1999	591	609
Charge/(release) for the period	3	(18)
	<hr/>	<hr/>
Balance 29th September 2000	594	591
Deferred taxation	453	463
	<hr/>	<hr/>
	1,047	1,054
	<hr/>	<hr/>
Deferred taxation		
Provided at 30% in respect of:		
Accelerated capital allowances	647	628
Short-term timing differences	(194)	(165)
	<hr/>	<hr/>
	453	463
	<hr/>	<hr/>
Movement in provision		
Balance 1st October 1999	463	495
(Release) for the period	(10)	(16)
Change of rate	-	(16)
	<hr/>	<hr/>
Balance 29th September 2000	453	463
	<hr/>	<hr/>
If full provision had been made at 30% the amount would have been:		
Accelerated capital allowances	1,495	1,383
Short-term timing differences	(194)	(165)
Tax on gains subject to roll-over relief	1,013	964
	<hr/>	<hr/>
	2,314	2,182
	<hr/>	<hr/>
20 Share capital	Authorised	Allotted, called-up
	2000 and	and fully paid
	1999	1999
	£000	£000
Non-equity Capital		
5% First cumulative preference shares of £1 each	225	225
6% Second cumulative preference shares of £1 each	250	200
Equity Capital		
Ordinary shares of 5p each	1,000	1,000
Deferred ordinary shares of 5p each	250	250
	<hr/>	<hr/>
	1,725	1,675
	<hr/>	<hr/>

The 5% first cumulative preference shareholders are entitled to a fixed cumulative preferential dividend at that rate and, subject thereto, the 6% 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 0.25 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.

Notes to the Financial Statements

	2000		1999	
	£000	£000	£000	£000
21 Revaluation reserve				
Balance 1st October 1999		41,908		41,429
Profit and loss account: properties sold	(400)		(1,343)	
transfer of diminutions (formerly regarded as temporary)	-		1,934	
Transfer to profit and loss account (general reserve)	(30)		(30)	
		(430)		561
Revaluation deficit		(184)		(82)
		41,294		41,908
22 Profit and loss account and other reserves				
Capital reserve				
Balance 2nd October 1998		-		4,835
Transfer profit and loss account		-		(4,835)
		-		-
General reserve				
Balance 2nd October 1998	-		39,111	
Transfer profit and loss account	-		(39,111)	
		-		-
Profit and loss account				
Balance 1st October 1999	46,779		102	
Retained profit for the period	2,988		3,292	
Transfer capital reserve	-		4,835	
Transfer general reserve	-		39,111	
Proposed transfers - Revaluation reserve	430		(561)	
		50,197		46,779
		50,197		46,779
23 Capital commitments				
Outstanding contracts		53		47

24 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 Financial Services as at 1st May 1998 using the projected unit credit method with a fifteen 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 2.5% higher than the annual increase in total pensionable remuneration. The actuarial value of the assets represented 160% of the benefits that had accrued to members, and the market value as at the date of valuation was £6,653,000. The company's current rate of funding is 5.7% and the current regular cost, adjusted for spreading variations over a fifteen year period, is 4.4%. The cost of death in service benefits and actuarial, administrative and auditing services are additional to this rate.

The subsidiary scheme for directors was valued by the professional actuaries of CGU Life (now Norwich Union) as at 31st January 1999, 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 91% of the benefits that had accrued to members and the market value as at the date of valuation was £1,207,000. The company's current rate of funding is 12.3% and the current regular cost, adjusted for spreading variations over the estimated remaining working lives of the members, is 12.3%. The costs of death in service benefits and actuarial, administrative and auditing services are additional to this rate.

The total pension charge and death in service costs was £247,000 (£269,000). This is net of £55,000 (£48,000) in respect of the amortisation of surpluses that are being recognised over the control periods of the schemes. Prepaid contributions amounted to £24,000 (£114,000), and accrued contributions amounted to £78,000 (£52,000).

Notes to the Financial Statements

25 Reconciliation of operating profit to net cash inflow from operating activities	2000			1999
	£000			£000
Operating profit	7,772			7,061
Depreciation charge	1,921			1,592
(Increase) in stocks	(246)			(59)
Decrease/(increase) in debtors	475			(587)
Increase in creditors	179			963
	<u>10,101</u>			<u>8,970</u>
Net cash inflow from operating activities				

26 Analysis of changes in net funds	At 1st	Cash	At 29th
	Oct 1999	Flows	Sept 2000
	£000	£000	£000
Cash in hand, at bank	676	(626)	50
Short term bank deposits	16,028	(801)	15,227
	<u>16,704</u>	<u>(1,427)</u>	<u>15,277</u>
Total			

27 Derivatives and other financial instruments

The company's principal financial instruments comprise debenture stock, preference shares, fixed asset investments and cash. Short term debtors and creditors have been excluded from the disclosures in this note.

The financial liabilities of the company as at 29th September 2000 were all denominated in sterling and held at fixed rates as disclosed in notes 18 and 20.

The comparisons by category of book values and fair values of the company's financial liabilities were as follows:-

	2000		1999	
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
4% Irredeemable first mortgage debenture stock	200	158	200	162
5% First cumulative preference shares	225	184	225	178
6% Second cumulative preference shares	200	174	200	174
	<u>625</u>	<u>516</u>	<u>625</u>	<u>514</u>

The interest rate profile of the financial assets of the company were as follows:-

	2000	1999
	£000	£000
Investments in interest bearing assets		
Held at fixed interest rates	14,227	13,028
Held at floating interest rates	1,050	3,676
	<u>15,277</u>	<u>16,704</u>
Non interest earning amounts	-	-
Cash at bank and in hand	<u>15,277</u>	<u>16,704</u>

Investments in interest bearing assets comprise short term deposits with a maturity date not exceeding one year.

28 Post balance sheet event

Since the year end the company has acquired a package of eight public houses from Yates Group PLC for a total of £12m.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 103rd annual general meeting of the company will be held at the Nottingham Gateway Hotel, Nuthall Road, Nottingham, NG8 6AZ on Tuesday, the 20th day of February 2001 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS

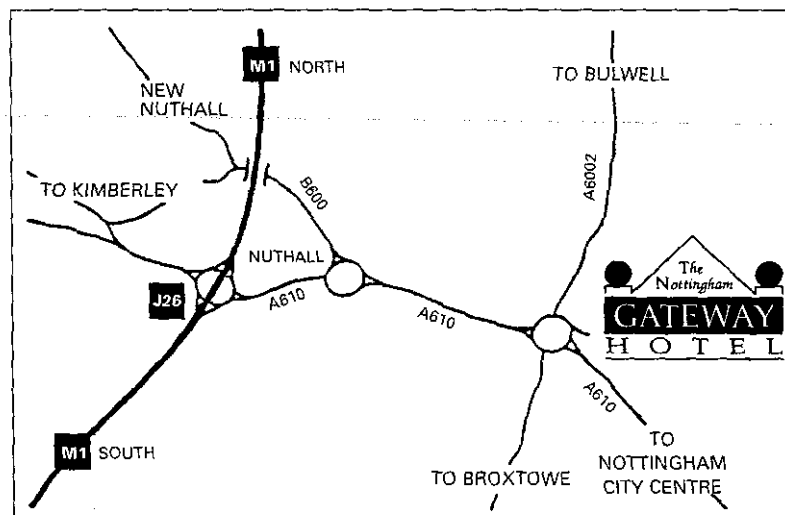
1. To receive and adopt the financial statements for the fifty-two weeks ended 29th September 2000 and the reports of the directors and auditors.
2. To declare final dividends on the ordinary shares and the deferred ordinary shares.
3. To re-elect Mr. R.W.D. Hanson, who is retiring in accordance with the articles of association of the company, as a director.
4. To re-elect Mr. N.J. Forman Hardy, who is retiring in accordance with the articles of association of the company, as a director.
5. To elect Mr. I.S. Masson as a director.
6. To re-appoint Robt. A. Page Kirk Cree Jepson as auditors and to authorise the directors to set their remuneration.

Registered Office
Kimberley Brewery
Nottingham
NG16 2NS
5th January 2001



By Order of the Board
D.A.G. SMITH
Secretary

DIRECTIONS TO THE ANNUAL GENERAL MEETING VENUE



Shareholder Information

Financial Calendar 2001

Annual General Meeting	20th February
Payment of final dividend for 1999/2000	5th March
Announcement of interim results and interim dividend for 2000/2001 and publication of Interim Statement	End June
Payment of interim dividend for 2000/2001	Early August
Full year preliminary announcement of results and proposed final dividend for 2000/2001	Mid December

Registered Office

Kimberley Brewery, Nottingham NG16 2NS
Registered in England, company registration number: 52412
Telephone 0115 9383611

Registrars

Capita IRG plc
Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Trustees for debenture stockholders

Lloyds TSB Private Banking Ltd
UK Trust Centre, The Clock House, 22/26 Ock Street, Abingdon, Oxford OX14 5SW

Capital Gains Tax

Official Stock Exchange prices:

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

Annual General Meeting

The 103rd annual general meeting of Hardys & Hansons p.l.c. will be held at the Nottingham Gateway Hotel, Nuthall Road, Nottingham, NG8 6AZ on 20th February 2001 at 11.30 a.m.