

Company No 52412

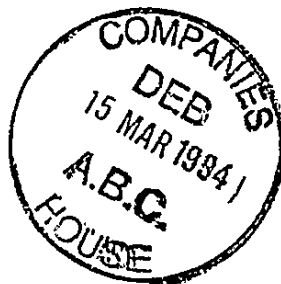
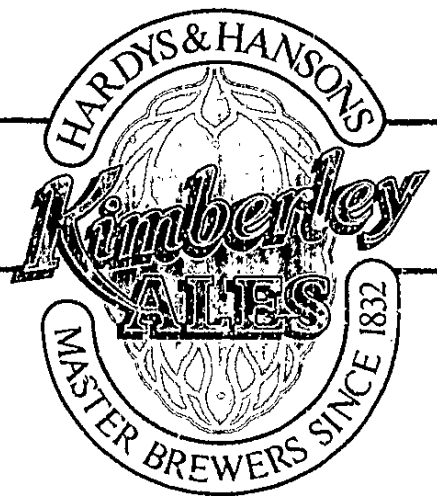
# 96th REPORT & FINANCIAL STATEMENTS

# 1993

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Hardys & Hansons p.l.c.

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22-3-94  
49.

## Directors and Officers

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### Directors

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

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### Secretary and Registered Office

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

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### Auditors

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

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### Bankers and Trustees for the Debenture Stockholders

Lloyds Bank Plc

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### Registrars

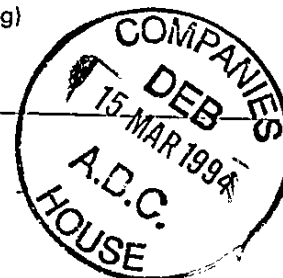
Barclays Registrars  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

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### Subsidiary Company (wholly owned)

Hansons Limited (non-trading)

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## Chairman's Statement

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I am very pleased to be able to report that our profit on ordinary activities before tax exceeded £7 million—up from £6,873,000 last year to £7,039,000 for the period ending 1st October, 1993. For the first time, in accordance with Financial Reporting Standard 3 (FRS 3), the profit on the disposal of fixed assets has been included in these figures; although this has not, on this occasion, had a material effect on our results, we do not agree with the principle of including such capital transactions within the profit on ordinary activities before taxation and consider that it is better to exclude them before making any comparisons. It is an example of the large number of new accounting and auditing standards, actual and proposed, which are a particular burden in terms of management time and cost. The proposals have come mainly from the Accounting Standards Board, the Auditing Practices Board and the Cadbury Committee; it seems ironic that there are so many different bodies telling us how to present our accounts and financial statements at a time when the Government has taken the initiative and is promoting a Deregulation Bill.

Shareholders will note that our net investment income dropped significantly from £962,000 to £638,000 in 1993. This was almost entirely due to the drop in interest rates during the period. It is, therefore, particularly appropriate to note that our trading profit increased by a very satisfactory 9.8%—from £5,757,000 to £6,323,000. These results, coupled with a strong balance sheet and adequate dividend cover, have enabled the board to propose a final dividend for the year of 5.5p per ordinary share which, with the interim dividend of 3.0p already paid, will result in a total dividend for the period of 8.5p compared with 7.9p for the previous period. We have also increased the allocation to the employees' share scheme to a total of £142,000 for the period; I am sure that shareholders will join me in thanking all employees, based at either the brewery or our managed houses, for their efforts throughout the year.

Trading conditions remained difficult throughout the year. The new managed houses which we have opened in recent years and the existing ones which we have altered, concentrating on sites with good road communications and providing much greater food facilities, have performed well. On the other hand, estate public houses have continued to suffer from unemployment in the manual trades, not helped by the Government's eventual failure to keep open as many collieries as they envisaged twelve months ago. Our sales of beer have been down in line with the market in the East Midlands but, on a happier note, there has been a significant improvement in income from gaming machines, beginning in the summer and continuing into the autumn.

The time for a revaluation of the company's properties continues to be reviewed regularly; by the end of our financial period there were indications that the licensed property market had begun to stabilise and, if that situation is maintained, it may well be appropriate to revalue sometime within the next two years. In the meantime, we remain of the opinion that the value of the company's properties remains substantially above the 1981 revaluation figure.

A further increase of 5% in the excise duty on beer in the Spring 1993 budget, for the fifth year running, was particularly disappointing; not only was the increase well above inflation, but it exacerbated the problem of the U.K.'s high duty rates compared with other states in the European Community. The illegal importing from across the channel and subsequent selling of beer and other dutiable goods is becoming an increasing problem. It is unfair competition and is currently the most important issue facing the brewing industry. The fact that the Chancellor did not impose any further increase in his November 1993 budget was a small step in the right direction—but it was only a very small step and duty levels must be reduced to permit fair competition.

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Chairman's Statement (continued)

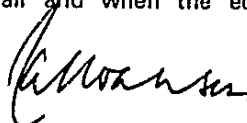
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The continued decline in the sales of beer in returnable bottles resulted in the company ceasing to supply its own bottled beers during the period but, at approximately the same time, we introduced a range of canned beers; by using the latest technology to produce a creamy head and smooth taste, our brewers succeeded in closely matching the characteristics of our draught beers. After extensive market research, Kimberley Best Mild, Kimberley Best Bitter and Kimberley Classic, a premium bitter, were launched in July. All three are of excellent quality and have been well received by supermarkets, cash-and-carries and off-licence chains and have been gaining increasing distribution. This increase in our portfolio should enable our free trade department to increase sales during 1994. In the period just ended, discounts continued at very high levels and, with traditional members' clubs being affected by unemployment in the same way as our estate public houses, trading conditions in the free trade remained difficult.

We have continued to invest in our retail estate. In November, 1992 we opened a new public house, the Snipe at Sutton, at Sutton-in-Ashfield, and which is on the main A38 between Junction 28 on the M1 and Mansfield. It has traded exceptionally well and it has been particularly satisfying that we appear to have achieved the right balance between a very successful catering operation with some 130 covers and a substantial public house. Since the period end we have opened another, similar, new public house at Chilwell, between Nottingham and Derby, but the benefits from that development will not come through until next year. The newly named Sportsman, which we acquired towards the end of 1992 and which is on the Bestwood Park Estate to the north of Nottingham, was reopened after extensive alterations. In addition, we have completed major alterations and improvements at the Boythorpe Inn, Chesterfield, the Bromley Arms, Fiskerton, the Grouse Inn, Darley Dale, the Lincolnshire Poacher, Louth, the Lord Nelson, Sheffield, the Man of Iron, Stapleford and the Park Tavern, Cinderhill. We increased the expenditure on improving and maintaining our properties by nearly 7% to £1.4m as charged against our profit before tax; this is in addition to capital expenditure of approximately £2m on either new or additions to freehold properties and on fixtures and fittings at managed houses.

During the year we ordered a new computer system which began to come on stream at the start of our current financial period on 2nd October, 1993; whilst not, typically, without some initial teething problems, it is designed to give us improved and additional management information as other programmes are added during the next twelve months. I am particularly grateful to all those involved with this new installation for their hard work in meeting the various deadlines. Also in the autumn, we received the excellent news that, following a planning inquiry, the local council's allocation for housing development of approximately 15 acres of land owned by the company had been confirmed. Planning permission still has to be obtained but, when the time is right to sell the land, we hope that it will also help us to acquire one or two public house sites from interested developers.

We are not yet seeing any signs of an end to the current very long running recession and, at such an early stage in our current period, it is difficult to be other than cautious. However, new developments or alterations to existing premises, which have either been completed in the autumn or which will be completed within the next few months, have either started or will shortly start to contribute to profits. With our strong balance sheet, we remain in a good position to move forward if unemployment continues to fall and when the economy starts to improve.

  
R.W.D. HANSON  
Chairman

## Report of the Directors

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The directors have pleasure in submitting the financial statements for the 52 weeks ended 1st October 1993, which were approved on 10th December 1993, and may be found between pages 8 and 19. The comparative figures for 1992 also cover a 52 week period.

### Results and Dividend

After the allocation to the employees' share scheme of £142,000 (£137,000 in 1992), the trading profit increased by 9.8% from £5,757,000 to £6,323,000 but net investment income decreased from £962,000 to £638,000. The profit before tax was £7,039,000 compared with £6,873,000. After providing for corporation tax at the rate of 33%, the profit after tax was £4,741,000 compared with £4,669,000.

Interim dividends were paid on 9th August 1993, on the ordinary and deferred ordinary shares of 3.0 pence per share and 2.825 pence per share respectively.

The directors recommend a final dividend of 5.5 pence per share on both the ordinary and deferred ordinary shares which, if approved, will be paid on 7th March 1994.

The remaining £2,609,000 (£2,687,000 in 1992) has been transferred to reserves.

### Review of the Business and Future Developments

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

### Activities

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

### Fixed Assets

The company's properties were revalued in 1981. Since that date there have been additions and sales. There have been no significant changes in the fixed assets during the financial period except in the normal course of the business.

The directors are of the opinion that the value of the company's properties has increased substantially since the 1981 revaluation. However, given the continuing uncertain state of the licensed property market and as nearly all the properties are held for use in the company's trade, the directors considered that the expense of a full revaluation was not justified during the financial period.

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

### Donations and Subscriptions

During the period the company contributed £4,000 for charitable purposes and £1,250 to the East Midlands Industrial Council.

### Employee Involvement

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

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

## Report of the Directors (continued)

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### Employment of Disabled Persons

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

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

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

### Directors

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

The director retiring in rotation order is Mr. P. T. Helps who, being eligible, offers himself for re-election. Mr. Helps' service agreement does not extend beyond twelve months.

The directors' interests in the shares of the company are shown on page 17, note 18.

### Corporate Governance

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

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

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

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

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

### Auditors

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

### Contracts

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

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Report of the Directors (continued)

Arrangements

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

Close Company

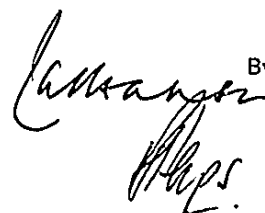
The Board is of the opinion that the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Capital Gains Tax

Official Stock Exchange prices:

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

Kimberley Brewery  
Nottingham  
10th December 1993

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

## Statement of Directors' Responsibilities

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

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

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

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

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

### Respective responsibilities of directors and auditors

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

### Basis of opinion

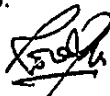
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

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

### Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1st October 1993 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

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



Nottingham  
10th December 1993



## Profit and Loss Account

for the 52 weeks ended 1st October 1993

	Notes	1993 (52 weeks)		1992 (52 weeks)	
		£000	£000	£000	£000
<b>Turnover</b>	2		31,733		30,256
Change in stocks of finished goods and work-in-progress			(209)		(7)
Raw materials, consumables and duty			31,524		30,249
			13,188		13,269
Staff costs	3	5,770	18,336	5,386	16,980
Depreciation		1,006		890	
Other operating costs		5,237		4,947	
			12,013		11,223
<b>Trading profit</b>			6,323		5,757
Disposal of fixed assets	4		78		154
			6,401		5,911
Income from fixed asset investments		119		118	
Other interest receivable		531		861	
			650		979
Interest payable	5		7,051		6,890
			12		17
<b>Profit on ordinary activities before taxation</b>	6		7,039		6,873
Tax on profit on ordinary activities	8		2,298		2,204
<b>Profit for the financial period</b>			4,741		4,669
Dividends	9		2,132		1,982
<b>Retained profit for the period</b>			2,609		2,687
Retained profit brought forward			102		103
			2,711		2,790
Proposed transfers—General reserve		2,530		2,535	
Capital reserve		105		176	
Revaluation reserve		(27)		(23)	
			2,608		2,688
Retained profit carried forward			103		102
Earnings per share	10				
Ordinary shares of 5p each			18.935p		18.647p
Deferred ordinary shares of 5p each			18.760p		18.472p

There were no recognised gains and losses other than those included in the profit and loss account.

# Balance Sheet

1st October 1993

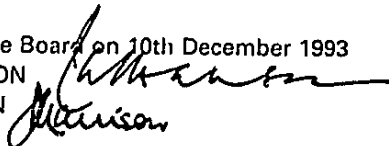
	Notes	1993		1992	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	11		36,270		34,755
Investments	12		1,731		1,757
Shares in Hansons Ltd less amounts due	13		—		—
			<u>38,001</u>		<u>36,512</u>
<b>Current assets</b>					
Stocks	14	934		1,140	
Debtors	15	1,993		2,061	
Cash at bank and in hand		9,401		7,797	
		<u>12,328</u>		<u>10,998</u>	
Creditors					
Amounts falling due within one year	16	6,421		6,379	
		<u>6,421</u>		<u>6,379</u>	
Net current assets			<u>5,907</u>		<u>4,619</u>
Total assets less current liabilities			43,908		41,131
Provisions for liabilities and charges	17		635		467
Net assets			<u>43,273</u>		<u>40,664</u>
<b>Capital and reserves</b>					
Called-up share capital	18		1,675		1,675
Revaluation reserve	19		11,052		11,079
Other reserves	20		30,243		27,608
Profit and loss account			103		102
			<u>43,073</u>		<u>40,464</u>
Shareholders' funds			43,073		40,464
Loan capital	21		200		200
			<u>43,273</u>		<u>40,664</u>

Approved by the Board on 10th December 1993

R. W. D. HANSON

J. D. HARRISON

Directors



## Cash Flow Statement

for the 52 weeks ended 1st October 1993

	Notes	1993 (52 weeks)		1992 (52 weeks)	
		£000	£000	£000	£000
<b>Net cash inflow from operating activities</b>	24		7,642		6,563
<b>Return on investments and servicing of finance</b>					
Income from fixed asset investments		119		118	
Interest receivable		531		861	
Interest payable		(12)		(17)	
Dividends paid		(2,032)		(1,912)	
Net cash (outflow) from return on investments and servicing of finance			(1,394)		(950)
<b>Taxation</b>					
Corporation tax paid (including advance corporation tax)			(2,227)		(2,445)
<b>Investing activities</b>					
Payments to acquire investments		(11)		(64)	
Receipts from sales of investments		5		104	
Payments to acquire fixed assets		(2,620)		(3,740)	
Receipts from sales of fixed assets		176		297	
Decrease (increase) in loans to customers and others		33		(175)	
Net cash (outflow) from investing activities			(2,417)		(3,578)
<b>Increase (decrease) in cash and cash equivalents</b>	25		1,604		(410)

## **Note of Historical Cost Profits**

for the 52 weeks ended 1st October 1993

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	1993 (52 weeks) £000	1992 (52 weeks) £000
Profit on ordinary activities before taxation	7,039	6,873
Realisation of property revaluation gains of prior years	27	23
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	13	13
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	7,079	6,909
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	2,649	2,723
	<hr/>	<hr/>

## **Reconciliation of Movements in Shareholders' Funds**

for the 52 weeks ended 1st October 1993

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	1993 (52 weeks) £000	1992 (52 weeks) £000
Profit for the period	4,741	4,669
Dividends	(2,132)	(1,982)
	<hr/>	<hr/>
Net additions to shareholders' funds	2,609	2,687
Shareholders' funds at 2nd October, 1992	40,464	37,777
	<hr/>	<hr/>
Shareholders' funds at 1st October, 1993	43,073	40,464
	<hr/>	<hr/>

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# 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.

The financial statements have been prepared in accordance with Financial Reporting Standard 3 (FRS 3), Reporting Financial Performance. Comparative figures have been restated to comply with FRS 3, showing the surplus on disposal of fixed assets as a pre taxation addition rather than as an extraordinary item and the basis of the calculation of earnings per share has been changed accordingly. In addition a statement of total recognised gains and losses, a note of historical cost profits and losses, and a reconciliation of movements in shareholders' funds as required, are contained within these financial statements. In other respects, apart from a reclassification of items between raw materials and other operating costs (including the revision of comparative figures), the financial statements have been prepared on bases consistent with those of the previous year.

### Maintenance and improvements of properties

Additions to and major refurbishment of premises are capitalised; minor capital projects charged against profits in the accounts, but disallowed for taxation purposes, amount to £491,000 (£427,000).

### 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 including labour and overheads.

### Deferred taxation

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

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

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

### Sales of properties and investments

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

### Depreciation

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

The rates used are:

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

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

### Goodwill

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

### Pensions

The company operates contributory and non-contributory defined benefit pension schemes available to all 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.

Notes to the Financial Statements (continued)

2 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.

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:	1993	1992
Management, administration and sales	60	64
Production and distribution	85	86
Managed houses	937	930
	<u>1,082</u>	<u>1,080</u>

The above totals include 829 (822) part-timers, mostly employed at managed houses, who were approximately equivalent to 268 (272) full-timers.

The aggregate payroll costs of the employees were as follows:	£000	£000
Wages and salaries	5,260	4,878
Social security costs	324	300
Pension schemes	186	208
	<u>5,770</u>	<u>5,386</u>

4 Disposal of fixed assets

Surplus on sale of properties	77	127
Profit on sale of investments	1	27
	<u>78</u>	<u>154</u>

5 Interest payable

On deposits repayable within five years	4	9
On debenture stock	8	8
	<u>12</u>	<u>17</u>

6 Profit on ordinary activities before taxation

Profit before taxation is attributable to one activity and is stated after crediting or charging the following:

Income from listed investments	80	84
	<u>80</u>	<u>84</u>
Directors' remuneration		
Fees	8	7
Managerial services	234	222
Pension premiums	26	25
Past director's pension	7	7
Employees' share scheme allocation	14	14
	<u>289</u>	<u>275</u>
Maintenance and improvement of properties	1,400	1,311
Fees payable to the auditors: as auditors	27	25
for other services	34	26
	<u>1,750</u>	<u>1,637</u>

Notes to the Financial Statements (continued)

7 Directors

The emoluments of the directors (excluding pensions and pension premiums but including the allocation from the employees' share scheme, with 1992 comparatives amended) fall within the following categories:

	1993	1992
£5,001 to £10,000	1	1
£50,001 to £55,000	—	2
£55,001 to £60,000	3	1
£65,001 to £70,000	—	1
£70,001 to £75,000	1	—

Included in the above: Chairman and highest paid director £73,538 (£69,002)

8 Taxation

	£000	£000
Corporation tax based on the profits at the rate of 33% (33%)	2,231	2,184
Tax on franked investment income	19	21
Taxation adjustment earlier years	(1)	(1)
Deferred taxation	49	—
	<u>2,298</u>	<u>2,204</u>

9 Dividends

Dividends paid or provided:	pence per share			
First preference shares	3.5	3.5	8	8
Second preference shares	4.2	4.2	8	8
Ordinary shares interim	3.0	2.8	600	560
Ordinary shares proposed final	5.5	5.1	1,100	1,020
Deferred ordinary shares interim	2.825	2.625	141	131
Deferred ordinary shares proposed final	5.5	5.1	275	255
			<u>2,132</u>	<u>1,982</u>

10 Earnings per share

Earnings per share are calculated on 20 million ordinary shares and 5 million deferred ordinary shares, using the profit for the period after taxation, less preference dividends, amounting to £4,725,000 (1992 £4,653,000). The profits resolved to be distributed as ordinary dividends in any year are applied first in the payment of 0.175 pence per share to the ordinary shareholders and the balance rateably among the holders of the ordinary and deferred ordinary shares.

Notes to the Financial Statements (continued)

11 Tangible fixed assets

	Properties		Plant, machinery and motor vehicles £000	Containers and fixtures £000	Total £000
	Freehold £000	Long leasehold £000			
Cost or valuation					
2nd October 1992	29,200	500	4,666	7,222	41,588
Additions and transfers	1,197	—	163	1,408	2,768
Disposals and transfers	(66)	(148)	(142)	(10)	(366)
1st October 1993	<u>30,331</u>	<u>352</u>	<u>4,687</u>	<u>8,620</u>	<u>43,990</u>
At cost	15,060	134	4,687	8,620	28,501
At valuation 1981	15,271	218	—	—	15,489
	<u>30,331</u>	<u>352</u>	<u>4,687</u>	<u>8,620</u>	<u>43,990</u>
Depreciation					
2nd October 1992	301	28	2,753	3,751	6,833
Charged in year	27	2	297	674	1,000
Disposals	—	—	(103)	(10)	(113)
1st October 1993	<u>328</u>	<u>30</u>	<u>2,947</u>	<u>4,415</u>	<u>7,720</u>
Net book value					
1st October 1993	<u>30,003</u>	<u>322</u>	<u>1,740</u>	<u>4,205</u>	<u>36,270</u>
2nd October 1992	<u>28,899</u>	<u>472</u>	<u>1,913</u>	<u>3,471</u>	<u>34,755</u>
The comparable amounts determined under historical cost accounting are:					
Cost	19,326	312	4,687	8,620	32,945
Depreciation	179	31	2,947	4,415	7,572
Net book value					
1st October 1993	<u>19,147</u>	<u>281</u>	<u>1,740</u>	<u>4,205</u>	<u>25,373</u>
2nd October 1992	<u>18,004</u>	<u>431</u>	<u>1,913</u>	<u>3,471</u>	<u>23,819</u>

12 Investments

	Listed £000	Loans to customers and others £000	Total £000
Additions	11	249	260
Disposals and repayments	(4)	(282)	(286)
Cost 1st October 1993	<u>731</u>	<u>1,000</u>	<u>1,731</u>

At 1st October 1993 the market value of listed investments, which are all dealt with on a recognised stock exchange, was £2,255,000 (£1,856,000).

13 Shares in Hansons Limited

	1993 £000	1992 £000
Ordinary shares	175	175
Less amounts due	175	175
	<u>—</u>	<u>—</u>

Hansons Limited is a wholly owned non-trading subsidiary.



Notes to the Financial Statements (continued)

	1993 £000	1992 £000
<b>14 Stocks</b>		
Raw materials	72	62
Consumable stores	87	94
Beer in process	49	240
Finished products	726	744
	<u>934</u>	<u>1,140</u>
<b>15 Debtors</b>		
Trade debtors	1,433	1,516
Other debtors	263	148
Prepayments and accrued income	297	397
	<u>1,993</u>	<u>2,061</u>
<b>16 Creditors: amounts falling due within one year</b>		
Trade creditors	1,456	1,362
Taxation	2,209	2,213
Other taxes and social security costs	332	567
Other creditors	835	777
Accruals	210	181
Ordinary shares proposed final dividend	1,100	1,020
Deferred ordinary shares proposed final dividend	275	255
Preference dividend to date	4	4
	<u>6,421</u>	<u>6,379</u>
<b>17 Provisions for liabilities and charges</b>		
Pensions—Balance 2nd October 1992	185	116
Additional charge this year	93	69
Balance 1st October 1993	<u>278</u>	<u>185</u>
Deferred taxation	357	282
	<u>635</u>	<u>467</u>
<b>Deferred taxation</b>		
Provided at 33% in respect of:		
Accelerated capital allowances	776	642
Short-term timing differences	(19)	66
	<u>757</u>	<u>708</u>
Less advance corporation tax recoverable on dividends proposed, for relief on taxation payable 1st July 1995	400	426
	<u>357</u>	<u>282</u>
<b>Movement in provision</b>		
Balance 2nd October 1992	708	708
Charge for the year	49	—
Balance 1st October 1993	<u>757</u>	<u>708</u>
If full provision had been made at 33% the amount would have been:		
Accelerated capital allowances	1,236	1,022
Short-term timing differences	(19)	66
Tax on gains subject to roll-over relief	450	447
	<u>1,667</u>	<u>1,535</u>

Notes to the Financial Statements (continued)

18 Share capital	1993 and 1992 Authorised £000	1993 Allotted, called-up and fully paid £000	1992 Allotted, called-up and fully paid £000
3.5% net First cumulative preference shares of £1 each	225	225	225
4.2% net Second cumulative preference shares of £1 each	250	200	200
Ordinary shares of 5p each	1,000	1,000	1,000
Deferred ordinary shares of 5p each	250	250	250
	<u>1,725</u>	<u>1,675</u>	<u>1,675</u>

**Directors' interests**

	1st October 1993		2nd October 1992	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
<b>R. W. D. Hanson</b>				
Second preference	2,923	—	2,923	—
5p Ordinary	172,969	36,390	171,460	36,390
Hardy Hanson Holdings Limited	4,175	—	4,175	—
<b>P. T. Helps</b>				
First preference	240	—	240	—
Second preference	403	—	403	—
5p Ordinary	56,576	1,179,315	55,415	1,179,315
Hardy Hanson Holdings Limited	6,833	24,153	6,833	24,153
<b>J. D. Harrison</b>				
First preference	100	—	100	—
Second preference	600	—	600	—
5p Ordinary	13,546	—	12,385	—
Debenture stock	£500	—	£500	—
<b>N. J. Forman Hardy</b>				
5p Ordinary	1,359,520	—	1,334,520	—
Hardy Hanson Holdings Limited	65,513	42,375	23,137	84,751
<b>T. E. Bonham</b>				
First preference	100	—	100	—
5p Ordinary	1,161	—	—	—

**Substantial holdings**

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

Britannic Assurance Public Limited Company	2,111,500	10.55%
Whitbread Investment Company Plc	1,999,810	9.99%
Prudential Corporation	1,283,000	6.41%
Trustees of the Lloyds Bank Pension Scheme	1,000,000	5.00%
Sun Alliance Group	830,000	4.15%
Forman Hardy Holdings Limited (also included in the above beneficial interests of Mr. N. J. Forman Hardy)	777,515	3.88%

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

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

There were no changes in the statements of directors' interests and substantial holdings up to and including 20th December 1993.

Notes to the Financial Statements (continued)

	1993 £000	1992 £000
<b>19 Revaluation reserve</b>		
Balance 2nd October 1992	11,079	11,102
Profit and loss account, re properties sold	(27)	(23)
	<u>11,052</u>	<u>11,079</u>
<b>20 Other reserves</b>		
<b>Capital reserve</b>		
Balance 2nd October 1992	4,484	4,308
Proposed transfer from profit and loss account		
Disposal of fixed assets (note 4)	78	154
Taxation	—	(1)
Revaluation reserve, re properties sold	27	23
	<u>105</u>	<u>176</u>
	4,589	4,484
<b>General reserve</b>		
Balance 2nd October 1992	23,124	20,589
Proposed transfer from profit and loss account	2,530	2,535
	<u>25,654</u>	<u>23,124</u>
	<u>30,243</u>	<u>27,608</u>
<b>21 Loan capital</b>		
£200,000 4% Irredeemable first mortgage debenture stock secured on certain properties and a general charge on the undertaking.		
<b>22 Capital commitments</b>		
Outstanding contracts	392	649
Authorised by the directors	441	1,072
	<u>833</u>	<u>1,721</u>

**23 Pension schemes**

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

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

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

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

The total pension charge was £186,000 (£208,000). Prepaid contributions amounted to £42,000 (£45,000).

Notes to the Financial Statements (continued)

24 Reconciliation of trading profit to net cash inflow from operating activities	1993 £000	1992 £000
Trading profit	6,323	5,757
Depreciation charges	1,006	890
Decrease in stock	206	15
Decrease in debtors	68	25
Increase (decrease) in creditors	39	(124)
Net cash inflow from operating activities	<u>7,642</u>	<u>6,563</u>
25 Analysis of changes in cash and cash equivalents during the year		
Cash at bank and in hand:		
Balance 2nd October 1992	7,797	8,207
Net cash inflow (outflow)	1,604	(410)
Balance 1st October 1993	<u>9,401</u>	<u>7,797</u>

## Notice of Meeting

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Notice is hereby given that the ninety-sixth annual general meeting of the company will be held at the Registered Office, Kimberley Brewery, Nottingham, on Tuesday, the 15th day of February 1994 at 11.30 a.m., for the following purposes:

- 1 To receive and consider the financial statements for the 52 weeks ended 1st October 1993 and the reports of the directors and auditors
- 2 To confirm the payment of the dividends on the first cumulative preference shares and on the second cumulative preference shares and the interim dividends on the ordinary and deferred ordinary shares
- 3 To approve the payment of final dividends on the ordinary and deferred ordinary shares
- 4 To re-elect one director
- 5 To appoint Robt. A. Page & Co. as auditors
- 6 To fix the remuneration of the auditors
- 7 To transact any other ordinary business of the company

By Order of the Board

  
J.D. HARRISON  
Secretary

Kimberley Brewery, Nottingham  
20th January 1994

*Notes: Only members holding ordinary shares or deferred ordinary shares are entitled to attend the above meeting, but every member so entitled may appoint a proxy (who need not be a member of the company) to attend and, upon a poll, vote instead of him. A form of proxy is enclosed, which should, if required, be returned to the company's registered office not less than forty eight hours before the time of the meeting. The completion and the return of the form of proxy will not preclude a member from attending and voting if he should later decide to do so.*

*In accordance with the requirements of the Stock Exchange, there will be available at the registered office of the company during normal business hours until the conclusion of the meeting, the following:*

- (i) *The register of directors' shareholdings*
- (ii) *Copies of the directors' service agreements with the company.*