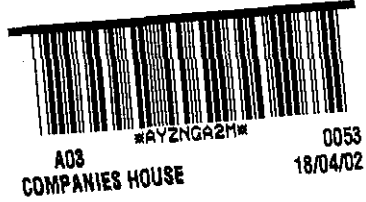


Highlights

- Turnover increased 28% to £54.3m
 - Adjusted operating profit increased 32% to £10.2m*
 - Adjusted profit before tax increased 21% to £10.8m*
 - Profit before tax exceeds £10m for the first time
 - Adjusted EPS increased 23% to 30.63p**
 - Dividend per ordinary share increased to 14.8 pence
 - Own beer volumes increased 8%
 - Capital expenditure in the year of £20.6m
- 
- Major refurbishments undertaken at the Crusader, Sir John Warren, Test Match and Wylde Green.
 - Two new sites opened in October 2001 at the Seven Wells, near Etwall, Derbyshire and the Chestnut Tree, near Barnsley.
 - Estate of eight large pubs acquired in January 2001 successfully consolidated and trading above expectations.

* See note 11 ** See note 10

Chairman's Statement

Financial

I am very pleased to report that our adjusted operating profit for the year to 28th September 2001 was £10.2m (2000 £7.8m), representing an increase of 32% over the previous year (as explained in note 11). This was achieved from a turnover of £54.3m, representing an increase of 28% over the previous year.

Our adjusted profit on ordinary activities before taxation amounted to £10.8m (2000 £8.9m), an increase of 21% over the previous year. The adjustment is a result of property impairments, redundancy costs and the surplus on the disposal of fixed assets (as explained in note 11). Profit before tax increased by 11% to £10.0m.

Net cash inflow from operating activities increased from £10.1m to £14.5m. The company increased capital expenditure to £20.6m from £8.2m last year, primarily due to the refurbishment and acquisition of managed houses. This substantial investment contributed to a net decrease in funds of £11.8m to £3.5m.

The Board proposes a final dividend of 9.4p per ordinary share (2000 8.5p), subject to approval at the annual general meeting on Tuesday 19th February 2002. With the inclusion of the 5.4p interim dividend already paid (2000 5.1p), the total dividend for the period will be 14.8p per ordinary share (2000 13.6p).

These results have been achieved through the benefit of eight months trading from the package of public houses purchased in January 2001, formerly trading as Watling Street Inns, together with improved like-for-like performance, the benefits from new and refurbished managed houses, purchase price improvements and increased brewing volumes. Own beer volumes overall have grown by 8% as a result of our retail and Free Trade performance.

In this landmark year, when we have achieved £10.0m profit before tax for the first time, it is particularly appropriate to thank all our employees for their various and many contributions in helping the company to achieve such a good result. The Board has therefore been very pleased to make a substantial increase in the allocation to the employees' share scheme of £38,000 to a total of £220,000.

Retail

The company invested £19.5m in its retail estate during the financial period. The £12m purchase of eight Watling Street Inns public houses from Yates Group PLC was completed in January 2001 and this has turned out to be a successful acquisition, with results exceeding expectations. Five of the outlets, namely Courtneys, the Governor's House, the John Gilbert, the King's Ransom and the Waterside Inn, are situated in the Manchester area. The other three are the Inn on the Wharf at Burnley, the Lord Darcy at Leeds and the Oldswinford at Stourbridge. Two new large pub/restaurants were constructed during the financial period, the Chestnut Tree at Barnsley and the Seven Wells at Etwall, near Derby, at a cost of £3.6m. Both opened in October 2001 and did not therefore contribute to the profits for the period ending 28th September 2001. Early results have exceeded expectations and of particular interest has been the Seven Wells where the menu and the design of the premises have been aimed at the adult dining market.

In our existing estate, four high-profile managed houses, the Wylde Green at Sutton Coldfield (purchased in June 2000), the Sir John Warren at Ilkeston, the Crusader at Clifton and the Test Match at West Bridgford, Nottingham were redeveloped and upgraded and all four now have company-managed catering. They reopened between May and early October 2001 and the full year effect of their contributions to profit will therefore be

Chairman's Statement

seen in the financial period ending 4th October 2002. Significant improvements and refurbishments were also carried out at the Hay Nook at Maltby, the Old Black Horse at Mapperley in Derbyshire and the Griffin Inn at Plumtree. Other upgrades, mainly to tenancies, took place at a further ten outlets. In addition to the capital expenditure on new and existing outlets, our repairs expenditure increased by 30%, which will ensure that our retail estate remains in good condition.

The policy of transferring some smaller managed houses to tenancy and the sale of four uneconomic tenancies has led to an improvement in quality and to an increase in the average volumes at both managed and tenanted outlets. At the end of September 2001, our retail estate consisted of 248 outlets, of which 169 were tenanted. Within the total of 79 managed houses were 16 large pub/restaurants (which increased by a further two in October 2001), 31 taverns/tavern venues and 32 upgraded or standard community public houses. Company catering outlets totalled 44 and their sales of food accounted for 30% of all managed house takings.

The roll-out of our replacement EPOS system for managed houses has been completed on schedule and integrated with our central information systems. The appointment of in-house retail auditors should further help managers to improve controls and performance. Also, a dedicated Recruitment Manager was appointed to concentrate on finding the best licencees to run the retail outlets in both parts of the business. An additional Area Manager was appointed due to the acquisition of the eight public houses trading as Watling Street Inns and our tenanted business was restructured with the appointment of a General Manager to add further focus to that part of our business, which traded to expectations.

The building or acquisition of large pub/restaurants continues to be a major part

of our strategy. Since the year-end, we have purchased the Chilwell Inn at Chilwell, prominently situated on the A6005 between Nottingham and Derby. We started to trade there at the end of November but its contribution this year will be limited by closure and reopening costs. We have also purchased a site at Wellingborough, where we will build a new pub/restaurant with about 180 covers, together with a children's play barn. The premises are scheduled to open in July 2002 so, because of the usual start-up costs, any significant contribution to profits will also not occur until the following financial year. The estimated total capital expenditure for these two developments is £3.5m.

Our substantial capital investment programme will continue in the year ahead and will include improvements at the Cat & Fiddle in Derbyshire, the Governor's House near Manchester, the Jolly Scotchman and the Ship Inn in Lincolnshire, the King & Miller, the Nabb Inn and the Sun Inn in Nottinghamshire and the Rose & Crown in South Yorkshire, at an estimated total capital cost of £1m in addition to a further programme of improvements to our tenanted estate.

Brands and Brewing

There has been continued growth during the year in sales of our own beers, led by Kimberley Cool and Dark; the latter continues to make particularly good progress. During the year we introduced three additions to our Cellarman's Cask range of seasonal beers, namely Old Kim, Peak Perfection and Summer Swallow. Own beer volumes overall have grown by 8% as a result of our retail performance referred to above and the continued growth in our Free Trade in both direct accounts and through wholesalers. This resulted in the recruitment of a further Sales Representative.

We have embarked on a review of our brands and corporate image. A leading

Chairman's Statement

national agency has been appointed to assist in the process. It is at an early stage but the results should be clear by the end of the current financial year.

A major review of our production, warehousing and distribution functions was completed in February 2001. Regrettably, this involved seven redundancies but, together with significant investment, it has enabled us to maintain our position as a low cost producer. Growing volumes in our own channels of trade, together with two brewing contracts (both of which were fully on stream from October 2000), have resulted in the company investing in technologically advanced plant to enable the brewing of some products at high gravity. Other areas of investment and reorganisation have been the replacement of our cask washer, preparations for the amalgamation of our bottled and wines & spirits warehouses and, consistent with our objective of providing ever higher quality service, the doubling of our team of Cellar Service technicians.

The significant increase in our own volumes, together with higher levels of contract brewing, has been achieved with a reduced headcount, albeit with increased levels of capital expenditure. These improvements in efficiency allow our Free Trade to compete more effectively in the marketplace, whilst allowing our retail operation to benefit from competitive supply prices.

Directors

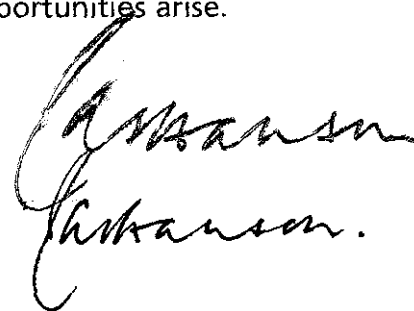
On 31st January 2001 Mr. Patrick Helps stepped down as Production Director for personal reasons. He joined the company in 1969 and had been Production Director since 1973. He has, however, retained his connections with the company as a non-executive director. I am sure that all shareholders will join the Board in thanking him for his contribution as Production

Director. In his place, we have been very pleased to welcome Mr. Iain Masson to the Board as Production Director. Mr. Masson was previously Head Brewer of Greene King PLC and had also worked for Greenalls Group PLC and Bass PLC.

Prospects

The company has made a good start to the current financial period and expects to maintain this performance unless the national economic outlook deteriorates. The tragic events of 11th September have not discernibly affected trade and are unlikely to do so as the company has very few retail outlets in areas attracting foreign tourists. With the world economy slowing, however, it is difficult to forecast what may happen over the remainder of the financial period, which covers 53 weeks in this particular instance.

The two new large pub/restaurants referred to above, together with other investments in our own estate and further growth in the Free Trade, should make an important contribution to profits. In addition, the company's strong balance sheet leaves it well placed to grow the business through acquisitions as opportunities arise.



R.W.D. HANSON
Chairman

Directors and Advisers

Directors

Richard W. D. Hanson, T.D.

Chairman. Richard Hanson (66) 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 Non-executive Director. Patrick Helps (56) served with the company for 32 years becoming Production Director in 1973 and Vice-Chairman in 1998. In 2001 he resigned as an executive Director and became a non-executive Director.

Timothy E. Bonham

Managing Director. Tim Bonham (49) 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. Nicholas Forman Hardy (53) 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 agriculture.

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

Retail Director. Jonathan Webster (40) joined the company in 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 (45) joined the company in 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.

Iain S. Masson M.Sc., Dip. I. Br., M.B.A.

Production Director. Iain Masson (44) joined the company in January 2001. He is responsible for Production, Distribution and Cellar Services. Prior to his appointment he spent two years as Head Brewer of Greene King plc, nine years with Greenalls plc and nine years with Bass PLC. He has wide-ranging experience of beer production, trade technical and customer services.

Advisers

Auditors

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

Bankers

Lloyds TSB Bank Plc, Butt Dyke House, 33 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 28th September 2001. The comparative figures for 2000 also cover a 52 week period. The year ending 4th October 2002 will be a 53 week accounting year.

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. Adjusted operating profit of £10.2m and adjusted profit before tax of £10.8m increased by 32% and 21% respectively (see note 11). Operating profit in the year increased from £7.8m to £9.3m and profit before tax was £10.0m compared to £9.0m in 2000. Earnings per ordinary share in the year were 27.61 pence representing a 8% increase whilst adjusted earnings per share increased by 23% to 30.63 pence (see note 10).

Interim dividends were paid on 6th August 2001 on the ordinary and deferred ordinary shares of 5.4 pence per share and 5.15 pence per share respectively. The directors recommend a final dividend of 9.4 pence per share on both the ordinary and deferred ordinary shares which, if approved, will be paid on 4th March 2002 to shareholders on the Register at the close of business on 1st February 2002. This represents a total ordinary dividend for the year of 14.8 pence per share, an increase of 9%.

Derivatives and other financial instruments

Details of the company's financial instruments are disclosed in note 28 to the financial statements, which have been prepared in accordance with FRS 13. 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 17th December 2001 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	2,536,500	12.68%
Boston Safe Deposit and Trust Company	1,319,981	6.59%
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 I.S. Masson who was appointed a director on 2nd January 2001. P.T. Helps resigned his position as an executive director and became a non-executive director on 31st January 2001. J.P. Webster and P.T. Helps 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 fully complied with Sections A and B of the best practice provisions annexed to the Stock Exchange Listing Rules. The chairman and independent 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 pages 11 and 12.

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 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:

	Basic salary/fee		Value of shares allocation ¹		Cash value of benefits in kind ²		TOTAL	
	2001 £000	2000 £000	2001 £000	2000 £000	2001 £000	2000 £000	2001 £000	2000 £000
R.W.D. Hanson	60	57	3	–	9	8	72	65
P.T. Helps	35	78	–	4	3	8	38	90
T.E. Bonham	103	98	6	5	9	9	118	112
N.J. Forman Hardy	11	11	–	–	–	–	11	11
J.P. Webster	87	83	5	5	8	8	100	96
D.A.G. Smith	94	88	5	5	3	3	102	96
I.S. Masson	56	–	3	–	38	–	97	–
J.D. Harrison	–	8	–	–	–	–	–	8
	<u>446</u>	<u>423</u>	<u>22</u>	<u>19</u>	<u>70</u>	<u>36</u>	<u>538</u>	<u>478</u>
Total pension and death in service contributions							<u>241</u>	<u>190</u>
Total emoluments							<u>779</u>	<u>668</u>

Pension benefit entitlements of the directors³:

	Increase in accrued pension during the period ⁴	Transfer value of increase ⁵	Accumulated total accrued pensions ⁶
	2001 £000	2001 £000	2001 £000
R. W. D. Hanson	2	21	–
P. T. Helps	8	74	–
T.E. Bonham	3	19	19
J.P. Webster	1	6	4
D.A.G. Smith	1	9	3

Directors' Report

Notes:

- 1) The value of shares allocation results from membership of the employees' share scheme.
- 2) The cash value of benefits in kind for I.S. Masson in 2001 includes £31,000 for reimbursement of relocation expenses on taking up his duties with the company.
- 3) 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 company's pension scheme of which the directors are members are contained in note 25.
- 4) The increase in accrued pension during the year is after allowing for an inflation increase of 1.6% for the year.
- 5) 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.
- 6) R.W.D. Hanson and P.T. Helps transferred out of the scheme during the year.

Directors' Service Contracts

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

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

Non-executive Directors

The remuneration of the non-executive directors is set by the executive directors and consists of fees for services in connection with Board and other advisory meetings. They do not have service contracts. N.J. Forman Hardy 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, is recognised as the senior non-executive director and is free from any business or other relationship which could interfere with the exercise of his independent judgement. P.T. Helps was appointed on 31st January 2001 for a period to 19th February 2002. He is not considered independent due to his past involvement as an executive director of the company. Each non-executive director holds interests in the company and in Hardy Hanson Holdings Limited as listed below. They do not participate in the employees' share scheme and are not eligible for pension scheme membership.

Directors' Interests

The interests of directors in office at 28th September 2001 were:

	28th September 2001		29th September 2000	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
R.W.D. Hanson				
Second preference	2,923	—	2,923	—
5p Ordinary	232,947	36,390	232,947	36,390
Hardy Hanson Holdings Limited	4,842	—	4,842	—
P.T. Helps				
First preference	240	40	240	40
Second preference	403	172	403	172
5p Ordinary	65,892	680,465	65,892	699,853
Hardy Hanson Holdings Limited	5,737	20,906	5,737	20,906
T.E. Bonham				
First preference	100	—	100	—
5p Ordinary	13,395	—	10,915	—
N.J. Forman Hardy				
First preference	1,500	—	1,500	—
Second preference	2,598	—	2,598	—
5p Ordinary	1,359,520	—	1,359,520	—
4% 1st Mortgage Debenture Stock	—	—	£4,400	—
Hardy Hanson Holdings Limited	65,513	42,375	65,513	42,375
J.P. Webster				
5p Ordinary	4,618	—	2,530	—
D.A.G. Smith				
5p Ordinary	2,088	—	—	—

Directors' Report

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.

There have been no movements in directors' interests, whether beneficial or non-beneficial, between 28th September 2001 and 17th December 2001. I.S. Masson held no shares beneficially or non-beneficially during the year.

Donations and Subscriptions

During the period the company contributed £5,000 for charitable purposes.

Employment Policies

The company maintains close communication with employees through the management structure on a day to day basis as well as providing regular bulletins. 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.

The company is committed to an active Equal Opportunities Policy which means people are assessed for employment, development, appraisal or promotion without regard to age, gender, race, ethnic origin, religion or disability.

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.

During the year the company sold various small properties for £0.4m. The company has made an impairment provision of £0.8m against the book value of several properties which the company is marketing for sale and one property which will be retained. 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 37 days, being 27 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.

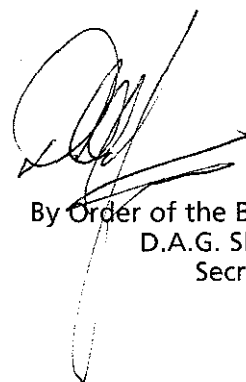
Annual General Meeting

The annual general meeting of the company will be held on Tuesday, 19th February 2002. 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
17th December 2001



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.

Directors and Committees

The Board consists of a part-time chairman, managing director, three other executive directors and two non-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. Whilst a second non-executive director was appointed during the year, the Board does not feel it appropriate, at this stage, to appoint as many as three non-executive directors within a business of this size and complexity. Therefore, the company has not established separate audit, remuneration or nominations committees. The company does, however, continue 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 the independent non-executive director.

The responsibility for reviewing accounting procedures, internal controls and for the review and approval of the company's financial statements is the joint responsibility of all directors.

Appointments to the Board are the joint responsibility of all directors; where appropriate, consultants are used to assist the Board in the selection process.

Internal Control

The Board have overall responsibility for the company's systems of internal financial control and, having reviewed the related procedures pursuant to internal control guidance for directors on the Combined Code (the Turnbull Guidance), they consider that the systems in operation are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only 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.

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 are subject to continuous review as the company implements new information systems, structures and practices. The company seeks continuously to assess the risks to which it is exposed and takes appropriate steps to mitigate or eliminate these wherever possible. Where appropriate the company arranges insurance cover depending on the possible extent of the risk concerned. The company does not have an internal audit function but the Board reviews the need for such a function periodically. During the year an in-house retail audit team of three was appointed to improve the assurance of systems and practice

Corporate Governance

integrity within the retail estate and to act upon control and decision support information provided from Epos systems.

The independent auditors responsibilities are to express an opinion on the financial statements. They review and test the systems of internal financial control and data contained in the financial statements to the extent necessary to express their audit opinion. They report their findings to the Board having discussed the contents with senior management. They attend the Board meeting when the annual financial statements are considered and approved.

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.

Relations with Shareholders

The Board is committed to effective communication between the company and its shareholders, who are kept informed of significant company developments. It regards the Annual General Meeting as a means of communicating directly with private investors and encourages their participation. All directors normally attend the A.G.M. and private investors have the opportunity to meet the directors and discuss any issues on an informal basis. The company welcomes the opportunity to present to and engage in dialogue with institutional shareholders and analysts on company performance and direction.

Compliance with the Code

The Board considers, therefore, that the company has complied with all sections of the Code except for provisions A.3.1, B.2.1 and D.3.1.

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

We have audited the financial statements of Hardys & Hansons p.l.c. for the 52 weeks ended 28th September 2001 on pages 14 to 26. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

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

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

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

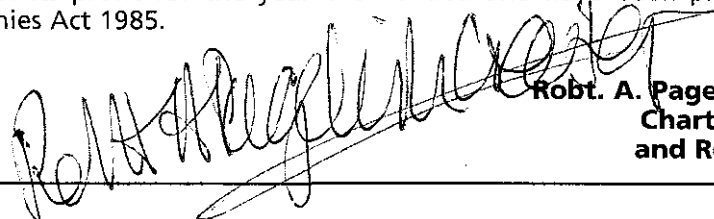
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 28th September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nottingham
17th December 2001



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

Profit and Loss Account

for the 52 weeks ended 28th September 2001

	Notes	2001		2000	
		£000	£000	£000	£000
Turnover	3		54,298		42,422
Change in stocks of finished goods and work-in-progress			296		237
			54,594		42,659
Raw materials, consumables and duty			(19,194)		(15,109)
			35,400		27,550
Staff costs	4	(11,919)		(9,303)	
Depreciation		(2,128)		(1,921)	
Other operating costs		(11,243)		(8,554)	
			(25,290)		(19,778)
Operating profit before property impairment			10,110		7,772
Property impairment			(775)		-
Operating profit			9,335		7,772
Disposal of fixed assets	5		141		141
			9,476		7,913
Income from fixed asset investments		169		127	
Other interest receivable		385		985	
			554		1,112
			10,030		9,025
Interest payable	6		(10)		(11)
Profit on ordinary activities before taxation	7		10,020		9,014
Tax on profit on ordinary activities	8		(3,108)		(2,615)
Profit on ordinary activities after taxation			6,912		6,399
Non-equity dividends	9		(23)		(23)
Profit attributable to the equity shareholders			6,889		6,376
Equity dividends	9		(3,688)		(3,388)
Retained profit for the period			3,201		2,988
Earnings per share	10				
Ordinary shares of 5p each			27.61p		25.55p
Deferred ordinary shares of 5p each			27.36p		25.30p
Adjusted earnings per share	10				
Ordinary shares of 5p each			30.63p		24.99p
Deferred ordinary shares of 5p each			30.38p		24.74p

All activities are continuing

Statement of Total Recognised Gains and Losses

for the 52 weeks ended 28th September 2001

	2001 £000	2000 £000
Profit for the financial period	6,889	6,376
Unrealised deficit on revaluation of properties	(168)	(184)
Total gains and losses recognised for the period	6,721	6,192

Note of Historical Cost Profits

for the 52 weeks ended 28th September 2001

	2001 £000	2000 £000
Profit on ordinary activities before taxation	10,020	9,014
Realisation of property revaluation gains of prior years	318	400
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	10,368	9,444
Historical cost profit for the year retained after taxation and dividends	3,549	3,418

Reconciliation of Movements in Total Shareholders' Funds

for the 52 weeks ended 28th September 2001

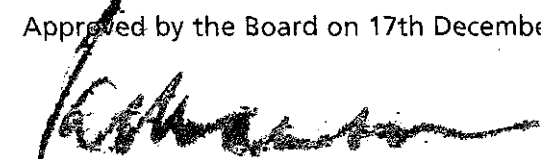
	2001 £000	2000 £000
Profit for the financial period	6,889	6,376
Equity dividends	(3,688)	(3,388)
	3,201	2,988
Unrealised deficit on revaluation of properties	(168)	(184)
Net additions to shareholders' funds	3,033	2,804
Shareholders' funds at 29th September 2000	93,166	90,362
Shareholders' funds at 28th September 2001	96,199	93,166

Balance Sheet

28th September 2001

	Notes	2001		2000	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12		99,282		82,205
Investments	13		1,656		1,447
Shares in Hansons Limited less amounts due	14		109		-
			101,047		83,652
Current assets					
Stocks	15	1,583		1,342	
Debtors	16	2,727		2,567	
Cash at bank and in hand		3,492		15,277	
		7,802		19,186	
Creditors					
Amounts falling due within one year	17	(11,303)		(8,425)	
Net current assets			(3,501)		10,761
Total assets less current liabilities			97,546		94,413
Creditors					
Amounts falling due after more than one year	18	(200)		(200)	
Provisions for liabilities and charges	19	(1,147)		(1,047)	
			(1,347)		(1,247)
Net assets			96,199		93,166
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		40,778		41,294
Profit and loss account	22		53,746		50,197
Total Shareholders' funds			96,199		93,166

Approved by the Board on 17th December 2001



R.W.D. HANSON



D.A.G. SMITH
Directors

Cash Flow Statement

for the 52 weeks ended 28th September 2001

	Notes	2001		2000	
		£000	£000	£000	£000
Net cash inflow from operating activities	26		14,485		10,101
Returns on investments and servicing of finance					
Income from fixed asset investments		169		127	
Other interest received		385		985	
Interest paid		(10)		(11)	
Non-equity dividends paid		(23)		(17)	
			521		1,084
Taxation					
Corporation tax paid			(3,003)		(2,196)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(20,625)		(8,182)	
Receipts from sales of tangible fixed assets		498		678	
Payment to acquire investments		(205)		-	
Receipts from sales of investments		172		143	
(Increase)/decrease in loans to customers and others		(165)		158	
			(20,325)		(7,203)
Equity dividends paid			(3,463)		(3,213)
(Decrease) in net funds			(11,785)		(1,427)
Management of liquid resources					
Decrease in short term bank deposits			12,931		801
Increase/(decrease) in cash in the period			1,146		(626)
Reconciliation of net cash flow to movement in net funds	27				
Increase/(decrease) in cash in the period			1,146		(626)
Movement in cash (from) liquid resources			(12,931)		(801)
(Decrease) in net funds			(11,785)		(1,427)
Net funds at 29th September 2000			15,277		16,704
Net funds at 28th September 2001			3,492		15,277

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.

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.

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 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.

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 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 4 to 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 28.

2 Changes to accounting policies

The disclosures required under the transitional period of FRS 17 (Pensions) are included in note 25. Apart from these disclosures there is no other impact upon the financial statements.

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:

Management, administration and sales	70	60
Production and distribution	64	68
Managed houses	1,348	1,138
	1,482	1,266

The above totals include 1,156 (964) part-time staff, mainly employed at managed houses, who were approximately equivalent to 611 (448) full-timers.

The aggregate payroll costs of the employees were as follows:

	£000	£000
Wages and salaries	11,002	8,557
Social security costs	616	499
Pension schemes	301	247
	11,919	9,303

5 Disposal of fixed assets

Surplus on sale of properties	21	70
Profit on sale of investments	120	94
Provision for loss on disposal of properties and associated assets	-	(23)
	141	141

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 £6,889,000 (£6,376,000). 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.

Adjusted 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			
		2001	2000	2001		2000	
				Ord	Def Ord	Ord	Def Ord
Profit attributable to equity shareholders and earnings per share	(+ 8%)	6,889	6,376	27.61	27.36	25.55	25.30
Disposal of fixed assets		(141)	(141)	(0.56)	(0.56)	(0.56)	(0.56)
Property impairment		775	-	3.10	3.10	-	-
Brewery redundancy costs		120	-	0.48	0.48	-	-
Adjusted profits and earnings per share	(+ 23%)	7,643	6,235	30.63	30.38	24.99	24.74

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

11 Adjusted operating profit and profit before tax

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

		2001 £000	2000 £000
Operating profit	(+ 20%)	9,335	7,772
Property impairment		775	-
Operating profit before property impairment		10,110	7,772
Brewery redundancy costs		120	-
Adjusted operating profit	(+ 32%)	10,230	7,772
Profit before tax	(+ 11%)	10,020	9,014
Property impairment		775	-
Brewery redundancy costs		120	-
Profit on disposal of fixed assets		(141)	(141)
Adjusted profit before tax	(+ 21%)	10,774	8,873

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						
29th September 2000	72,360	1,637	126	5,172	19,269	98,564
Additions	12,793	2,111	514	261	4,946	20,625
Disposals	(344)	-	-	(18)	(336)	(698)
Revaluation	(168)	-	-	-	-	(168)
28th September 2001	84,641	3,748	640	5,415	23,879	118,323
At cost	27,286	3,738	640	5,415	23,879	60,958
At valuation 1994	56,738	10	-	-	-	56,748
At valuation 2001	617	-	-	-	-	617
	84,641	3,748	640	5,415	23,879	118,323
Less depreciation						
29th September 2000	363	5	5	4,208	11,778	16,359
Charge for the period	172	356	29	192	1,779	2,528
Disposals	(4)	-	-	(15)	(202)	(221)
Provision	215	-	160	-	-	375
28th September 2001	746	361	194	4,385	13,355	19,041
Net book value						
28th September 2001	83,895	3,387	446	1,030	10,524	99,282
29th September 2000	71,997	1,632	121	964	7,491	82,205
The comparable amounts determined under historical cost accounting are:						
Cost	45,417	3,748	640	5,415	23,879	79,099
Depreciation	(391)	(362)	(194)	(4,385)	(13,355)	(18,687)
Net book value						
28th September 2001	45,026	3,386	446	1,030	10,524	60,412
29th September 2000	32,388	1,631	121	964	7,491	42,595

The 1994 valuation was carried out by Chesterton International p.l.c. The 2001 valuation was 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 29th September 2000	697	750	1,447
Additions	96	680	776
Disposals and repayments	(52)	(515)	(567)
Cost 28th September 2001	<u>741</u>	<u>915</u>	<u>1,656</u>

At 28th September 2001 the market value of listed investments, which are all dealt with on a recognised stock exchange, was £3,699,000 (£4,226,000).

14 Related party transaction—Hansons Limited

Hansons Limited is a wholly owned subsidiary of Hardys & Hansons p.l.c. During the year Hardys & Hansons p.l.c. paid £109,000 to Hansons Limited to enable that company to acquire 4% irredeemable first mortgage debenture stock (details of which are given in note 28) in Hardys & Hansons p.l.c.

The balance due from Hardys & Hansons p.l.c. to Hansons Limited is as follows:

At 30 September 2000	Transactions during the year	At 28 September 2001
£	£	£
175,000	109,000	66,000

At 28 September 2001 Hansons Limited held 4% irredeemable first mortgage debenture stock in Hardys & Hansons p.l.c. with a nominal value of £132,000. During the year, Hansons Limited received £2,000 gross interest on the debenture stock from Hardys & Hansons p.l.c. and an equivalent charge was made.

15 Stocks

	2001 £000	2000 £000
Raw materials	51	62
Consumable stores	80	124
Beer in process	62	66
Finished products	1,390	1,090
	<u>1,583</u>	<u>1,342</u>

16 Debtors

Trade debtors	2,067	1,730
Other debtors	213	382
Prepayments and accrued income	447	455
	<u>2,727</u>	<u>2,567</u>

17 Creditors: amounts falling due within one year

Trade creditors	4,138	2,424
Taxation	1,612	1,656
Other taxes and social security costs	1,117	865
Other creditors	1,322	867
Accruals	752	476
Ordinary shares proposed final dividend	1,880	1,700
Deferred ordinary shares proposed final dividend	470	425
Preference dividend	12	12
	<u>11,303</u>	<u>8,425</u>

Notes to the Financial Statements

18 Creditors: amounts falling due after more than one year	2001	2000	
	£000	£000	
4% Irredeemable first mortgage debenture stock secured on certain properties and by a general charge on the undertaking	200	200	
19 Provisions for liabilities and charges			
Pensions - Balance 29th September 2000	594	591	
(Release)/charge for the period	(49)	3	
Balance 28th September 2001	545	594	
Deferred taxation	602	453	
	1,147	1,047	
Deferred taxation			
Provided at 30% in respect of:			
Accelerated capital allowances	793	647	
Short-term timing differences	(191)	(194)	
	602	453	
Movement in provision			
Balance 29th September 2000	453	463	
Charge/(release) for the period	149	(10)	
Balance 28th September 2001	602	453	
If full provision had been made at 30% the amount would have been:			
Accelerated capital allowances	1,752	1,495	
Short-term timing differences	(191)	(194)	
Tax on gains subject to roll-over relief	1,015	1,013	
	2,576	2,314	
20 Share capital	Authorised 2001 and 2000 £000	Allotted, called-up and fully paid 2001 £000	2000 £000
Non-equity Capital			
5% First cumulative preference shares of £1 each	225	225	225
6% 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
	1,725	1,675	1,675

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 arrears 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

	2001		2000	
	£000	£000	£000	£000
21 Revaluation reserve				
Balance 29th September 2000		41,294		41,908
Profit and loss account: properties sold	(318)		(400)	
Transfer to profit and loss account	(30)		(30)	
		<u>(348)</u>		<u>(430)</u>
Revaluation deficit		(168)		(184)
		<u>40,778</u>		<u>41,294</u>
22 Profit and loss account				
Profit and loss account				
Balance 29th September 2000		50,197		46,779
Retained profit for the period		3,201		2,988
Proposed transfers - Revaluation reserve		348		430
		<u>53,746</u>		<u>50,197</u>
23 Capital commitments				
Outstanding contracts		63		53

24 Guarantees and other financial commitments

At 28th September 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001		2000	
	Land & Buildings	Other	Land & Buildings	Other
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	198	-	14	-
	<u>198</u>	<u>-</u>	<u>14</u>	<u>-</u>

25 Pension schemes

The company has operated two pension schemes which were combined during the year. The benefits are of the defined benefit type and assets are held in separate insured funds. The ongoing scheme was valued by independent actuaries, Jardine Lloyd Thompson, on 30th April 2001, using the projected unit credit method with a one year control period. The key assumptions used for the valuation for accounting purposes and the resulting funding level are as follows:-

Inflation	3.0% p.a.
Pension in payment increases	2.5% p.a.
General pay increases	4.0% p.a.
Investment return	6.0% p.a.
Rate used to discount scheme liabilities	6.0% p.a.

Excluding death in service costs and administrative and auditing services the regular cost is 9.5% which, after adjustment for spreading the scheme surplus, results in a contribution rate for future years of 6%.

The assets of the scheme at 28th September 2001 were as follows:

	£000
Equities	4,429
Bonds	1,452
Other	1,524
	<u>7,405</u>
Market value of assets	7,405
Value of accrued liabilities	6,315
	<u>1,090</u>
Scheme surplus	1,090
	<u>117%</u>
Funding level	117%

The expected long term rate of return over the following year is 5% for bonds and 7% for equities.

Notes to the Financial Statements

The pension and death in service charges are now separate. The pension charge is £301,000 (£247,000), which is net of £58,000 (£55,000) in respect of amortisation of surpluses that are being recognised over the remaining period of the former fifteen year control period of the scheme.

Prepaid contributions amounted to £0 (£24,000).

Accrued contributions amounted to £93,000 (£78,000).

26 Reconciliation of operating profit to net cash inflow from operating activities	2001		2000
	£000		£000
Operating profit	9,335		7,772
Depreciation charge	2,903		1,921
(Increase) in stocks	(241)		(246)
(Increase)/decrease in debtors	(160)		475
Increase in creditors	2,648		179
	<u>14,485</u>		<u>10,101</u>
27 Analysis of changes in net funds	At 29th	Cash	At 28th
	Sept 2000	Flows	Sept 2001
	£000	£000	£000
Cash in hand, at bank	50	1,146	1,196
Short term bank deposits	15,227	(12,931)	2,296
	<u>15,277</u>	<u>(11,785)</u>	<u>3,492</u>
Total	<u>15,277</u>	<u>(11,785)</u>	<u>3,492</u>

28 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 28th September 2001 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:-

	2001		2000	
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
4% Irredeemable first mortgage debenture stock	200	146	200	158
5% First cumulative preference shares	225	182	225	184
6% Second cumulative preference shares	200	172	200	174
	<u>625</u>	<u>500</u>	<u>625</u>	<u>516</u>

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

Investments in interest bearing assets	2001	2000
	£000	£000
Held at fixed interest rates	-	14,227
Held at floating interest rates	3,492	1,050
	<u>3,492</u>	<u>15,277</u>
Non interest earning amounts	-	-
Cash at bank and in hand	<u>3,492</u>	<u>15,277</u>

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 104th annual general meeting of the company will be held at the Nottingham Gateway Hotel, Nuthall Road, Nottingham, NG8 6AZ on Tuesday, the 19th day of February 2002 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS

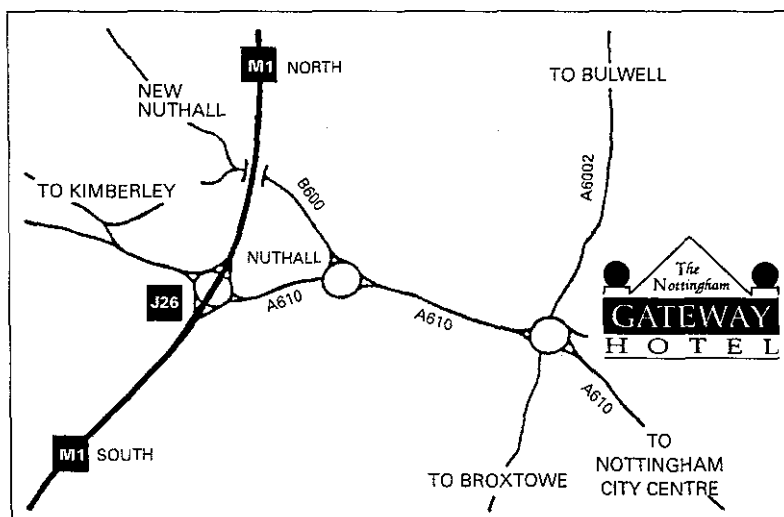
1. To receive and adopt the financial statements for the fifty-two weeks ended 28th September 2001 and the reports of the directors and auditors.
2. To declare final dividends on the ordinary shares and the deferred ordinary shares.
3. To re-elect Mr. J.P. Webster, who is retiring in accordance with the articles of association of the company, as a director.
4. To re-elect Mr. P.T. Helps, who is retiring in accordance with the articles of association of the company, as a director.
5. 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
16th January 2002



BY ORDER OF THE BOARD
D.A.G. SMITH
Secretary

DIRECTIONS TO THE ANNUAL GENERAL MEETING VENUE



Shareholder Information

Financial Calendar 2002

Annual General Meeting	19th February
Payment of final dividend for 2000/2001	4th March
Announcement of results and interim dividend for 2001/2002 and publication of Interim Statement	Early June
Payment of interim dividend for 2001/2002	Early August
Full year preliminary announcement of results and proposed final dividend for 2001/2002	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:

31st March 1982

5p	Ordinary shares	£0.726
£1	5% First preference shares	£0.325
£1	6% Second preference shares	£0.345
£100	4% First mortgage debenture stock	£26.25

Annual General Meeting

The 104th annual general meeting of Hardys & Hansons p.l.c. will be held at the Nottingham Gateway Hotel, Nuthall Road, Nottingham, NG8 6AZ on 19th February 2002 at 11.30 a.m.

Hardys & Hansons Pub Estate

Cheshire

Governor's House, Cheadle Hulme
King's Ransom, Sale

Derbyshire

Anglers Arms, Spondon
Bateman Arms, Stanley Common
Bell Inn, Cromford
Black Horse, Somercotes
Black Swan, Crich
Blacks Head, Wirksworth
Blue Bell, South Normanton
Boat House, Matlock
Bonnie Prince, Chellaston
Boythorpe Inn, Chesterfield
Bridge Inn, Cotmanhay
Bridge Inn, Calver
Britannia Inn, Kegworth
Bulls Head, Ilkeston
Bulls Head, Openwoodgate
Butchers Arms, Heanor
Butchers Arms, Oakerthorpe
Canal Inn, Bullbridge
Cat & Fiddle, Ilkeston
Cheshire Cheese, Buxton
Church Inn, Darley Dale
Cliff Inn, Crich
Coach & Horses, Loscoe
Cross Keys, Heanor
Crown & Arrows, Derby
Derwent Hotel, Whatstandwell
Devonshire Arms, Fairfield
Duke of Clarence, Derby
Duke of Wellington, Matlock
Foresters Arms, Scropton
French Horn, Codnor
Furnace Inn, Derby
Generous Briton, Ripley
George Hotel, Derby
George Hotel, Tideswell
George Inn, Lower Hartshay
Grouse Inn, Darley Dale
Hill Top Inn, Belper
Homesford Cottage, Whatstandwell
Hop Flower, Inkersall
Jovial Dutchman, Crich
Laburnum Inn, Matlock
Live & Let Live, Ilkeston
Market Hotel, Heanor
Masons Arms, Brampton
Miners Arms, Ilkeston
Moulders Arms, Riddings
Mundy Arms, Marlpool
New Inn, Milford
New Inn, Riddings
Old Black Horse, Mapperley
Paddock, Derby
Pear Tree Inn, Ripley
Queens Head, Little Eaton
Racecourse Tavern, Chesterfield
Railway Hotel, Buxton
Railway Hotel, Matlock
Red Lion, Fritchley
Red Lion, Riddings
Robin Hood, Alfreton
Rose & Crown, Barlborough
Royal Forester, Buxton
Royal Oak, Tansley

Royal Tiger, Somercotes
Seven Wells, Etwall
Silver Ghost, Alvaston
Sir John Warren, Ilkeston
Spinning Wheel, Chaddesden
Sun Inn, Derby
Three Horse Shoes, Ilkeston
Three Horse Shoes, Wessington
Three Stags Heads, Darley Bridge
Welbeck Inn, Chesterfield
Wheatsheaf Hotel, Tibshelf
White Hart, Bargate
White Swan, Bolsover
Williamthorpe Hotel, Holmewood
Woodman, Ripley
Yarn Spinner, Spondon

Greater Manchester
Courtneys, Manchester
John Gilbert, Worsley

Lancashire
Inn on the Wharf, Burnley
Waterside Inn, Leigh

Leicestershire
Britannia Inn, Shepshed
Broadway Hotel, Leicester
Counting House, Leicester
Crown & Cushion, Loughborough
Dew Drop Inn, Hathern
Hat & Beaver, Leicester
Nags Head, Leicester
Old Pack Horse, Loughborough
Ox Lea, Loughborough

Lincolnshire
Cherry Tree, Ingoldmells
Fleece Inn, Burgh-le-Marsh
Golden Lion, Boston
Jolly Scotchman, Sleaford
Lincolnshire Poacher, Louth
Lumley Hotel, Skegness
Manvers Arms, Lincoln
Peacock Inn, Lincoln
Plough Inn, Tetney
Ship Inn, Ingoldmells
Steamhammer Inn, Lincoln
White Bull, Coningsby
White Hart, Spilsby

Nottinghamshire
Angel Inn, Blyth
Badger Box, Kirkby-in-Ashfield
Beacon, Aspley
Beechdale, Bilborough
Black Swan, Mansfield
Boat Inn, Retford
Broad Oak, Strelley
Bromley Arms, Fiskerton
Carnarvon Arms, Teversal
Chilwell Inn, Beeston
Cocked Hat, Aspley
Commercial Inn, Beeston
Corn Mill, Chilwell
Cricketers Rest, Kimberley
Cross Keys, Epperstone
Cross Keys, Worksop
Crown & Anchor, Mansfield

Crown Inn, Beeston
Crown Inn, Selston
Crusader, Clifton
Dog & Topper, Lenton
Druids Tavern, Arnold
Duke of Sussex, Fulwood
Durham Ox, Brinsley
Early Bird, Bilborough
Flying Bedstead, Hucknall
Foresters Arms, Newthorpe
Fox & Hounds, Blidworth
Gardeners Inn, Awwsworth
Gate Inn, Awwsworth
Gate Inn, Kimberley
Gate Inn, Westwood
Golden Guinea, Kimberley
Goose, Gamston
Greasley Castle, Eastwood
Great Northern, Langley Mill
Griffin Inn, Plumtree
Half Crown, Long Eaton
Handle Bar, Radford
Happy Man, Stapleford
Hare & Hounds, Warsop
Harrier, Hucknall
Harrington Arms, Sawley
Horse & Groom, Moorgreen
Jug & Glass, Nether Langwith
King & Miller, Sutton-in-Ashfield
Lady Bay, West Bridgford
Langham Hotel, Nottingham
Larks Nest, Nuthall
Lion & Dragon, Long Eaton
Lion Revived, Bulwell
Lord Clyde, Kimberley
Lord Nelson, Basford
Lord Nelson, Sneinton
Lord Raglan, Newthorpe
Lurcher, Rainworth
Magna Charta, Lowdham
Man in Space, Eastwood
Man of Iron, Stapleford
Meadow Covert, Edwalton
Moon & Stars, Eastwood
Moot House, Bingham
Nabb Inn, Hucknall
Nags Head, Pleasley
Nags Head, Woodborough
Nags Head & Plough, Stapleford
Nelson & Railway, Kimberley
Neville Arms, Kinoulton
New Inn, Long Eaton
New White Bull, Giltbrook
Nurseryman, Beeston
Old Volunteer, Caythorpe
Other Side of the Moon, Beeston
Owd Boots, Nottingham
Palmerston Arms, Eastwood
Park Tavern, Cinderhill
Peacock, Clifton
Plainsman, Mapperley
Plough & Harrow, Hucknall
Portland Arms, Nottingham
Queen Adelaide, Kimberley
Queens Head, Kimberley
Queens Hotel, Long Eaton
Ram Inn, Newthorpe
Red Gate, Mansfield

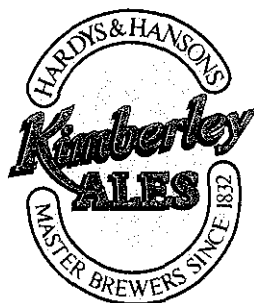
Red Lion, Bottesford
Red Lion, Sandiacre
Robin Hood, Brinsley
Rose Grower, Beeston
Royal Oak, Watnail
Saracens Head, Nottingham
Sherwood Ranger, Ravenshead
Sir Charles Napier, Langley Mill
Snipe, Sutton-in-Ashfield
Sun Inn, Eastwood
Sun Inn, Pinxton
Test Match Hotel, West Bridgford
Thorn Tree Inn, Woodlinkin
Three Horse Shoes, Pinxton
Three Ponds, Nuthall
Tree Tops, Mapperley
Victoria Inn, Long Eaton
Waggon & Horses, Brinsley
Waggon & Horses, Kirkby-in-Ashfield
Wellington Inn, Eastwood
White Hart, Lenton
White Lion, Bramcote
Wild Orchid, Kirkby-in-Ashfield
Windsor Castle, Carlton
Wishing Well, Nottingham
Ye Olde Trip to Jerusalem, Nottingham
Yew Tree Inn, Brinsley

Staffordshire
Coopers Tavern, Burton on Trent
Crescent Hotel, Burton on Trent
Swan Hotel, Burton on Trent

Warwickshire
Farm House, Coventry

West Midlands
Oldswinsford, Stourbridge
Wylde Green, Sutton Coldfield

Yorkshire
Albert Inn, Darnall
Bull & Badger, Killamarsh
Chartist, Skelmanthorpe
Chestnut Tree, Barnsley
Gypsy Queen, Beighton
Hay Nook, Maltby
High Park, Huddersfield
Lord Darcy, Leeds
Lord Nelson, Sheffield
Nags Head, Loxley
Old Hall Inn, Great Houghton
Old Heavygate Inn, Sheffield
Outpost, Barnsley
Ring O'Bells, Silkstone
Rose & Crown, Penistone
Shepley Spittfire, Tottle
Ship Inn, Sheffield
Sir Colin Campbell, Rotherham
Springfield Tavern, Sheffield
Travellers Rest, Brookhouse



Hardys & Hansons p.l.c.
Kimberley Brewery
Nottingham
NG16 2NS

Telephone: 0115 9383611
Email: info@hardysandhansons.plc.uk