

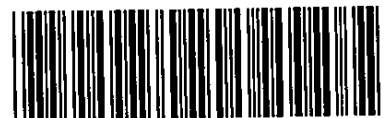
Company Registration Number 107021

ST AUSTELL BREWERY COMPANY LIMITED

Report and Financial Statements

1 January 2011

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ST AUSTELL BREWERY COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

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ST AUSTELL BREWERY COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

PRESIDENT

P R Thompson

DIRECTORS

W F Michelmores (Chairman)
S J Staughton (Managing Director)
T A Luck
J B Neame
G H Barnes

SECRETARY

C J Stratton

REGISTERED OFFICE

The Brewery
St Austell
Cornwall
PL25 4BY

BANKERS

Barclays Bank plc
Wales & South West Team
PO Box 119
Park House
Newbrick Road
Bristol
BS34 8TN

Royal Bank of Scotland plc
3rd Floor
Temple Back East
Bristol
BS1 6BZ

AUDITOR

Deloitte LLP
Bristol

ST AUSTELL BREWERY COMPANY LIMITED

NOTICE OF MEETING

Notice is hereby given that the One Hundredth Annual General Meeting of the company will be held at the registered office, The Brewery, St Austell, Cornwall on 6 May 2011 at 12 noon for the transaction of the following ordinary business of the company

- 1 To receive and consider the directors' report and financial statements for the 52 weeks ended 1 January 2011
- 2 To declare a dividend on the ordinary shares
- 3 To re-appoint Deloitte LLP as auditor for the ensuing year, and to authorise the directors of the company to fix their remuneration
- 4 To transact any other ordinary business

By order of the board



C J Stratton
Secretary
The Brewery, St Austell, Cornwall, PL25 4BY

Note

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.

ST AUSTELL BREWERY COMPANY LIMITED

CHAIRMAN'S STATEMENT

Last October I reported to shareholders unaudited pre-tax profits up £706,000 to £3,280,000 for the first six months of the year. I am pleased to announce that although our turnover for the year fell by £405,000 to £92,933,000, our operating profit before exceptional items was up by 6.3% to £9,589,000. Shareholders will remember at the half year we increased our interim dividend by 3p to 30p per share. Your Directors are now proposing to increase the final dividend by a further 2p to 51p making a total of 81p for the financial year, an increase of just over 6% on the previous year.

These results are particularly pleasing in our wholesale and national sales divisions where we managed to significantly grow our business and improve contribution. Our estate also continued to be the main contributor to the company's profits despite the challenging economic conditions that prevailed throughout the year.

There are two exceptional items reflected in the profit & loss account that warrant special mention. The first relates to the final salary section of our pension scheme. This scheme was closed to new members in 2001 but like all schemes of this nature it continues to represent a significant commitment. Following a detailed review, the company is continuing to maintain it but with a limit on the potential liabilities of the scheme by restricting future increases in pensionable salaries. The effect of this change is to reduce the liabilities of the scheme by £1,700,000 and a credit for this amount is therefore included in our profit & loss account in 2010. I am pleased to report that the decisions taken, combined with the investment performance of the pension scheme assets, means that the net deficit on the pension scheme has fallen from £7,073,000 at the beginning of the year to £1,695,000 at the end of the year.

The second item relates to impairment. Last year you may recall that we recognised an impairment in the value of two of our properties that were purchased at the height of the property market. A similar exercise has been carried out this year and this has identified four further properties where a potential impairment totalling £847,000 exists. The net effect of the pension credit and this impairment is to increase our profit (before tax and asset sales) by 33% to £9,622,000 for the year.

Since my last Statement we have purchased three pubs. The Masons Arms at Branscombe and The White Hart at Modbury were both free houses while The Watering Hole on the Barbican at Plymouth was part of the Punch Estate. All the pubs are in good trading locations and we are confident that they will make excellent additions to our pub estate.

Sales of own ales enjoyed a sixth consecutive year of double digit growth in volumes with our national sales division seeing its turnover grow by 15.7% in 2010. Tribute continues to be at the forefront of this growth. We have now moved from three brews a week back in 1999 to three brews a day. In order to keep up with the demand for our ales we continue to invest in the brewhouse and last year we installed an additional three fermenting vessels as well as a new spent grain silo.

In the summer we launched Korev lager in bottle as a trial and we are considering the possible launch of a draught version later this year. The word 'Korev' is Cornish for beer and initial feedback has been very positive.

In June we showcased Tribute at a specially created 'Cornish Arms' bar in a marquee at the Glastonbury Festival. It was a huge success, so much so, that we have been invited back again this year.

Our investment in the Cornish Distribution Centre at St Columb has been paying dividends in reduced costs and we have recently introduced a night-shift which has helped us to improve customer service by enabling us to accept customer orders up to 4 p.m. for delivery of goods the following day.

During the last year we introduced a new Code of Practice for licensees which formalises our tenancy agreements and increases the transparency of our offer.

Our new Visitor Centre shop and wine warehouse was opened in May and they have both benefited from a positive first year of trading with the potential of further growth in sales in the coming years.

In May we were again assessed for our Investors in People award. The results of this assessment were particularly gratifying concluding with the comment "The Company should be proud of its achievement and the very positive findings from the review. It was a pleasure to talk to everyone and your staff are clearly a huge asset to St Austell Brewery and fundamental to your ongoing success."

ST AUSTELL BREWERY COMPANY LIMITED

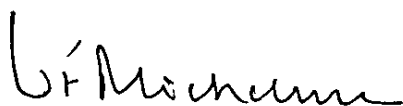
CHAIRMAN'S STATEMENT (continued)

In September we completed the purchase of shares from the Buttle Trust who represented the last institutional holder of ordinary shares at a total cost of £1,380,000

Our plans for 2011 include the refreshing of our range of core ales, the installation of two new mash tuns and a new mill in the brewhouse, the completion of our 33-bedroom lodge at The County Arms, Truro and the support of the group Fisherman's Friends to promote Tribute

Trading in the first two months of the year have been above expectations but the prospect of higher fuel costs and further public sector cuts still create uncertain economic conditions for the year ahead

Finally the Brewery Charitable Trust had had another good year with a further £50,000 being raised. This would not have been possible without the tremendous fund-raising efforts of our employees and this leads me to conclude with my sincere thanks to them all for their hard work in achieving our record performance particularly given the economic recession we have endured during 2010



W F Michelmores (Chairman)

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 1 January 2011

PRINCIPAL ACTIVITY

The company 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

REVIEW OF ACTIVITIES

The company's key financial and other performance indicators during the year can be summarised as follows

	2011 £'000	2010 £'000	Change %
Turnover	92,933	93,338	(0.4%)
Operating profit before exceptional items	9,589	9,021	6.3%
Profit before tax and asset sales	9,622	7,224	33.2%
Profit before tax	10,093	7,806	29.3%
Shareholders' funds	60,881	52,557	15.8%
Net pension scheme deficit	1,695	7,073	(76.0%)
Net debt	21,903	18,364	19.3%

Please refer to the Chairman's Statement for a further review of the year and future prospects

DIVIDENDS

An interim dividend of 30p was paid on the ordinary shares on 22 October 2010. The directors recommend a final dividend of 51p be paid on the ordinary shares (2010: 49p).

GOING CONCERN

The company meets its day-to-day working capital requirements through a £5 million overdraft facility which is repayable on demand and a £5 million revolving credit facility which is due for renewal in June 2012. The company's long-term debt is financed by a £10 million revolving credit facility due for renewal in June 2012 and a £10 million term loan repayable in 2022. The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products, (b) the level of interest rates as they affect the company's borrowing costs, and (c) the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. The company will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facilities will be renewed. However, the company has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal will not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

In the course of its ordinary business, the company has to assess and manage the various risks that could prevent it from achieving our objectives

We set out below what the Directors consider to be the main risks that affect the company at present

Economic

As part of the leisure and tourist industry we are exposed to the general state of the UK economy and the level of consumer spending. The company continues to invest in its key brands and aims to ensure it is able to take advantage of the opportunities open to us. However rising inflation, unemployment, taxation and interest rates could all lead to lower consumer spending which could have a negative impact on the company.

The company maintains its production processes, distribution facilities and properties to a high standard. We continually review our pubs and closely monitor how they are performing in the market.

The company's outlets are located throughout the South West, many of which are in areas that rely on visitors. Adverse weather and a fall in visitor numbers can both have a significant negative impact on the performance of the company. Although we can't control the weather we aim to ensure that our outlets are best placed to be able to attract those customers visiting the region.

We use interest rate swaps to adjust interest rate exposure in order to guarantee fixed interest payments where payments are variable and hence reduce the company's exposure to adverse interest rate movements.

Regulatory

We operate within an industry that is heavily regulated. UK alcohol excise duties have risen significantly and the duty escalator introduced by the previous Government will further raise alcohol duties by 2% above the rate of inflation. There is a risk that these ongoing duty increases will reduce our sales and/or margins.

The beer tie, which creates a contractual obligation for our tenants to purchase drinks from the company, continues to be the subject of external reviews and inquiries. During the year we obtained British Institute of Innkeeping ("BII") approval for our Tenanted Code of Practice which we believe improves the transparency and openness of tenancy agreements. However, whilst there remains an ongoing inquiry there is always a risk that the tenanted model could be amended which could impact on the company's results.

Health & safety

The health and safety of the company's employees and customers is vital to us. We report and investigate accidents and we monitor near misses. A health and safety committee meets regularly in order to oversee the wide range of the company's health and safety procedures to ensure all risks are identified and that all regulations are adhered to.

Supply chain

Although our own beer is all brewed in Cornwall, our production processes and pubs rely on a variety of third parties to provide a continuity of supply. We select suppliers carefully and we maintain close relationships with them. However the state of the economy means there is a risk of supplier failure.

Cost increases

Raw material and utility costs are significant inputs into the business and have been the subject of significant price increases in recent years. Further increases in cost prices could impact our profits. To mitigate this risk the company seeks to agree long term, stable prices.

Pensions

The company operates several pension schemes including a defined benefit pension scheme. Although the defined benefit scheme has been closed to new members for many years, there remains a significant pension liability on our balance sheet. There is therefore clearly a risk to the company of changing legislation which may in turn increase the necessary level of contributions. In the current year the company and the scheme trustees agreed to restrict future increases in pensionable salaries to the lower of 3% and RPI.

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

St Austell Brewery site

The company's main offices and sole brewing facility is based at St Austell. A disaster at this site would seriously disrupt operations. We take a variety of measures to mitigate the impact of such an event including formal and informal arrangements to use alternative facilities.

Information technology

The company is increasingly reliant on its information systems to operate. A significant failure of these systems would cause significant problems for the business. This risk is mitigated by the IT function having a range of policies in place including a formal Disaster Recovery Plan, a system of back-ups and external hardware and software support.

ENVIRONMENT

The aim of the company is to develop an appropriate long-term, integrated and commercial environmental and energy strategy. We have identified the environmental impact of our business and we carry out environmental awareness training. We compile and implement environmental management programmes throughout our business.

CHARITABLE DONATIONS

The company made charitable donations during the period of £25,057 (2010: £12,344).

We have our own Charitable Trust that raises money for local good causes in the South West. This donated £50,602 during the year and has donated approximately £235,000 since it was first established.

EMPLOYEE INVOLVEMENT

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 practicable.

NOMINATION COMMITTEE

The Nomination Committee is chaired by W Michelmores and comprises the Non-Executive Directors. The committee is responsible for identifying and proposing candidates for directors for consideration and appointment by the Board as a whole.

DIRECTORS

The directors, who served throughout the year, were as follows.

W F Michelmores (Chairman)
S J Staughton (Managing Director)
T A Luck
J B Neame
G H Barnes

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



C J Stratton
Secretary

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of St Austell Brewery Company Limited for the 52 weeks ended 1 January 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2011 and of its profit for the 52 weeks then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Nigel Thomas

Nigel Thomas (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

25 March 2011

ST AUSTELL BREWERY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
52 weeks ended 1 January 2011

	Note	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
TURNOVER	2	92,933	93,338
Cost of sales		(53,522)	(53,710)
GROSS PROFIT		39,411	39,628
Distribution costs		(4,329)	(4,623)
Administrative costs		(25,493)	(25,984)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		9,589	9,021
Impairment of tangible fixed assets		(847)	(1,118)
Exceptional item – gains on curtailments	22	1,700	-
OPERATING PROFIT	5	10,442	7,903
Profit on sale of fixed assets		471	582
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND INTEREST		10,913	8,485
Interest receivable and similar income		26	51
Interest payable and similar charges	4	(846)	(756)
Other finance income		-	26
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,093	7,806
Tax on profit on ordinary activities	6	(3,041)	(2,581)
PROFIT FOR THE FINANCIAL YEAR	18	7,052	5,225

All results relate to continuing activities

ST AUSTELL BREWERY COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
52 weeks ended 1 January 2011

	Note	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Profit for the financial year		7,052	5,225
Actuarial gain/(loss) relating to the pension scheme	22	5,543	(6,331)
UK deferred tax attributable to actuarial gain/(loss) on pension scheme		(1,524)	1,773
Total recognised gains relating to the year		11,071	667

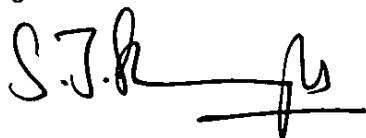
ST AUSTELL BREWERY COMPANY LIMITED

BALANCE SHEET At 1 January 2011

	Note	At 1 January 2011 £'000	At 2 January 2010 £'000
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	79,439	74,208
Investments	10	-	-
		<u>79,439</u>	<u>74,208</u>
CURRENT ASSETS			
Stocks	11	4,536	4,405
Debtors due within one year	12	9,509	9,309
Debtors due after one year	12	1,741	1,594
Cash at bank and in hand		187	610
		<u>15,973</u>	<u>15,918</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(11,437)</u>	<u>(13,103)</u>
NET CURRENT ASSETS		<u>4,536</u>	<u>2,815</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,975</u>	<u>77,023</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(21,029)	(16,937)
PROVISIONS FOR LIABILITIES	16	<u>(370)</u>	<u>(456)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>62,576</u>	<u>59,630</u>
Net pension liability	22	(1,695)	(7,073)
NET ASSETS		<u><u>60,881</u></u>	<u><u>52,557</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	1,692	1,738
Capital redemption reserve	18	1,108	1,062
Profit and loss account	18	58,081	49,757
SHAREHOLDERS' FUNDS	18	<u><u>60,881</u></u>	<u><u>52,557</u></u>

The financial statements of St Austell Brewery Company Limited, registered number 107021, were approved by the Board of Directors and authorised for issue on 17 March 2011

Signed on behalf of the Board of Directors



S J Staughton
Director

ST AUSTELL BREWERY COMPANY LIMITED

CASH FLOW STATEMENT
52 weeks ended 1 January 2011

	Note	52 weeks ended 1 January 2011		53 weeks ended 2 January 2010	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	19		10,518		10,111
Returns on investments and servicing of finance					
Interest received		26		51	
Interest paid		(786)		(675)	
Interest element of finance lease and hire purchase rental payments		-		(3)	
Preference dividends paid		(5)		(5)	
Net cash outflow from returns on investments and servicing of finance			(765)		(632)
Taxation					
UK corporation tax paid			(2,464)		(1,986)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(9,165)		(8,284)	
Receipts from sales of tangible fixed assets		1,084		2,293	
Net cash outflow from capital expenditure and financial investment			(8,081)		(5,991)
Equity dividends paid			(1,360)		(1,304)
Net cash (outflow)/inflow before financing			(2,152)		198
Financing					
New borrowings		4,000		1,000	
Repurchase of ordinary share capital		(1,387)		-	
Capital element of finance lease and hire purchase rental payments		(7)		(72)	
Net cash inflow from financing			2,606		928
Increase in cash in year	20 & 21		454		1,126

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

As further described in the Directors' Report, after making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Subsidiary undertakings

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated financial statements as each of its subsidiary undertakings is individually and collectively excluded from consolidation on the grounds of immateriality.

Intangible fixed assets - Goodwill

Goodwill is the difference between the cost of an acquired entity (including public houses) and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Goodwill arising on acquisitions is capitalised in the balance sheet at cost and is amortised over its estimated useful life of between 3 and 20 years.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset 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 value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion or disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance which is normally at the point of delivery. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pension costs

The company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The regular cost of providing retirement benefits to employees during the year is charged to operating profit in the year. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit in the year. The expected return on the assets of the scheme during the year based on the market value of scheme assets at the start of the financial year is included within other finance income. This also includes a charge representing the expected increase in liabilities of the scheme during the year, arising from the liabilities of the scheme being one year closer to payment. Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences from changes in assumptions.

The net deficit on the defined benefit pension scheme is reported on the balance sheet within the pension liability. This is net of related deferred tax.

The company also operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs represents the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid in the year are shown either as accruals or prepayments in the balance sheet.

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

1. ACCOUNTING POLICIES (continued)

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Operating lease rental income

Income is credited to the profit and loss account on a straight-line basis over the term of the lease.

Related party transactions

The company has relied upon the exemption provided by FRS 8 and has not therefore disclosed transactions with any of its subsidiary companies.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Interest rate swaps

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes. The company's criteria for interest rate swaps are:

- The instrument must be related to an asset or a liability, and
- It must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

2. TURNOVER

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

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 1 January 2011

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Directors' emoluments:		
Emoluments	292	277
Pension contributions	36	34
	<u>328</u>	<u>311</u>
 Remuneration of the highest paid director:	 £'000	 £'000
Emoluments	137	130
Pension contributions	20	19
	<u>157</u>	<u>149</u>
 There were no contributions to defined contribution pension schemes on behalf of the directors		
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>2</u>	<u>2</u>
 Employee costs during the year:	 £'000	 £'000
Wages and salaries	14,224	14,874
Social security costs	1,166	1,230
Other pension costs	567	468
	<u>15,957</u>	<u>16,572</u>
 Average number of persons employed:	 No.	 No.
Brewery and depots	280	288
Hotel and public houses	668	699
	<u>948</u>	<u>987</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

4. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Bank loans, overdrafts and other loans repayable within five years	792	724
Other loans	8	24
Finance charges - finance leases and hire purchase contracts	-	3
Preference share dividends	5	5
Other finance charges	41	-
	<u>846</u>	<u>756</u>

5. OPERATING PROFIT

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Operating profit is after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets		
- owned assets	2,363	2,269
- assets held under finance leases and hire purchase contracts	111	111
Impairment of tangible fixed assets	847	1,118
Rent receivable from properties	(3,749)	(3,621)
Rentals under operating leases - land and buildings	754	711
	<u>£'000</u>	<u>£'000</u>
Fees payable to company auditor for the audit of the company and annual accounts	28	27
Fees payable to the company auditor for other non-audit services		
- tax services	4	4
Total non-audit fees	<u>4</u>	<u>4</u>
Total fees paid to company auditor	<u>32</u>	<u>31</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
(a) Analysis of charge in year		
Current tax		
UK corporation tax	2,569	2,236
Adjustment in respect of prior years	(68)	91
Current corporation tax charge for the year (note 6 (b))	2,501	2,327
Deferred tax		
Origination and reversal of timing differences	73	107
Adjustment in respect of pension scheme curtailment	626	182
Adjustment in respect of prior years	(159)	(35)
Total deferred tax	540	254
Tax charge on profit on ordinary activities	3,041	2,581

(b) Factors affecting tax charge in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	10,093	7,806
	£'000	£'000
Tax on profit on ordinary activities at standard rate	2,826	2,185
Factors affecting the charge		
Disallowed expenses and non-taxable income	405	386
Differences between capital allowances and depreciation	34	(60)
Property disposals	(134)	(102)
Adjustment in respect of FRS 17	(551)	(182)
Short-term timing differences	(11)	9
Adjustment in respect of prior years	(68)	91
Current tax charge for the year	2,501	2,327

The company is aware of the proposed, phased reduction in corporation tax rates to 24% by 2015 but is not aware of any factors that will materially affect the future tax charge

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 1 January 2011

7. DIVIDENDS ON EQUITY SHARES

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Interim dividend paid of 30p per ordinary share (2010 27p)	508	470
Proposed final dividend of 51p per ordinary share (2010 49p)	852	834
	<u>1,360</u>	<u>1,304</u>

The proposed final dividend is subject to approval by the shareholders and has not been included as a liability in these financial statements

8. INTANGIBLE FIXED ASSETS

	Purchased goodwill £'000
Cost and amortisation	
At 3 January 2010 and 1 January 2011	<u>1,015</u>
Net book value	
At 2 January 2010 and 1 January 2011	<u>-</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

9. TANGIBLE FIXED ASSETS

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Plant, machinery and furniture £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 3 January 2010	67,538	442	1,076	31,416	-	100,472
Additions	5,510	1	12	3,044	598	9,165
Disposals	(277)	-	-	(1,108)	-	(1,385)
At 1 January 2011	72,771	443	1,088	33,352	598	108,252
Depreciation						
At 3 January 2010	2,243	26	394	23,601	-	26,264
Charge for the year	164	5	39	2,266	-	2,474
Impairment losses	847	-	-	-	-	847
Disposals	(3)	-	-	(769)	-	(772)
At 1 January 2011	3,251	31	433	25,098	-	28,813
Net book value						
At 1 January 2011	69,520	412	655	8,254	598	79,439
At 2 January 2010	65,295	416	682	7,815	-	74,208

Included within freehold is land at a cost of £26,235,000 (2010 £26,161,000) which is not depreciated

Fixed asset impairments

The company considers each of its trading outlets as a cash generating unit (CGU). Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the CGU is compared to the recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use.

The company estimates value in use using a discounted cash flow model. The key assumptions used are the discount rate applied to cash flow projections of 6.25% (2010: 6.25%) and the projected cash flows extrapolated using an average growth rate of 2.5% (2010: 2.5%) for 20 years although no terminal value is included for the CGU. Other commercial assumptions relating to individual CGUs have been made on trends adjusted for Management's estimates of medium-term trading prospects.

The impairment recognised in the profit and loss account of £847,000 is primarily the result of reduced trading performance of the sites concerned due to a combination of site specific trading circumstances and the general economic condition.

The level of impairment is mainly dependent on judgements used in arriving at fair values, future growth rates and the discount rate applied to cash flow projections. The impact on the impairment charge of applying different assumptions to the growth rates used to calculate cash flow projections and in the pre-tax discount rate would be as follows:

Increased impairment resulting from a 1% increase in discount rate	£175,911
Increased impairment resulting from a 1% reduction in growth rate	£183,316

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 1 January 2011

9. TANGIBLE FIXED ASSETS (continued)

Included in the amounts for plant, machinery and furniture are the following amounts relating to assets acquired under finance lease and hire purchase contracts

	1 January 2011 £'000	2 January 2010 £'000
Cost	554	554
Depreciation	(500)	(389)
	<u>54</u>	<u>165</u>

10. INVESTMENTS HELD AS FIXED ASSETS

	1 January 2011 £'000	2 January 2010 £'000
Cost and net book value		
At 2 January 2010 and 1 January 2011	-	-

Details of the subsidiaries are as follows

Subsidiary	Class of share held	Proportion of voting rights and shares held	Nature of business
Great Western Hotel (Newquay) Limited	Ordinary shares	100%	Dormant
Walter Hicks Limited	Ordinary shares	100%	Dormant
Drinklinc Limited	Ordinary shares	100%	Dormant
Old Success Inn (Sennen) Limited	Ordinary shares	100%	Dormant

The subsidiaries are all directly owned by the company

11 STOCKS

	1 January 2011 £'000	2 January 2010 £'000
Raw materials and consumables	476	429
Work in progress	33	15
Finished goods	4,027	3,961
	<u>4,536</u>	<u>4,405</u>

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 1 January 2011

12. DEBTORS

	1 January 2011 £'000	2 January 2010 £'000
Amounts falling due within one year:		
Trade debtors	7,402	7,551
Other debtors	1,360	1,230
Prepayments and accrued income	747	528
	<u>9,509</u>	<u>9,309</u>
Amounts falling due after one year:		
Trade loans	1,224	1,594
Other debtors	517	-
	<u>1,741</u>	<u>1,594</u>
	<u>11,250</u>	<u>10,903</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 January 2011 £'000	2 January 2010 £'000
Bank overdraft	2,090	2,967
Trade creditors	4,231	5,060
Corporation tax	1,339	1,302
Other taxation and social security	1,394	1,221
Other creditors	144	124
Accruals and deferred income	2,239	2,422
Obligations under finance leases and hire purchase contracts (note 25)	-	7
	<u>11,437</u>	<u>13,103</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1 January 2011 £'000	2 January 2010 £'000
Bank loans (note 15)	20,000	16,000
Tenants' deposits	929	837
5% preference shares of £1 each (note 17)	100	100
	<u>21,029</u>	<u>16,937</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 1 January 2011

15. LOANS

Loans repayable, included within creditors, are analysed as follows

	1 January 2011 £'000	2 January 2010 £'000
Wholly repayable within five years	10,000	6,000
Not wholly repayable within five years	10,000	10,000
	<u>20,000</u>	<u>16,000</u>

Details of loans not wholly repayable within five years are as follows

	£'000	£'000
Term loan repayable on 18 October 2022	<u>10,000</u>	<u>10,000</u>

The rate of interest payable on the loan is 0.7% above LIBOR

- 16. PROVISIONS FOR LIABILITIES

Deferred tax	£'000
At 3 January 2010	456
Credited to the profit and loss account	(86)
At 1 January 2011	<u>370</u>

Deferred tax is provided as follows

	1 January 2011 £'000	2 January 2010 £'000
Capital allowances in excess of depreciation	140	213
Capital gains tax rolled over	289	319
Short-term timing differences	(59)	(76)
	<u>370</u>	<u>456</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 1 January 2011

17. SHARE CAPITAL

	1 January 2011 £'000	2 January 2010 £'000
Authorised		
Ordinary shares of £1 each	2,850	2,850
	<u>2,850</u>	<u>2,850</u>
5% cumulative preference shares of £1 each (note 14)	100	100
	<u>2,950</u>	<u>2,950</u>
	£'000	£'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	1,692	1,738
	<u>1,692</u>	<u>1,738</u>
5% cumulative preference shares of £1 each (note 14)	100	100
	<u>1,792</u>	<u>1,838</u>

During the year the company repurchased 46,000 £1 ordinary shares for a total consideration of £1,386,900 (including legal fees) Immediately after acquisition these shares were cancelled

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

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

**18. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENTS ON RESERVES**

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At beginning of the prior year	1,738	1,062	50,394	53,194
Profit for the prior financial year	-	-	5,225	5,225
Dividends paid	-	-	(1,304)	(1,304)
Net actuarial gain/(loss) on pension scheme	-	-	(4,558)	(4,558)
At beginning of the year	1,738	1,062	49,757	52,557
Transfer in respect of buy-back of own shares	(46)	46	(1,387)	(1,387)
Profit for the financial year	-	-	7,052	7,052
Dividends paid	-	-	(1,360)	(1,360)
Net actuarial gain/(loss) on pension scheme	-	-	4,019	4,019
At end of the year	1,692	1,108	58,081	60,881

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Operating profit	10,442	7,903
Impairment of tangible fixed assets	847	1,118
Depreciation of tangible fixed assets	2,474	2,380
(Increase)/decrease in stocks	(130)	1,084
(Increase)/decrease in debtors	(347)	959
Decrease in creditors	(936)	(2,710)
Movement in pension scheme	(1,832)	(623)
Net cash inflow from operating activities	10,518	10,111

20 ANALYSIS OF THE CHANGES IN NET DEBT

	3 January 2010 £'000	Cash flows £'000	1 January 2011 £'000
Cash at bank and in hand	610	(423)	187
Bank overdraft	(2,967)	877	(2,090)
	<u>(2,357)</u>	<u>454</u>	<u>(1,903)</u>
Finance lease obligations	(7)	7	-
Long-term loans	(16,000)	(4,000)	(20,000)
	<u>(16,007)</u>	<u>(3,993)</u>	<u>(20,000)</u>
Debt due	(18,364)	(3,539)	(21,903)

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Increase in cash in the year	454	1,126
Cash used to repay capital element of finance leases	7	72
New loans	(4,000)	(1,000)
Change in net debt resulting from cash flows	(3,539)	198
Movement in net debt in the year	(3,539)	198
Net debt at beginning of year	(18,364)	(18,562)
Net debt at end of year	(21,903)	(18,364)

22. PENSION SCHEMES

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 assets of the defined contribution section of the scheme are held in separate trustee administered funds. Contributions made by the company during the year amounted to £123,309 (2010: £102,000), an amount of £nil (2010: £9,424) is included in creditors in respect of unpaid contributions by the company

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 2007. An updated valuation as at 31 December 2010 is currently being carried out

In accordance with the advice of the actuary following the results of the above valuation, the contributions of the company have been made at 16.1% of pensionable earnings, the employee contributions rate remained at 7% of pensionable salary during the year

The Government's decision to change the basis of statutory pension increases from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) (up to statutory limits) affects some of the deferred pensioner revaluations and the increases to some of the contracted-out parts of pensions in payment. The financial effect of this is disclosed below and is included in the statement of total recognised gains and losses

During the year the company and trustees discussed various alternative options regarding the future of the defined benefit section of the scheme. It was agreed that pensionable salaries for the members of this section of the scheme should in future only increase at the lower of RPI and 3%. The effect of this change was to reduce liabilities by £1.7 million. Under FRS 17 this change is considered to be a curtailment and as a result the impact has been credited to the profit and loss account

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 1 January 2011

22 PENSIONS SCHEMES (continued)

The assets and liabilities of the defined benefit section of the scheme at 1 January 2011 and at 2 January 2010 are

	1 January 2011 £'000	2 January 2010 £'000
Scheme assets at fair value		
Scheme assets		
Equities	23,288	19,682
Bonds	6,067	5,649
Property	1,686	1,491
Cash	376	660
Fair value of scheme assets	31,417	27,482
Present value of scheme liabilities	(33,739)	(37,306)
Defined benefit pension scheme deficit	(2,322)	(9,824)
Related deferred tax asset	627	2,751
Net liability in the balance sheet	(1,695)	(7,073)

The amounts recognised in the profit and loss account and in the statement of total recognised gains and losses for the year are analysed as follows

Recognised in the profit and loss account	£'000	£'000
Current service cost	(444)	(366)
Gains on curtailments	1,700	-
Recognised in arriving at operating profit	1,256	(366)
Expected return on pension scheme	2,053	1,785
Interest on obligation	(2,094)	(1,759)
Other finance (charges)/income	(41)	26
Total recognised in the profit and loss account	1,215	(340)
Taken to the statement of total recognised gains and losses	£'000	£'000
Actual return on scheme assets	4,044	4,510
Less expected return on scheme	(2,053)	(1,785)
Change of inflationary increases from RPI to CPI	1,991	2,725
Other actuarial gains and losses	362	-
	3,190	(9,056)
Actuarial gains and losses recognised in the statement of total recognised gains and losses	5,543	(6,331)

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 1 January 2011

22. PENSIONS SCHEMES (continued)

	1 January 2011 %	2 January 2010 %
Main assumptions:		
Rate of increase in pensions in payment	3.25	3.25
Discount rate	5.40	5.70
Expected rates of return on scheme assets		
Equities	8.30	8.30
Bonds	5.40	5.00
Gilts	4.00	5.00
Property	8.30	8.30
Cash	2.00	3.00
Inflation assumption	3.25	3.50
Rate of salary growth	3.00	4.25
Post-retirement mortality at age 65		
Male	87.3	87.3
Female	90.2	90.2

Changes in the present value of the defined benefit obligations are analysed as follows

	£'000
At 28 December 2008	27,002
Interest costs	1,759
Service cost	366
Contributions by scheme participants	214
Benefits paid	(1,091)
Actuarial gain	9,056
At 2 January 2010	37,306
Interest costs	2,094
Service cost	444
Contributions by scheme participants	193
Benefits paid	(1,046)
Actuarial losses	(3,552)
Change due to settlements or curtailments	(1,700)
At 1 January 2011	33,739

The defined benefit obligation arises from plans that are wholly or partly funded

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

22. PENSIONS SCHEMES (continued)

Changes in the fair value of plan assets are analysed as follows

	£'000
At 28 December 2008	22,858
Expected return on plan assets	1,785
Employer contributions	991
Benefits paid	(1,091)
Contribution by scheme participants	214
Actuarial gains on defined benefit assets	2,725
At 2 January 2010	27,482
Expected return on plan assets	2,053
Employer contributions	744
Benefits paid	(1,046)
Contribution by scheme participants	193
Actuarial gains on defined benefit assets	1,991
At 1 January 2011	31,417

Amounts for the current and previous four periods are as follows

	1 January 2011 £'000	2 January 2010 £'000	27 December 2008 £'000	29 December 2007 £'000	30 December 2006 £'000
Fair value of scheme assets	31,417	27,482	22,858	28,425	26,283
Present value of defined benefit obligations	(33,739)	(37,306)	(27,002)	(29,140)	(27,541)
Deficit in the scheme	(2,322)	(9,824)	(4,144)	(715)	(1,258)
Experience adjustments arising on plan liabilities	1,142	-	(303)	-	-
Experience adjustments arising on plan assets	1,991	2,725	(7,463)	618	1,621

The fair value of the scheme assets as a percentage of the total assets of the defined benefit section of the scheme are set out below

	1 January 2011 %	2 January 2010 %
Equities	73	72
Bonds	20	21
Property	5	5
Other	2	2

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

23. CAPITAL COMMITMENTS

	1 January 2011 %	2 January 2010 %
Contracted for but not provided in the financial statements	<u>2,238</u>	<u>1,895</u>

24. CONTINGENT LIABILITIES

The company had no contingent liabilities at 1 January 2011 or at 2 January 2010

25. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The company has the following amounts due under finance leases and hire purchase contracts

	1 January 2011 £'000	2 January 2010 £'000
Within one year	<u>-</u>	<u>8</u>
	-	8
Less finance charges allocated to future periods	<u>-</u>	<u>(1)</u>
Net debt at end of year	<u>-</u>	<u>7</u>

Amounts held under finance leases and hire purchase contracts are secured against the assets to which they relate

26. OPERATING LEASE COMMITMENTS

The company has committed to making the following payments during the next year in respect of operating leases

	Land and buildings 1 January 2011 £'000	Land and buildings 2 January 2010 £'000
Leases which expire		
- within two to five years	82	82
- after five years	<u>672</u>	<u>629</u>
	<u>754</u>	<u>711</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 January 2011

27. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The company has derivatives which are not included at fair value in the accounts

	Notional amount £'000	Fair value £'000
Interest rate swap	10,000	(2,130)

Derivatives are used to manage exposure to interest rate movements on bank borrowings. The fair value is based on market values of equivalent instruments at the balance sheet date. The fair value of the above instrument has been determined using a discounted future cash flow approach in line with standard industry practice.

The interest rate swap contract has a fixed strike rate of 5.56% and the contract matures in October 2022. The contract has a fixed notional profile to maturity, with the above quoted notional amount applicable as at 1 January 2011.

28. TRANSACTIONS WITH RELATED PARTIES

During the year the company purchased goods in the normal course of business from Shepherd Neame Limited for £10,196 (2010: £14,273). J B Neame is a director of St Austell Brewery Company Limited and a director of Shepherd Neame Limited.

During the year the company purchased services in the normal course of business from Michelmores LLP for £60,800 (2010: £57,778). W F Michelmores is a director of St Austell Brewery Company Limited and a partner of Michelmores LLP.

The price charged was the normal market price in the case of each transaction. At the balance sheet date, the amount due to Shepherd Neame Limited was £1,547 (2010: £740) and the amount due to Michelmores LLP was £9,495 (2010: £7,810).

29. ULTIMATE CONTROLLING PARTY

Due to the number of shareholders there is no ultimate controlling party.

30. POST BALANCE SHEET EVENTS

As described in the Chairman's Statement, a dividend of 51p per share was declared after the year end and is therefore not provided for within the financial statements.

ST AUSTELL BREWERY COMPANY LIMITED

ADDITIONAL INFORMATION

Whilst the following five-year summary does not form part of the statutory financial statements, it should be read in conjunction with them and the auditor's report thereon

ST AUSTELL BREWERY COMPANY LIMITED

FIVE-YEAR SUMMARY

	1 January 2011 £'000	2 January 2010 £'000	27 December 2008 £'000	29 December 2007 £'000	30 December 2006 £'000
Turnover	92,933	93,338	86,704	85,911	85,250
Profit on ordinary activities before interest and taxation	10,913	8,485	8,313	9,157	9,011
Net interest	(815)	(674)	(891)	(704)	(610)
Preference dividend	(5)	(5)	(5)	(5)	(5)
Profit on ordinary activities before taxation	10,093	7,806	7,417	8,448	8,396
Tax on profit on ordinary activities	(3,041)	(2,581)	(2,140)	(2,054)	(2,602)
Ordinary dividends	(1,360)	(1,304)	(1,286)	(1,252)	(1,224)
Retained profit	5,692	3,921	3,991	5,142	4,570
Statistics					
Earnings per ordinary share	£4 09(a)	£3 01	£3 04	£3 68 (b)	£3 31
Dividends per ordinary share	79p	75p	74p	72p	70p
Dividend cover (times)	5 19	4 01	4 10	5 11	4 73

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

- (a) 46,000 ordinary shares on 17 September 2010
- (b) 9,600 ordinary shares on 17 January 2007