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WHITBREAD WEST PENNINES LIMITED
AND ITS SUBSIDIARIES

REPORT AND ACCOUNTS
MARCH 1, 1975

ARTHUR YOUNG McCLELLAND MOORES & CO.
CHARTERED ACCOUNTANTS
LONDON

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WHITBREAD WEST PENNINES LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the company will be held at High Street, Blackburn on Friday, July 25, 1975, at 10.30 a.m. for the following purposes:

Ordinary business

1. To receive the statement of accounts for the year ended March 1, 1975 and the reports of the directors and auditors thereon.
2. To re-elect directors:

Mr. W.M. Fernie
Mr. S.L. Staley
Mr. A.J. Wallis
Mr. P.W. Watkins
3. That the remuneration of the auditors be fixed by the directors.
4. That Whinney Murray & Co. be appointed auditors on the resignation from office of Arthur Young McClelland Moores & Co.
5. Transacting any other ordinary business of the company.

BY ORDER OF THE DIRECTORS

C. LEIGH
Secretary.

High Street,
Blackburn.

June 16, 1975.

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WHITBREAD WEST PENNINES LIMITED

BOARD OF DIRECTORS

S. L. Staley Chairman
R. Bowman
S. Collinson
W. M. Fernie
J. V. Kidson
I. W. T. Louch
L. A. Pinfold
M. C. Stanley
A. J. Wallis
P. W. Watkins

SECRETARY

C. Leigh

SUBSIDIARY COMPANIES

Threlfalls (Liverpool & Birkenhead) Limited
Threlfalls (Salford) Limited
Dutton's Brewery Limited
Mackies Wine Company Limited
Alex. Stewart & Company Limited

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WHITBREAD WEST PENNINES LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report, together with the group accounts and company balance sheet for the year ended March 1, 1975.

The company's profit for the year, after providing for taxation amounted to	£ 1,523,840
There were extraordinary items amounting to	<u>85,781</u>
	1,609,621
Out of which there has been paid an interim dividend of	<u>184</u>
Leaving a balance now available of	<u>1,609,437</u>
 This the directors recommend be appropriated in payment of a final dividend of	 <u>£1,609,437</u>

Principal activities

The principal activities of the group during the year were the same as in previous years, namely: brewing, bottling and canning, wholesale and retail trading in beers, wines, spirits, minerals and tobacco and hotel operations.

Fixed assets

There was a total expenditure during the year of £12.5 million before deducting any grants which may be receivable. Of this £7.7 million was incurred at the Samlesbury brewery; £1 million at the Shadsworth distribution centre; £1 million on licenced and unlicenced premises; and £2.1 million on fixtures in houses.

Subsidiary companies

None of the subsidiary companies owned at March 1, 1975 traded during the year. They were all wholly owned and incorporated in the United Kingdom.

Exports

No goods were exported by the company or its subsidiaries either this year or last year.

Directors

The following persons served as directors of the company during the year ended March 1, 1975.

R. Bowman
S. Collinson
W.M. Fernie
H.J. Fielder
J.A.R. Kay
J.V. Kidson
I.W.T. Louch
L.A. Pinfold
S.L. Staley
M.C. Stanley
A.J. Wallis
P.W. Watkins

(resigned May 1, 1974)

(appointed May 1, 1974)

Messrs. W.M. Fernie, A.J. Wallis and P.W. Watkins are the directors retiring by rotation, and being eligible, offer themselves for re-election.

Mr. J.A.R. Kay retired as a director on December 31, 1974 and Mr. S.L. Staley was appointed a director on January 31, 1975. Mr. S.L. Staley retires and being eligible offers himself for re-election.

Directors' and shareholders' interests

All the shares of the company are held by Whitbread and Company Limited save that 100 ordinary shares are held respectively by Mr. J.A.R. Kay and Mr. R. Bowman as nominees for Whitbread and Company Limited.

The directors in office as at March 1, 1975 other than one director who is also a director of Whitbread and Company Limited, had interests in the share and loan capital of the holding company as follows:

	As at <u>March 1, 1975</u>	As at <u>March 2, 1974</u> Or date of appointment
R. Bowman		
'A' ordinary shares of 25p each		
Restricted shares of 25p each	400	400
	35,300	35,300
S. Collinson		
7% Third cumulative preference stock	£500	£500
W.M. Fernie		
'A' ordinary shares of 25p each	2,500	1,000
Restricted shares of 25p each	15,900	15,900
J.V. Kidson		
Restricted shares of 25p each	12,000	12,000

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Directors' and shareholders' interests (continued)

	<u>As at March 1, 1975</u>	<u>As at March 2, 1974 Or date of appointment</u>
	<u>Beneficial and family</u>	<u>Beneficial and family</u>
I. W. T. Louch Restricted shares of 25p each	30,200	30,200
M. C. Stanley	Nil	Nil
A. J. Wallis 6% Third cumulative preference stock Restricted shares of 25p each	£147 16,800	£147 16,800
P. W. Watkins Restricted shares of 25p each	4,000	4,000
L. A. Pinfold 'A' ordinary shares of 25p each	90	-

Auditors

Arthur Young McClelland Moores & Co. have submitted their resignation as auditors, and the directors have asked Whinney Murray & Co. to accept appointment as auditors.

BY ORDER OF THE DIRECTORS



MANAGING DIRECTOR

for S. L. STALEY

Chairman.

Blackburn.

June 16, 1975.

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REPORT OF THE AUDITORS TO THE MEMBERS OF
WHITBREAD WEST PENNINES LIMITED

In our opinion, the accounts set out on pages 7 to 18 together give, so far as concerns members of the holding company, a true and fair view of the state of affairs at March 1, 1975 and of the profit for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Arthur Young McClelland Moores & Co.
ARTHUR YOUNG McCLELLAND MOORES & CO.

Chartered Accountants.

LONDON

June 16, 1975.

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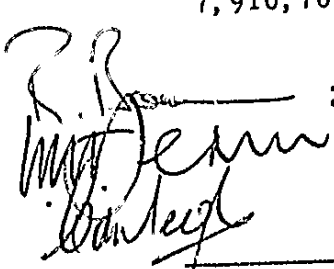
WHITBREAD WEST PENNINES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 1, 1975

	<u>Notes</u>	<u>1975</u>		<u>1974</u>
Sales, rents and other trading income	21	£73,812,984		£60,640,123
		£	£	£
Trading profit	2	3,084,428		5,506,830
Investment income	3	17,675		23,458
Profit before taxation		3,102,103		5,530,288
Taxation	4	1,578,263		2,844,166
Profit before extraordinary items		1,523,840		2,686,122
Extraordinary items (less taxation attributable thereto)	5	(85,781)		-
Profit after extraordinary items		1,609,621		2,686,122
Dividends				
Ordinary shares - interim paid		184		168
- final proposed		1,609,437		2,685,954
Profit retained		£ -		£ -
Statement of revenue deficiency:		£		£
Retained profit for the year		-		-
Reserves at beginning of year				
As previously reported	-		(1,837,817)	
Prior year adjustment (see note 15)	-		366,134	
As restated		(1,471,683)		(1,471,683)
Balance at end of year		£(1,471,683)		£(1,471,683)

The notes on pages 10 to 18 form part of these accounts.

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WHITBLEAD WEST PENNINES LIMITED
CONSOLIDATED BALANCE SHEET AT MARCH 1, 1975

	<u>Notes</u>	<u>1975</u>	<u>1974</u>
		£	£
Assets employed:			
Fixed assets	6	79,736,698	51,594,520
Discount on purchase of shares in subsidiaries	7	(3,456,801)	(3,456,801)
Investments and loans	9	2,893,944	2,067,522
Current assets	10	8,513,245	7,004,271
Total assets		<u>87,687,086</u>	<u>57,209,512</u>
Current liabilities	11	7,172,755	5,856,831
		<u>80,514,331</u>	<u>51,352,681</u>
Less:			
Amounts due to holding company on loan and current accounts		35,698,987	25,120,683
Proposed dividends		1,609,437	2,686,122
		<u>£43,205,907</u>	<u>£23,545,876</u>
Financed by:			
Ordinary capital	12	6,246,924	6,246,924
Reserves	13	28,036,389	10,250,196
Ordinary shareholders interest		34,283,313	16,497,120
Employees superannuation fund	14	231,801	250,000
Provision for past service pension contributions	15	298,712	337,969
Government grants	16	481,373	150,148
Deferred taxation		7,910,708	6,310,639
R. BOWMAN	}		
W. M. FERNIE	}		
C. LEIGH) Secretary	<u>£43,205,907</u>	<u>£23,545,876</u>

The notes on pages 10 to 18 form part of these accounts.

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WHITBREAD WEST PENNINES LIMITED

BALANCE SHEET AT MARCH 1, 1975

	<u>Notes</u>	<u>1975</u>	<u>1974</u>
		£	£
Assets employed:			
Fixed assets	6	79,736,698	51,594,520
Subsidiaries	8	(4,137,154)	(4,137,154)
Investments and loans	9	2,893,944	2,067,522
Current assets	10	8,513,245	7,004,271
Total assets		87,006,733	56,529,159
Current liabilities	11	7,172,002	5,856,080
		79,834,731	50,673,079
Less:			
Amounts due to holding company on loan and current accounts		35,698,987	25,120,683
Proposed dividends		1,609,437	2,686,122
		£42,526,307	£22,866,274
Financed by:			
		£	£
Ordinary capital	12	6,246,924	6,246,924
Reserves	13	27,356,789	9,570,594
Ordinary shareholders interest		33,603,713	15,817,518
Employees superannuation fund	14	231,801	250,000
Provision for past service pension contributions	15	298,712	337,969
Government grants	16	481,373	150,148
Deferred taxation		7,910,708	6,310,639
R. BOWMAN)			
W. M. FERNIE)) Directors		
C. LEIGH)) Secretary		
		£42,526,307	£22,866,274

R. J. Fernie
W. M. Fernie

The notes on pages 10 to 18 form part of these accounts.

WHITBREAD WESTPENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975

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I. Accounting policies

a) Consolidation

The consolidated profit and loss account covers a period of 52 weeks ended March 1, 1975 (53 weeks ended March 2, 1974).

b) Fixed assets

Fixed assets are stated at cost or valuation before deducting government grants. Grants are taken to profit and loss account in relief of depreciation charges over the life of the relevant assets.

No depreciation has been charged during the year on freehold properties. Leaseholds are amortised over the term of the lease.

The company's policy with regard to all other fixed assets is to provide depreciation on a straight line basis at such rates as will write off the assets over their expected useful lives.

c) Stocks

Stock in trade has been valued on bases consistent with previous years as follows:

- (i) Finished products and beer in process - at brewery production cost
- (ii) Purchased stocks - at the lower of average cost and net realisable value

Stocks in managed houses include costs of distribution.

d) Deferred taxation

Tax has been provided at the corporation tax rate at the year end on:

- (a) The excess of the book value of fixed assets qualifying for taxation allowances over their written down value for tax purposes and
- (b) The aggregate amount claimed by way of stock appreciation relief in respect of the two accounting years ended March 1, 1975.

No provision is made for corporation tax in respect of capital gains deferred under the terms of Section 33 F.A. 1965 or in respect of unrealised surpluses arising from revaluation of properties.

e) Extraordinary items

Items deriving from events outside the ordinary activities of the business, including surpluses or deficits arising out of the sale of properties not acquired with the intention of resale.

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WHITBREAD WEST PENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975

(Continued)

2. Trading profit has been arrived at after deducting:

	<u>1975</u>		<u>1974</u>	
	£	£	£	£
Depreciation of fixed assets	1,313,715		1,160,718	
Less:				
Government grants credit (note 16)	20,099		18,945	
	1,293,616		1,141,773	
Interest payable on loans from holding company		4,008,700		2,375,300
Hire of plant and machinery		73,000		63,172
Directors' emoluments (note 17)		76,772		69,481
Auditors' remuneration		22,000		16,500
		4,180,472		2,524,753
and crediting:				
Unlicensed rents receivable less outgoings		25,800		37,450
		25,800		37,450

3. Investment income

Dividends and interest (gross)
receivable from:

	£	£
Unquoted investments	275	275
Trade loans	17,400	23,200
	17,675	23,475
	17,675	23,475

Taxation

	<u>1975</u>	<u>1974</u>
Corporation tax at 52% (1974 - 50.8%) based on the profit for the year	£1,578,263	£2,844,100
	1,578,263	2,844,100

Credit has been taken for tax relief of £50,000 as a result of the change from a renewals basis to a capital allowances basis at April 4, 1971 in respect of certain fixed assets formerly owned by Dutton's Brewery Limited.

5. Extraordinary items

The following amounts which derive from events outside the ordinary activities of the business, have been classified as extraordinary items:

	<u>1975</u>
	£
Surplus on disposal of properties	(98,002)
Initial operating expenses, less tax	12,221
	£(85,781)
	(85,781)

Similar items were dealt with through reserves in 1974.

WHITBREAD WEST PENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975
(Continued)

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6. <u>Fixed assets</u>	<u>Properties</u>			<u>Total</u>
	<u>Breweries and depots</u>	<u>Licensed and unlicensed</u>	<u>Plant, machinery and vehicles</u>	
	£	£	£	£
Gross amounts at March 2, 1974	8,454,491	31,384,973	19,883,440	60,222,904
Additions	3,241,845	983,818	8,102,205	12,327,868
Transfers from group companies	-	54,160	71,864	126,024
	11,696,336	32,922,951	28,057,509	72,676,796
Reclassification of assets	-	5,245,714	(5,245,714)	-
Surplus on revaluation of assets	715,063	17,071,130	-	17,786,193
	12,411,399	55,239,795	22,811,795	90,462,989
Disposals	-	(66,821)	(275,547)	(342,368)
Transfers to group companies	(86,750)	(508,313)	(35,737)	(630,800)
	12,324,649	54,664,661	22,500,511	89,489,821
Adjustment for depreciation arising from revaluation	-	(1,558,070)	-	(1,558,070)
Aggregate depreciation	-	(35,113)	(8,159,940)	(8,195,053)
	12,324,649	53,071,478	14,340,571	79,736,698
<u>Properties</u>	<u>Freehold</u>	<u>Long leasehold</u>	<u>Short leasehold</u>	<u>Total</u>
Net book values at March 1, 1975	£57,733,398	£ 7,437,973	£ 224,756	£65,396,127

Gross amounts of freehold and leasehold properties included above have been arrived at as follows:

	£
At valuation made in 1974	54,624,211
At cost	10,807,029
	<u>£65,431,240</u>

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WHITBREAD WEST PENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975
(Continued)

6. Fixed assets (continued)

On June 30, 1974 chartered surveyors employed by the company performed a professional valuation of the company's properties generally on the basis of their existing use value.

The Samlesbury Brewery and Shadsworth distribution depot were valued at cost; the breweries at Blackburn, Salford and Liverpool, were valued at their alternative use value.

The surplus on the revaluation has been credited to reserves.

No provision has been made for any potential liability to corporation tax on capital gains which might arise in the event of any of the properties being realised at their balance sheet values as it is intended that the properties will be retained on a long term basis.

7. Discount on purchase of shares in subsidiaries

This represents the excess of the share capital of the subsidiary companies of Whitbread West Pennines Limited plus their reserves at April 1, 1967, the date of acquisition of the shares of Whitbread West Pennines Limited by Whitbread and Company Limited, and in the case of Dutton's Brewery Limited at April 1, 1964, the date of acquisition of that company by Whitbread and Company Limited, over the cost thereof to Whitbread West Pennines Limited. From this excess has been deducted the amounts relating to former subsidiaries now liquidated.

8. Subsidiaries

	<u>1975</u>	<u>1974</u>
	£	£
Shares at net cost	11,788,475	11,788,475
Less: Amounts due to subsidiaries	15,925,629	15,925,629
	<u>£(4,137,154)</u>	<u>£(4,137,154)</u>

The subsidiaries of the company are all wholly owned and incorporated in the United Kingdom. They are listed below:

Dutton's Brewery Limited
Threlfalls (Liverpool & Birkenhead) Limited
Threlfalls (Salford) Limited
Mackies Wine Company Limited
Alex. Stewart & Company Limited

None of the subsidiaries traded during the year ended March 1, 1975.

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WHITBREAD WEST PENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975
(Continued)

9.	<u>Investments and loans</u>	<u>1975</u>	<u>1974</u>
		£	£
	Unquoted investments (as valued by directors):		
	Equity capital	207	207
	Other classes of capital	2,000	2,000
	Trade loans (less provisions)	2,794,647	1,955,625
	Loan to trustees of the Whitbread Incentive Scheme	97,090	109,690
		<u>£2,893,944</u>	<u>£2,067,522</u>
10.	<u>Current assets</u>	<u>1975</u>	<u>1974</u>
		£	£
	Stocks	4,934,474	4,075,736
	Debtors and prepayments	2,916,469	2,345,389
	Balances with bankers and cash in hand	662,302	583,146
		<u>£8,513,245</u>	<u>£7,004,271</u>
11.	<u>Current liabilities</u>	<u>1975</u>	<u>1974</u>
	Group -	£	£
	Bank overdrafts	2,225,151	1,404,330
	Beer duty, trade creditors and accrued charges	4,344,680	3,760,378
	Provision for taxation	602,924	692,123
		<u>£7,172,755</u>	<u>£5,856,831</u>
	Company -	£	£
	Bank overdrafts	2,225,151	1,404,330
	Beer duty, trade creditors and accrued charges	4,343,927	3,759,627
	Provision for taxation	602,924	692,123
		<u>£7,172,002</u>	<u>£5,856,080</u>
12.	<u>Share capital</u>	<u>Authorised</u>	<u>Issued and fully paid</u>
		<u>1975</u>	<u>1974</u>
	Ordinary shares of £1 each	£7,000,000	£6,246,924
		<u>£6,246,924</u>	<u>£6,246,924</u>

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WHITBREAD WEST PENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975
(Continued)

13. Reserves and surplus

The Group	<u>Capital</u>	<u>Revenue</u>	<u>Share premium</u>	<u>Total</u>
	£	£	£	£
Pre-acquisition at April 1, 1967:				
Balance at March 2, 1974 and March 1, 1975	9,719,019	-	329,217	10,048,236
Post acquisition:				
Balance at March 2, 1974	1,673,643	(1,471,683)	-	201,960
Surplus on revaluation of property	17,786,193	-	-	17,786,193
Balance at March 1, 1975	19,459,836	(1,471,683)	-	17,988,153
Balances at March 1, 1975	£29,178,855	£(1,471,683)	£329,217	£28,036,389
The Company				
Pre-acquisition at April 1, 1967:				
Balance at March 2, 1974 and March 1, 1975	9,719,019	-	329,217	10,048,236
Post acquisition:				
Balance at March 2, 1974	1,061,054	(1,538,694)	-	(477,640)
Surplus on revaluation of property	17,786,193	-	-	17,786,193
Balance at March 1, 1975	18,847,247	(1,538,694)	-	17,308,553
Balances at March 1, 1975	£28,566,266	£(1,538,694)	£329,217	£27,356,789

Of this £1,112,290 is distributable by the group and £1,117,181 by the company.

WHITBREAD WEST PENNINES LIMITED
NOTES TO THE ACCOUNTS AT MARCH 1, 1975
(Continued)

2.

	£	£
14. <u>Employees' superannuation fund</u>		
Balance March 2, 1974		250,000
Deduct: Payments to former employees	37,915	
Less: Tax thereon	19,716	18,1
Balance March 1, 1975		£231,

Following the institution of a new Whitbread Group Employees Pension Scheme on April 1, 1972 this fund covers the liability of the company for pensions payable to existing pensioners at April 1, 1972 amounting to approximately £40,000 per annum and for future pensions payable to certain employees who are not included in any of the Whitbread Group Pension Schemes. No estimate of this latter liability is available.

15. Provision for past service pension contributions

This provision represents the outstanding liability of the company to the Whitbread Employees Pension Scheme in respect of unfunded past service pension contributions. This liability is being paid up by equal annual instalments over a period of ten years from April 1, 1972. This provision was set up gross in 1974 and the opening figures have been adjusted to take into account the applicable deferred tax relief.

	£	£
Balance March 2, 1974		704,103
Adjustment for taxation		366,134
Deduct: Payments in year	81,787	337,969
Less: Tax thereon	42,530	39,257
Balance March 1, 1975		£298,712

16. Government grants account

	£
Balance March 2, 1974	150,148
Debited during year	(5,612)
Credited during year	356,936
Transfer to profit and loss account	(20,099)
Balance March 1, 1975	£481,373

Credit has been taken for £352,800 of government grants receivable in respect of certain expenditure on the Samlesbury Brewery. No further credit has been taken for government grants which may be received on the capital expenditure which totals approximately £17.8 million (1974 - £9.6 million) on Samlesbury Brewery and £1.7 million (1974 - £.7 million) on Shadsworth Distribution Depot, as any amount receivable cannot be accurately quantified.

WHITBREAD WEST PENNINES LIMITEDNOTES TO THE ACCOUNTS AT MARCH 1, 1975

(Continued)

17. Directors' emoluments

The emoluments of the directors of Whitbread West Pennines Limited for the year to March 1, 1975, were as follows:

	<u>1975</u>	<u>1974</u>
	£	£
Fees	2,000	2,000
Other emoluments	60,640	53,950
Contributions to pension scheme	14,132	13,538
	<u>£76,772</u>	<u>£69,488</u>

The chairmen received no emoluments from Whitbread West Pennines Limited (1974 - Nil).

The emoluments of the highest paid director were £12,570 (1974 - £11,044).

The number of other directors whose emoluments, excluding pension contributions, fell within the following ranges were:

	<u>1975</u>	<u>1974</u>
Up to £2,500	3	2
£5,001 to £7,500	3	4
£7,501 to £10,000	3	2

18. Employees' emoluments

No employees' received emoluments over £10,000 (1974 - Nil).

19. Capital expenditure

Capital expenditure, before taking credit for any government grants at March 1, 1975 for which no provision has been made, amounted to approximately:

	<u>1975</u>	<u>1974</u>
	£	£
Commitments	418,663	2,171,100
Authorised but not committed	Nil	544,400
	<u> </u>	<u> </u>

WHITBREAD WEST PENNINES LIMITED

NOTES TO THE ACCOUNTS AT MARCH 1, 1975
(Continued)

20. Contingent liabilities

- a) Whitbread West Pennines Limited and certain of its subsidiaries have given guarantees in respect of £38,919,773 Redeemable Debenture Stock issued by the holding company, Whitbread and Company Limited. These guarantees are collaterally secured by floating charges on the undertakings, properties and assets both present and future including uncalled capital of Whitbread West Pennines Limited, and the relevant subsidiary companies.
- b) The company has given a guarantee of Acceptance Credit Facility entered into by the parent company of £20,000,000.

21. Turnover

Turnover of the group for the year represents:

- a) The sales value of goods sold before discounts and commissions and services rendered, and
- b) Excise duty, but excluding value added tax
- c) Rent and gaming machine revenue

22. The company

Whitbread West Pennines Limited is wholly owned by Whitbread and Company Limited, a company incorporated in the United Kingdom, and is not a 'close' company as defined by the provisions of the Income and Corporation Taxes Act 1970.