

ST AUSTELL BREWERY COMPANY LIMITED

Report and Accounts

28 December 2002

 ERNST & YOUNG



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St Austell Brewery Company Limited

Registered No: 107021

DIRECTORS

P R Thompson - Chairman
S J Staughton - Managing Director
P P Voelcker
T A Luck
W F Michelmores
J B Neame

SECRETARY

C J Stratton

AUDITORS

Ernst & Young LLP
Broadwalk House
Southernhay West
Exeter
EX1 1LF

BANKERS

Barclays Bank Plc
Exeter Corporate Banking Centre
PO Box 328
20 High Street
Exeter
Devon
EX4 3YR

REGISTERED OFFICE

The Brewery
St Austell
Cornwall
PL25 4BY

St Austell Brewery Company Limited

NOTICE OF MEETING

Notice is hereby given that the Ninety-Second Annual General Meeting of the company will be held at the White Hart Hotel, Church Street, St Austell, Cornwall on 16 May 2003 at 12 noon for the transaction of the following ordinary business of the company:

1. To receive and consider the directors' report and accounts for the period ended 28 December 2002.
2. To declare a dividend on the ordinary shares.
3. To re-elect P R Thompson and P P Voelcker as the directors retiring by rotation.
4. To re-appoint Ernst & Young LLP as auditors for the ensuing year, and to authorise the directors of the company to fix their remuneration.
5. To transact any other ordinary business.

By order of the Board

The Brewery, St Austell, Cornwall, PL25 4BY

C J Stratton
Secretary
17 April 2003

Notes:

1. A member entitled to attend and vote at the above Annual General Meeting may appoint a proxy. Such proxy need not be a member of the company.
2. This Notice is sent to preference shareholders for information. Only ordinary shareholders are entitled to receive notice of and to attend and vote at the meeting.

St Austell Brewery Company Limited

CHAIRMAN'S STATEMENT

When reporting to shareholders in October last year on our half-year figures to 30 June 2002, I was able to announce unaudited profits up £439,000 to £2,224,000 and an increase in the interim dividend of 2p to 21p. I am pleased to report that our second half-year has also proved very successful so that pre-tax profits for the twelve months to 28 December 2002 are £7,518,000 against £6,544,000 for the previous nine months to 31 December 2001.

In view of these excellent figures your Directors are proposing to raise the final dividend by 5p to 36p making a total for the year of 57p compared to last year's payment of 50p, an increase of 14%.

Turnover for the twelve months of this financial year at £66,485,000 was 16.5% higher than the previous twelve month period to 31 December 2001. I am delighted to report an increase in volume of over 11% of our own beer sold against a significant decline in the national market. The trial of selling our beer throughout the UK has met our volume target set for its first year. Our leading brand Tribute is gaining distribution through our affiliation with Carlsberg-Tetley and we are confident that we will achieve growth in the year ahead in what is a highly competitive market. Sales of wines and spirits, minerals and cider have all increased.

During the year, three freehold properties were bought and two of our smaller tenanted properties sold. The Rashleigh Arms at Charlestown and The Cromwell Arms at Bovey Tracey joined our managed estate which now numbers 42 houses. Corkers Bar at Newquay has joined our tenanted estate and has been leased back to its former owner. The Barley Sheaf, St. Columb and The Cornish Arms, Bodmin were both sold.

The tenanted estate has had a satisfactory year and several small capital improvements have been completed while two rather larger ones are taking place at The Pandora Inn, Restronguet and The Fountain Inn, Newbridge.

The managed estate has had another successful year. Outstanding performances were made by our two Newquay houses The Central and The Fort, and of our hotels The Old Custom House, Padstow, The Pedn-Olva, St. Ives and The Great Western, Newquay have all performed exceptionally well. The White Hart Hotel, St. Austell is currently closed whilst undergoing a major refurbishment. It is scheduled to open in time for Easter and shareholders will see from the Notice of Meeting that the Annual General Meeting will be held at The White Hart this year instead of at the Brewery. The Pirate Inn, Falmouth, only a few yards away from the newly opened National Maritime Museum, is also closed whilst undergoing improvements and The Victoria Inn and Lodge, Roche has recently opened a fourteen bedroom extension to the twenty-eight room Lodge we built on to the Inn in 1999. Major alterations to The Oystercatcher, Polzeath were completed in the autumn and both The Ship Inn, Looe and The Harbour Inn, Porthleven have had their bedrooms refurbished.

Free Trade has also had another record year. Shareholders will remember that in my statement last year I reported that in February 2002 we had taken over the former depot at Wellington in Somerset which used to be occupied by wholesalers Jollys who had at that time gone into receivership. Within a few months we were offered the Devon business of another wholesaler, James Williams (Narbeth), who had a depot at Cullompton with a sizeable account base in Devon, Somerset and Dorset. The terms of the offer were acceptable to us and as their leasehold premises were both larger and better suited to our purposes than the Wellington premises, we have closed the latter. The amalgamated staff of both depots now operate out of Cullompton from where we cover the area from the eastern boundaries of our Ilfracombe and Heathfield depots, to Bristol in the north and Weymouth in the south. Competition remains intense but we believe that through excellent service we will continue to increase our share of this market.

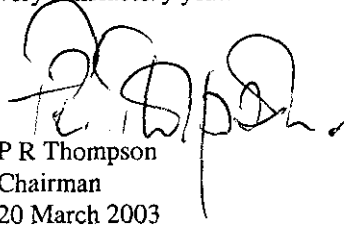
St Austell Brewery Company Limited

CHAIRMAN'S STATEMENT

In common with virtually all companies who have final salary schemes our pension commitments remain an increasing concern. Although we closed the defined benefit scheme to new members in June 2001 and despite the special contribution of £300,000 that the Company made last year, the continuing fall in the value of shares on the Stock Market and increasing life expectancy has led our net pension deficit to grow from £2,203,000 to £4,009,000. We have put in a further special contribution this year of £495,000 and from November 2002 we have increased our monthly contribution to 16.1% from 11.2% of pensionable earnings. Employees have also increased their contribution from 5% to 7%. We must be prepared to continue making further substantial contributions in the years ahead.

The first two months of our new financial year are marginally ahead of last year. It is impossible to judge the consequences of the current uncertain times to the economy of the South West and Cornwall in particular. It is possible that more holidays will be spent at home rather than abroad and in which case the South West, riding on the crest of a wave at the moment, may benefit more than any part of the country.

As usual I conclude with my sincere thanks to all in the Company who have worked so hard to achieve a very satisfactory year.


P R Thompson
Chairman
20 March 2003

The directors present their report and accounts for the period ended 28 December 2002.

The group operates a portfolio of tenanted and managed public houses and hotels and sells its own manufactured and bought in alcoholic and non alcoholic products through this portfolio and free trade outlets.

The activities of the company through the period are reviewed in detail in the Chairman's statement on page 4.

An interim dividend of 21p was paid on the ordinary shares on 28 October 2002. The directors recommend that a final dividend of 36p be paid on the ordinary shares.

The company made charitable donations during the period of £9,740.

The company provides employees with information concerning the company's results and regular meetings are held to discuss other matters of interest to them as employees. Full and fair consideration is given to suitable applications from disabled persons for employment, and opportunities also exist for employees who become disabled to continue in their employment or to be retrained for other positions so far as it is practical.

The directors during the period and their interests in the share capital of the company were as follows:

6

St Austell Brewery Company Limited

DIRECTORS' REPORT

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



C J Stratton
Secretary
20 March 2003

St Austell Brewery Company Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume 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 the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST AUSTELL BREWERY COMPANY LIMITED

We have audited the group's financial statements for the period ended 28 December 2002 which comprise Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 group'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 information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST AUSTELL BREWERY
COMPANY LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 28 December 2002 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Exeter
20 March 2003

St Austell Brewery Company Limited

GROUP PROFIT AND LOSS ACCOUNT

for the period from 1 January 2002 to 28 December 2002

		28.12.2002 (12 months)	31.12.2001 (9 months)
	Notes	£'000	£'000
TURNOVER	2	66,485	48,837
Cost of sales		(37,436)	(27,227)
Gross profit		29,049	21,610
Distribution and administration costs	3	(21,232)	(14,847)
OPERATING PROFIT	4	7,817	6,763
Interest receivable		53	63
Interest payable and similar charges	6	(352)	(282)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,518	6,544
Tax on profit on ordinary activities	7	(2,319)	(2,034)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,199	4,510
Dividends on equity and non-equity shares	8	(1,053)	(1,052)
PROFIT RETAINED FOR THE FINANCIAL PERIOD		4,146	3,458

There are no recognised gains or losses for the year other than the profit for the period.

St Austell Brewery Company Limited

GROUP BALANCE SHEET at 28 December 2002

	Notes	28.12.2002 £'000	31.12.2001 £'000
FIXED ASSETS			
Intangible assets	9	218	-
Tangible assets	10	38,185	34,984
		<u>38,403</u>	<u>34,984</u>
CURRENT ASSETS			
Stocks and work in progress	13	4,100	3,312
Debtors	14	8,481	7,038
Cash at bank and in hand		777	678
		<u>13,358</u>	<u>11,028</u>
CREDITORS: amounts falling due within one year	15	(19,801)	(15,053)
NET CURRENT LIABILITIES		<u>(6,443)</u>	<u>(4,025)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		31,960	30,959
CREDITORS: amounts falling due after more than one year	16	(307)	(431)
PROVISION FOR LIABILITIES AND CHARGES	18	(781)	(743)
		<u>30,872</u>	<u>29,785</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,940	2,194
Capital redemption reserve	20	960	706
Profit and loss account	20	27,972	26,885
		<u>30,872</u>	<u>29,785</u>
Shareholders' funds:			
Equity		30,772	29,685
Non-equity		100	100
		<u>30,872</u>	<u>29,785</u>

Approved by the Board on 20 March 2003

P R Thompson
S J Staughton

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} Directors

St Austell Brewery Company Limited

COMPANY BALANCE SHEET at 28 December 2002

	Notes	28.12.2002 £'000	31.12.2001 £'000
FIXED ASSETS			
Intangible assets	9	218	-
Tangible assets	10	37,362	34,154
Investments	12	400	400
		<u>37,980</u>	<u>34,554</u>
CURRENT ASSETS			
Stocks and work in progress	13	4,082	3,297
Debtors	14	8,445	7,011
Cash at bank and in hand		717	641
		<u>13,244</u>	<u>10,949</u>
CREDITORS: amounts falling due within one year	15	(20,997)	(16,125)
NET CURRENT LIABILITIES		<u>(7,753)</u>	<u>(5,176)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,227</u>	<u>29,378</u>
CREDITORS: amounts falling due after more than one year	16	(307)	(431)
PROVISION FOR LIABILITIES AND CHARGES	18	(672)	(634)
		<u>29,248</u>	<u>28,313</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,940	2,194
Capital redemption reserve	20	960	706
Profit and loss account	20	26,348	25,413
		<u>29,248</u>	<u>28,313</u>
Shareholders' funds:			
Equity		29,148	28,213
Non-equity		100	100
		<u>29,248</u>	<u>28,313</u>

Approved by the Board on 20 March 2003

P R Thompson
S J Staughton

} Directors

St Austell Brewery Company Limited

GROUP CASH FLOW STATEMENT for the period ended 28 December 2002

	Notes	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21a	7,679	8,705
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		53	63
Interest paid		(327)	(292)
Preference dividends paid		(5)	(5)
Interest element of finance lease rental payments		(16)	(11)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(295)	(245)
TAXATION PAID		(2,628)	(1,521)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(5,270)	(4,409)
Purchase of intangible fixed assets		(225)	-
Sales of tangible fixed assets		487	274
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(5,008)	(4,135)
EQUITY DIVIDENDS PAID		(1,433)	(545)
CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(1,685)	2,259
FINANCING			
Repurchase of own shares		(3,059)	-
Capital element of finance lease rental payments		(126)	(91)
NET CASH OUTFLOW FROM FINANCING		(3,185)	(91)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		(4,870)	2,168

St Austell Brewery Company Limited

GROUP CASH FLOW STATEMENT for the period ended 28 December 2002

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
(Decrease)/increase in cash		(4,870)	2,168
Cash used to repay capital element of finance lease and hire purchase payments		126	91
Change in net debt resulting from cash flows	21b	(4,744)	2,259
New finance leases and hire purchase contracts		-	(207)
MOVEMENT IN NET DEBT		(4,744)	2,052
OPENING NET DEBT		(6,654)	(8,706)
CLOSING NET DEBT	21b	(11,398)	(6,654)

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost basis and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts incorporate the assets and liabilities of the subsidiary undertakings as at 31 December and the results for the period ended on that date.

The company has taken advantage of the exemption in Section 230 of the Companies Act 1985 not to present a separate profit and loss account dealing with the results of the company.

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life as follows:

Freehold buildings	-	over 50 years
Long and short leasehold land and buildings	-	over the lease term
Plant, machinery and furniture	-	over 3 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Stocks and work in progress

This is valued at the lower of cost and net realisable value.

Pensions

The group operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. Contributions to these funds are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Goodwill

Goodwill arising on acquisitions is capitalised in the balance sheet at cost and amortised over its estimated useful economic life of up to 20 years.

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

1 ACCOUNTING POLICIES (continued)

Leased assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2 TURNOVER

This represents sales in the United Kingdom net of value added tax.

3 DISTRIBUTION AND ADMINISTRATIVE COSTS

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Distribution costs	2,371	1,444
Administrative costs	18,861	13,403
	<u>21,232</u>	<u>14,847</u>

4 OPERATING PROFIT

This has been arrived at after charging/(crediting):

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Depreciation of owned fixed assets	1,551	1,396
Depreciation of assets held under finance leases and hire purchase contracts	133	92
Amortisation of goodwill	7	-
Auditors' remuneration - Audit	20	20
- Other services	8	7
Rent receivable from properties	<u>(1,606)</u>	<u>(1,109)</u>

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

5 DIRECTORS AND OTHER EMPLOYEES

Remuneration of directors

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Directors' emoluments	238	160

In addition £16,563 (9 months to 31.12.2001 - £11,875) was paid to Michelmores, Solicitors, for the services of Mr W F Michelmore as a non-executive director.

The aggregate of emoluments of the highest paid director was £86,403 (9 months to 31.12.2001 - £60,539).

	28.12.2002 (12 months) No.	31.12.2001 (9 months) No.
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	2	2

The average number of persons employed by the group during the period was as follows:

	28.12.2002 (12 months) No.	31.12.2001 (9 months) No.
At the brewery and depots	249	230
At hotels and public houses	885	851
	1,134	1,081

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Staff costs include the following:		
Wages and salaries	10,937	7,297
Social security costs	715	453
Other pension costs	1,180	614
	12,832	8,364

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

6 INTEREST PAYABLE AND SIMILAR CHARGES

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Bank overdraft	330	267
Finance charges payable under finance leases and hire purchase contracts	16	11
Other loans	6	4
	<u>352</u>	<u>282</u>

7 TAXATION

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
<i>Current tax:</i>		
UK corporation tax	2,319	2,126
Tax overprovided in previous years	(38)	(26)
Total current tax	<u>2,281</u>	<u>2,100</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	38	(66)
Group deferred tax	<u>38</u>	<u>(66)</u>
Tax on profit on ordinary activities	<u>2,319</u>	<u>2,034</u>

(b) Factors affecting current tax charge

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Profit on ordinary activities before tax	7,518	6,544
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.00% (2001 - 30.00%)	<u>2,255</u>	<u>1,963</u>
Effect of:		
Disallowed expenses and non-taxable income	105	66
Capital allowances in excess of depreciation	(14)	69
Adjustments in respect of previous periods	(38)	(26)
Other	3	28
Indexation/Utilisation of capital losses	(30)	-
Current tax charge for the period	<u>2,281</u>	<u>2,100</u>

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

8 DIVIDENDS

	28.12.2002 (12 months) £'000	31.12.2001 (9 months) £'000
Equity dividends on ordinary shares:		
Interim payable - 21p (2001 - 19p)	386	398
Final proposed - 36p (2001 - 31p)	662	649
	<u>1,048</u>	<u>1,047</u>
Non-equity dividends on 5% preference shares:		
Interim paid	2	2
Final paid	3	3
	<u>5</u>	<u>5</u>
	<u>1,053</u>	<u>1,052</u>

9 INTANGIBLE FIXED ASSETS

Group and Company

Cost:

At 1 January 2002

Additions

At 28 December 2002

Amortisation:

At 1 January 2002

Charge for the period

At 28 December 2002

Net book value:

At 28 December 2002

Goodwill
£

-
225

225

-
7

7

218

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

10 TANGIBLE FIXED ASSETS

Group

	Land and buildings			Plant, machinery & furniture etc	Total
	Freehold £'000	Long leasehold £'000	Short leasehold £'000	£'000	£'000
Cost or valuation:					
At 1 January 2002	27,001	977	1,087	19,078	48,143
Additions	3,592	-	-	1,678	5,270
Disposals	(199)	-	-	(644)	(843)
At 28 December 2002	30,394	977	1,087	20,112	52,570
Depreciation:					
At 1 January 2002	182	39	230	12,708	13,159
Charge for the period	67	3	27	1,587	1,684
Disposals	-	-	-	(458)	(458)
At 28 December 2002	249	42	257	13,837	14,385
Net book value					
At 28 December 2002	30,145	935	830	6,275	38,185
At 31 December 2001	26,819	938	857	6,370	34,984

The net book value of plant, machinery and furniture etc includes an amount of £170,000 (2001 : £303,000) in respect of assets held under finance leases and hire purchase contracts.

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

10 TANGIBLE FIXED ASSETS (continued)

Company

	Land and buildings			Plant, machinery & furniture etc	Total
	Freehold £'000	Long leasehold £'000	Short Leasehold £'000	£'000	£'000
Cost:					
At 1 January 2002	26,376	980	1,087	18,334	46,777
Additions	3,592	-	-	1,653	5,245
Disposals	(199)	-	-	(644)	(843)
At 28 December 2002	29,769	980	1,087	19,343	51,179
Depreciation:					
At 1 January 2002	177	39	230	12,177	12,623
Charge for the period	65	3	27	1,557	1,652
Disposals	-	-	-	(458)	(458)
At 28 December 2002	242	42	257	13,276	13,817
Net book value:					
At 28 December 2002	29,527	938	830	6,067	37,362
At 31 December 2001	26,199	941	857	6,157	34,154

The net book value of plant, machinery and furniture etc includes an amount of £170,000 (2001 : £303,000) in respect of assets held under finance leases and hire purchase contracts.

11 FUTURE CAPITAL EXPENDITURE

	28.12.2002 £'000	31.12.2001 £'000
Capital expenditure on fixed assets authorised by the directors at the period end but not provided for in the accounts was as follows:		
Contracts placed	2,275	347

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

12 INVESTMENTS

Company

*Subsidiary
undertakings
£'000*

Cost and net book value:

At 28 December 2002 and 31 December 2001

400

Details of the subsidiaries are as follows:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Great Western Hotel (Newquay) Ltd	Ordinary shares	100%	Hotel Operator
Walter Hicks Limited	Ordinary shares	100%	Dormant
Drinklink Limited	Ordinary shares	100%	Dormant

The subsidiaries are all directly owned by the company.

13 STOCKS AND WORK IN PROGRESS

	<i>Group</i>		<i>Company</i>	
	<i>28.12.2002</i>	<i>31.12.2001</i>	<i>28.12.2002</i>	<i>31.12.2001</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Raw materials and consumables	265	271	263	269
Work in progress	12	14	12	14
Finished goods and goods for resale	3,823	3,027	3,807	3,014
	<u>4,100</u>	<u>3,312</u>	<u>4,082</u>	<u>3,297</u>

14 DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>28.12.2002</i>	<i>31.12.2001</i>	<i>28.12.2002</i>	<i>31.12.2001</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts falling due within 1 year:				
Trade debtors	5,765	4,919	5,733	4,899
Other debtors	1,048	572	1,048	572
Prepayments and accrued income	584	296	580	289
	<u>7,397</u>	<u>5,787</u>	<u>7,361</u>	<u>5,760</u>
Amounts falling due after 1 year:				
Trade loans	1,084	1,251	1,084	1,251
	<u>8,481</u>	<u>7,038</u>	<u>8,445</u>	<u>7,011</u>

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

15 CREDITORS : amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	28.12.2002	31.12.2001	28.12.2002	31.12.2001
	£'000	£'000	£'000	£'000
Bank overdraft	12,017	7,048	12,017	7,048
Obligations under finance leases and hire purchase contracts (note 17)	135	118	135	118
Trade creditors	3,999	3,494	3,957	3,470
Amounts owed to subsidiary undertaking	-	-	1,325	1,185
Corporation tax	1,223	1,570	1,178	1,517
Other taxation and social security	1,111	1,024	1,069	988
Accruals and deferred income	654	752	654	752
Dividends - interim payable	-	398	-	398
- final proposed	662	649	662	649
	<u>19,801</u>	<u>15,053</u>	<u>20,997</u>	<u>16,125</u>

The company has entered into a cross guarantee with the operating subsidiary in respect of the overdraft.

16 CREDITORS: amounts falling due after more than one year

	28.12.2002	31.12.2001	28.12.2002	31.12.2001
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts (note 17)	23	166	23	166
Tenants deposits	284	265	284	265
	<u>307</u>	<u>431</u>	<u>307</u>	<u>431</u>

The deposits become repayable on demand once the tenancy changes.

17 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	28.12.2002	31.12.2001
<i>Group & Company</i>	£'000	£'000
Amounts payable:		
Within one year	143	143
In two to five years	23	166
	<u>166</u>	<u>309</u>
Less: Finance charges allocated to future periods	(8)	(25)
	<u>158</u>	<u>284</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations	135	118
Non-current obligations	23	166
	<u>158</u>	<u>284</u>

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

18 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i> £'000	<i>Company</i> £'000
Deferred taxation:		
At 1 January 2002	743	634
Arising during the period	44	44
Adjustment in respect of prior periods	(6)	(6)
At 28 December 2002	<u>781</u>	<u>672</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

<i>Group</i>	<i>Provided</i>		<i>Not Provided</i>	
	28.12.2002 £'000	31.12.2001 £'000	28.12.2002 £'000	31.12.2001 £'000
Capital allowances in advance of depreciation	683	645	-	-
Capital gains tax rolled over	98	98	-	-
	<u>781</u>	<u>743</u>	<u>-</u>	<u>-</u>
	<u><u>781</u></u>	<u><u>743</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<i>Company</i>	<i>Provided</i>		<i>Not Provided</i>	
	28.12.2002 £'000	31.12.2001 £'000	28.12.2002 £'000	31.12.2001 £'000
Capital allowances in advance of depreciation	574	536	-	-
Capital gains tax rolled over	98	98	-	-
	<u>672</u>	<u>634</u>	<u>-</u>	<u>-</u>
	<u><u>672</u></u>	<u><u>634</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

19 CALLED UP SHARE CAPITAL

	28.12.2002	Authorised 31.12.2001
	£'000	£'000
Ordinary shares of £1 each	2,800	2,800
5% preference shares of £1 each	100	100
Non-designated shares	50	50
	<u>2,950</u>	<u>2,950</u>

	Allotted, called up and fully paid			
	28.12.2002	31.12.2001	28.12.2002	31.12.2001
	thousands	thousands	£'000	£'000
Ordinary shares of £1 each	1,840	2,094	1,840	2,094
5% preference shares of £1 each	100	100	100	100
A Share of £1 each (one issue)	-	-	-	-
	<u>1,940</u>	<u>2,194</u>	<u>1,940</u>	<u>2,194</u>

The preference shares carry the right to a fixed cumulative preferential dividend of 5%. On a winding up of the company, the preference shareholders have a right to receive, in priority to payments to ordinary shareholders, £1 per share plus any accrued dividend.

The preference shares carry no votes at meetings unless the dividend thereon is six months or more in arrears or the business of the meeting includes a resolution for the winding up of the company, reducing its share capital or altering the Articles to affect their rights in which event, each holder will be entitled to one vote on a show of hands or one vote per share on a poll.

The A share carries no rights to dividends. On winding up of the company the A Shareholder is entitled to compensation in priority to the ordinary shareholders under article 15A of the company's articles of association.

During the year the company purchased 253,615 of its allotted £1 Ordinary shares for a consideration of £3,043,380 plus stamp duty of £15,220.

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

20 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share Capital £'000</i>	<i>Capital Redemption Reserve £'000</i>	<i>Profit & Loss Account £'000</i>	<i>Total £'000</i>
At 1 April 2001	2,194	706	23,427	26,327
Profit for the period	-	-	4,510	4,510
Dividends	-	-	(1,052)	(1,052)
At 31 December 2001	2,194	706	26,885	29,785
Profit for the period	-	-	5,199	5,199
Dividends	-	-	(1,053)	(1,053)
Arising on purchase of own shares	(254)	254	(3,059)	(3,059)
At 28 December 2002	1,940	960	27,972	30,872

<i>Company</i>	<i>Share Capital £'000</i>	<i>Capital Redemption Reserve £'000</i>	<i>Profit & Loss Account £'000</i>	<i>Total £'000</i>
At 1 April 2001	2,194	706	22,105	25,005
Profit for the period	-	-	4,360	4,360
Dividends	-	-	(1,052)	(1,052)
At 31 December 2001	2,194	706	25,413	28,313
Profit for the period	-	-	5,047	5,047
Dividends	-	-	(1,053)	(1,053)
Arising on purchase of own shares	(254)	254	(3,059)	(3,059)
At 28 December 2002	1,940	960	26,348	29,248

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

21 NOTES TO THE GROUP CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	28.12.2002	31.12.2001
	£'000	£'000
Operating profit	7,817	6,763
Depreciation	1,684	1,488
Amortisation of goodwill	7	-
Profit on sale of fixed assets	(102)	(30)
Increase in stock	(788)	(5)
Increase in debtors	(1,443)	(910)
Increase in creditors	504	1,399
Net cash inflow from operating activities	7,679	8,705

(b) Analysis of changes in net debt

	At 1.1.2002	Cash flows	At 28.12.2002
	£'000	£'000	£'000
Cash at bank and in hand	678	99	777
Overdraft	(7,048)	(4,969)	(12,017)
Finance leases and hire purchase contracts	(284)	126	(158)
	(6,654)	(4,744)	(11,398)

22 PENSIONS

The company operates a pension scheme for the benefit of employees at the brewery and depots and for managed house managers. The defined benefit section of the scheme was closed to new members from 30 June 2001. On 1 March 2002, the company set up a separate defined contribution section of the scheme to cater for new employees.

The defined benefit section of the scheme is funded by the payment of contributions to a separately administered trust fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The last full actuarial valuation was carried out as at 31 December 2001. The valuation at that date stated that the market value of the scheme assets was £15,028,000 and would be sufficient to cover 87% of the liabilities arising.

In accordance with the advice of the actuary following the results of the above valuation, the contributions of the company have been made at 11.2% of pensionable earnings until November 2002 and 16.1% thereafter. The employee contribution rate also was increased from 5% to 7% of pensionable salary from this date. In addition, the company made a special contribution of £495,000 during the period in order to reduce the scheme deficit.

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

22 PENSIONS (continued)

The transitional arrangements of the new accounting standard FRS 17 'Retirement Benefits' requires disclosure of assets and liabilities as at 28 December 2002 calculated in accordance with the requirements of FRS 17. For the purpose of these financial statements, these figures are illustrative only and do not impact on the actual 28 December 2002 balance sheet. The assets of the scheme have been stated at their market value at 28 December 2002 and the liabilities have been calculated using the following actuarial assumptions:

Valuation method	% per annum	
	Projected unit	
	2002	2001
Rate of return on investments	6.30	5.75
Rate of salary increases	3.50	3.50
Rate of pension increases	3.00	3.00
Inflation rate	2.50	2.50
Discount rate	5.40	5.75

As a result of the closure to new members of the defined benefit section of the pension scheme, under the projected unit valuation method the current service cost will increase as the members of the scheme approach retirement.

Based on the assumptions above, the illustrative balance sheet figures are as follows:

	Value at 28 December 2002 £'000	Value at 1 January 2002 £'000
Equities	10,335	11,903
Bonds	1,897	2,148
Other	1,399	902
Total market value of assets	13,631	14,953
Present value of scheme liabilities	19,358	18,100
Deficit in the scheme	(5,727)	(3,147)
Related deferred tax asset	1,718	944
Net pension deficit	(4,009)	(2,203)

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

22 PENSIONS (continued)

	<i>Group</i> <i>28 December</i> <i>2002</i> <i>£'000</i>	<i>Group</i> <i>1 January</i> <i>2002</i> <i>£'000</i>
<i>Net assets</i>		
Net assets excluding pension deficit	30,872	29,785
Net pension deficit	(4,009)	(2,203)
Net assets including pension deficit	<u>26,863</u>	<u>27,582</u>
<i>Reserves</i>		
Profit and loss reserve excluding pension asset	27,972	26,885
Net pension deficit	(4,009)	(2,203)
Profit and loss reserve	<u>23,963</u>	<u>24,682</u>

The impact of the net pension deficit on the results of the Group had FRS17 been fully implemented would be as follows:

	<i>Group</i> <i>2002</i> <i>£'000</i>
Components of the defined benefit cost:	
Current service cost	(395)
Total operating charge	<u>(395)</u>
Expected return on pension scheme assets	975
Interest on pension scheme liabilities	(1,040)
Total other finance costs	<u>(65)</u>
Total illustrative charge to the profit and loss account	<u>(460)</u>

St Austell Brewery Company Limited

NOTES TO THE ACCOUNTS

at 28 December 2002

22 PENSION SCHEME (continued)

Illustration of amount recognised in the statement of total recognised gains and losses

	<i>Group 2002</i>
Difference between the expected and actual return on pension scheme assets:	
Amount (£000)	(3,040)
Percentage of scheme assets	22%
Experience losses arising on scheme liabilities:	
Amount (£000)	(45)
Percentage of the present value of the scheme liabilities	0%
Loss arising from changes in assumptions underlying the present value of scheme liabilities:	
Amount (£000)	(187)
Total illustrative loss recognised in the statement of total recognised gains and losses:	
Amount (£000)	(3,272)
Percentage of the present value of the scheme liabilities	17%
Analysis of movements in the deficit during the year:	
	<i>Group 2002 £'000</i>
At 1 January 2002	(3,147)
Total operating charge	(395)
Total other finance costs	(65)
Actuarial loss	(3,272)
Contributions	1,152
At 28 December 2002	(5,727)

St Austell Brewery Company Limited

FIVE YEAR SUMMARY

<i>Period/years ended:</i>	28.12.2002	31.12.2001 (9 months)	31.3.2001	31.3.2000	31.3.1999
	£000	£000	£000	£000	£000
TURNOVER	66,485	48,837	50,134	47,124	43,114
OPERATING PROFIT	7,817	6,763	5,757	5,934	5,315
Net interest	(299)	(219)	(266)	(175)	21
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7,518	6,544	5,491	5,759	5,336
Tax on profit on ordinary activities	(2,319)	(2,034)	(1,702)	(1,857)	(1,651)
Preference dividends	(5)	(5)	(5)	(5)	(4)
Ordinary dividends	(1,048)	(1,047)	(900)	(906)	(895)
RETAINED PROFIT	4,146	3,458	2,884	2,991	2,786
STATISTICS					
Earnings per ordinary share (c)	£2.54	£2.15p	(b) £1.71p	(a) £1.67p	£1.42p
Dividends per ordinary share	57p	50p	43p	39p	37p
Dividend cover (times)	4.96	4.30	4.20	4.30	4.11

A weighted average number of ordinary shares has to be calculated to represent the buy back of:

- (a) 278,000 ordinary shares on 9 April 1999
- (b) 228,400 ordinary shares on 6 October 2000
- (c) 253,615 ordinary shares on 25 October 2002