

Company Registration Number 107021

ST AUSTELL BREWERY COMPANY LIMITED

Report and Financial Statements

31 December 2011

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ST AUSTELL BREWERY COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

	Page
Officers and professional advisers	1
Notice of meeting	2
Chairman's statement	3
Directors' report	5
Directors' responsibilities statement	9
Independent auditor's report	10
Profit and loss account	11
Statement of total recognised gains and losses	12
Balance sheet	13
Cash flow statement	14
Notes to the financial statements	15

ST AUSTELL BREWERY COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

PRESIDENT

P R Thompson

DIRECTORS

W F Michelmore (Chairman)
S J Staughton (Managing Director)
T A Luck
J B Neame
G H Barnes
P M Thompson

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 Hundred and First Annual General Meeting of the company will be held at the registered office, The Brewery, St Austell, Cornwall on 11 May 2012 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 31 December 2011
- 2 To declare a dividend on the ordinary shares
- 3 To reappoint 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

12 April 2012

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 £487,000 to £3,765,000 for the first six months of the year. I am now pleased to announce that our turnover for the year rose by £6,148,000 to £99,081,000, and our operating profit before other items was up by 9.1% to £10,461,000. Shareholders will remember at the half year we increased our interim dividend by 5p to 35p per share. Your directors are now proposing to increase the final dividend by a further 3p to 54p, making a total of 89p for the financial year, an increase of 10% on the previous year.

Sales of our own ales enjoyed another very successful year with volumes up by 18% for our draught ales and 11% for our packaged ales. Our leading brand, Tribute, continues to be at the forefront of this growth. This is another excellent performance when compared with the overall market decrease of 3.4%. Our packaged ale sales have been boosted by exports and we now supply ten countries. Our wholesale business enjoyed a record year benefiting fully from the consolidation of our Cornish warehousing and distribution operations at St. Columb.

During the year we successfully reclaimed £1.7 million in Corporation Tax from HMRC following a detailed review of capital allowances for properties purchased by the company. As a result of this refund and associated adjustments our tax charge on profits in 2011 is reduced to £297,000 (1 January 2011: £3,041,000).

Shareholders will recall that in the prior year we restricted future increases in pensionable salary so as to limit the potential liabilities of our final salary pension scheme. This led to an exceptional credit of £1.7 million in our 2010 profits before taxation. Despite this change the dramatic fall in gilt yields has seen the measure of our pension scheme's deemed liabilities significantly increase. As a result the net deficit on our pension scheme has increased from £1,695,000 to £3,930,000 in the year.

Since my last annual statement we have continued to invest in our Estate in Devon. We have purchased a delightful old heritage building on the inner harbour at Brixham which has been extensively refurbished and opened in September as the Old Market House. We have received significant local support and we are very proud of the result. We also purchased The Globe Hotel, Topsham. It too is a historic building in need of refurbishment and we are currently undertaking a significant upgrade of the bedrooms, bar and kitchen facilities. Finally the extensive refurbishment of the Three Crowns, Chagford, is nearing completion.

In Cornwall we completed the building of a new accommodation lodge comprising thirty-three rooms adjoining The County Arms in Truro. Occupancy levels have been excellent. On Thursday 24 March 2011 we sadly suffered a devastating fire at one of our most beautiful and famous pubs, The Pandora Inn, situated at Restronguet on the River Fal. Although the roof and first floor were badly damaged the ground floor stayed remarkably intact and I am pleased to report that only last night the Bishop of Truro formally re-opened the pub which has been returned to its former glory and now looks more spectacular than ever.

We have sold four sites in the year – The Masons Arms, Falmouth, Three Tuns, Penryn, Fountain Inn, Newbridge, and The Darlington Inn, Camelford. We also gave up the lease of The Poachers Inn at Roche as we no longer considered these sites were appropriate for our portfolio.

In order to match the increasing demand for our ales we continue to invest in our production facility. We spent £1.5 million on installing new equipment in 2011. This year we are in the process of investing a further £1.1 million in a new cask racking line and refrigerated storage. This will see the end of a £5.6 million investment programme in our brewing and bottling facilities over the last seven years.

The launch in June of our new Trelawny Ale and rebranding of Dartmoor and HSD completes the range of our five core draught ales: Dartmoor (3.5% abv), Trelawny (3.8%), Tribute (4.2%), Proper Job (4.5%) and HSD (5%). In addition, our new lager, Korev (4.8%), is now available in both bottle and draught.

Many of our ales won major awards in 2011, the most notable of which was Proper Job winning Champion Bottled Beer of Britain in the CAMRA Great British Beer Festival at London in August. This is a significant award in its own right but it was especially gratifying coming on the back of Admirals Ale winning the same award in 2010. We are not aware of any brewery winning this award in two consecutive years.

As a company that relies heavily on the support of people and businesses in the South West we are proud to source the vast majority of our food purchases from companies based in the region. A recent example of this is our Maris Otter barley partnership with Cornish farmers. The 2011 harvest yielded two-thirds of our malting barley requirements and was arguably the best quality in the UK.

ST AUSTELL BREWERY COMPANY LIMITED

CHAIRMAN'S STATEMENT (continued)

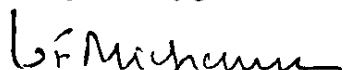
2011 saw us celebrate our 160th Anniversary. I am very pleased to note that despite the passage of time the company continues to attract considerable family involvement. During the year the directors were delighted to welcome Piers M Thompson to the Board and Humphrey Voelcker, another great-great grandson of our founder Walter Hicks, to the company as our Estate Surveyor.

On a different note, we find the Government's policy on taxation both contradictory and unjustified. At a time when the private sector is being asked to increase investment to create more jobs we are paying an incredible £25 million (25% of our turnover) a year in total taxes. Of course, we are in challenging economic times and the company is prepared to pay its fair share to the Government's finances, but the Duty Escalator is a tax too far and should be scrapped with immediate effect.

As members of the Independent Family Brewers of Britain we have pledged our support to the campaign to reduce VAT charged in pubs on drink, food and accommodation to 5%.

Looking to the year ahead, on Saturday 19 May Cornwall plays host to a global television audience when the Olympic Torch starts its journey around the UK from Lands End. This will be a wonderful opportunity for Cornwall to showcase what it can offer visitors from all over the world so we are praying for some good weather! This is followed by the Diamond Jubilee celebrations, the European Football Championships and finally the Olympics. These are all major events that we hope will underpin another positive year's trading.

I conclude with my sincere thanks to all in the company who have worked so hard to achieve another record-breaking performance particularly given the subdued economic climate.



W F MICHELMORE
Chairman

9 March 2012

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 31 December 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 both national and regional trade outlets

REVIEW OF ACTIVITIES

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

	31 Dec 2011 £'000	1 Jan 2011 £'000	Change %
Turnover	99,081	92,933	6.6
Operating profit before other items	10,461	9,589	9.1
Profit before tax and asset sales	9,401	9,622	-2.3
Profit before tax	10,304	10,093	2.1
Shareholders' funds	66,572	60,881	9.3
Net pension scheme deficit	3,930	1,695	131.9
Net debt	24,465	21,903	11.7

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

DIVIDENDS

An interim dividend of 35p (1 January 2011 30p) was paid on the ordinary shares on 21 October 2011. The directors recommend a final dividend of 54p be paid on the ordinary shares (1 January 2011 51p).

GOING CONCERN

The company meets its day-to-day working capital requirements through a £5 million overdraft facility which is repayable on demand. The company's medium term debt is financed by two £12.5 million revolving credit facilities which are both due for renewal in January 2017. The company's long-term debt is financed by 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.

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 consider it is appropriate to prepare the annual report and accounts on a going concern basis.

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 its objectives

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

Economic

As part of the leisure and hospitality 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 estate and its key beer brands and aims to ensure it is able to take advantage of the opportunities open to it. However, our operations can be adversely affected by a fall in consumer spending as a consequence of a decline in the economy, a rise in unemployment or increases in taxation.

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 people visiting the region.

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

Regulation and the taxation of alcohol

We operate within an industry that is heavily regulated and taxed. The Government continues to increase duty by 2% above the rate of inflation through the Duty Escalator. There is a risk that these ongoing duty increases will reduce our sales and/or margins.

Brand and reputation

The company has a strong range of beer brands that have an excellent reputation in the market. There is a risk that unexpected events or incidents could adversely affect our brands and reputation. This risk is mitigated by a focus on quality control and staff training.

Health and 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.

Raw material and other input costs

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.

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 also a risk from changing legislation which may increase the necessary level of future contributions to the company's pension schemes.

Site dependency

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 puts significant reliance on its information systems. A major failure of these systems would cause significant problems for the business. This risk is mitigated by the IT department having a range of policies in place including a formal Disaster Recovery Plan, a system of back-ups both on and off site together with external hardware and software support.

ENVIRONMENT

The company has a 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 £14,083 (1 January 2011: £25,057).

In addition, we have our own Charitable Trust that independently raises money for local good causes in the South West. This raised £70,280 during the year and has now raised over £300,000 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 through the Company Employee Forum. 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 F Michelmores and comprises Mr Michelmores, Mr Barnes and Mr Neame. The committee is responsible for identifying and proposing suitable candidates as directors of the company for consideration and appointment by the Board as a whole.

ST AUSTELL BREWERY COMPANY LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors, who served during the year and subsequently, were as follows

W F Michelmores (Chairman)
S J Staughton (Managing Director)
T A Luck
J B Neame
G H Barnes
P M Thompson (appointed 1 October 2011)

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

9 March 2012

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 31 December 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 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 31 December 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

4 April 2012

ST AUSTELL BREWERY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
52 weeks ended 31 December 2011

	Note	52 weeks ended 31 December 2011			52 weeks ended 1 January 2011		
		Before other items* £'000	Other items* £'000	Total £'000	Before other items* £'000	Other items* £'000	Total £'000
TURNOVER	2	99,081	-	99,081	92,933	-	92,933
Cost of sales		(57,003)	-	(57,003)	(53,522)	-	(53,522)
GROSS PROFIT		42,078	-	42,078	39,411		39,411
Distribution costs		(3,897)	-	(3,897)	(4,329)	-	(4,329)
Administrative costs		(27,720)	(1,024)	(28,744)	(25,493)	853	(24,640)
OPERATING PROFIT	5	10,461	(1,024)	9,437	9,589	853	10,442
Profit on sale of tangible fixed assets		403	500	903	471	-	471
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND INTEREST		10,864	(524)	10,340	10,060	853	10,913
Interest receivable and similar income		135	-	135	26	-	26
Interest payable and similar charges	4	(737)	-	(737)	(805)	-	(805)
Other finance income/(charge) on pension scheme	23	-	566	566	-	(41)	(41)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,262	42	10,304	9,281	812	10,093
Tax on profit on ordinary activities	6	(2,747)	2,450	(297)	(3,041)	-	(3,041)
PROFIT FOR THE FINANCIAL YEAR	19	7,515	2,492	10,007	6,240	812	7,052

All results relate to continuing activities

*Other items are analysed in note 8

ST AUSTELL BREWERY COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
52 weeks ended 31 December 2011

	Note	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Profit for the financial year		10,007	7,052
Actuarial (loss)/gain relating to the pension scheme	23	(3,814)	5,543
UK deferred tax attributable to actuarial loss/gain on pension scheme		953	(1,524)
Total recognised gains relating to the year		<u>7,146</u>	<u>11,071</u>

ST AUSTELL BREWERY COMPANY LIMITED

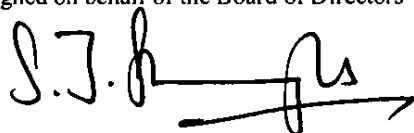
BALANCE SHEET
At 31 December 2011

	Note	At 31 December 2011		At 1 January 2011	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		91,654		79,439
Investments	11		-		-
			<u>91,654</u>		<u>79,439</u>
CURRENT ASSETS					
Stocks	12	4,238		4,536	
Debtors due within one year	13	10,227		9,509	
Debtors due after one year	13	1,758		1,741	
Cash at bank and in hand		441		187	
		<u>16,664</u>		<u>15,973</u>	
CREDITORS, AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(14,679)</u>		<u>(11,437)</u>	
NET CURRENT ASSETS			<u>1,985</u>		<u>4,536</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>93,639</u>		<u>83,975</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(22,536)		(21,029)
PROVISIONS FOR LIABILITIES	17		<u>(601)</u>		<u>(370)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>70,502</u>		<u>62,576</u>
Net pension liability	23		<u>(3,930)</u>		<u>(1,695)</u>
NET ASSETS			<u><u>66,572</u></u>		<u><u>60,881</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		1,692		1,692
Capital redemption reserve	19		1,108		1,108
Profit and loss account	19		<u>63,772</u>		<u>58,081</u>
SHAREHOLDERS' FUNDS	19		<u><u>66,572</u></u>		<u><u>60,881</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

9th March 2012

Signed on behalf of the Board of Directors



S J Staughton
Director

ST AUSTELL BREWERY COMPANY LIMITED

CASH FLOW STATEMENT
52 weeks ended 31 December 2011

	Note	52 weeks ended 31 December 2011		52 weeks ended 1 January 2011	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	20		14,007		10,518
Returns on investments and servicing of finance					
Interest received		135		26	
Interest paid		(792)		(786)	
Preference dividends paid		(5)		(5)	
Net cash outflow from returns on investments and servicing of finance			(662)		(765)
Taxation					
UK corporation tax paid net of refund			(309)		(2,464)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(15,956)		(9,165)	
Receipts from sales of tangible fixed assets		1,813		1,084	
Net cash outflow from capital expenditure and financial investment			(14,143)		(8,081)
Equity dividends paid			(1,455)		(1,360)
Net cash outflow before financing			(2,562)		(2,152)
Financing					
New borrowings		1,500		4,000	
Repurchase of ordinary share capital		-		(1,387)	
Capital element of finance lease and hire purchase rental payments		-		(7)	
Net cash inflow from financing			1,500		2,606
(Decrease)/increase in cash in year	21 & 22		(1,062)		454

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **52 weeks ended 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 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 31 December 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 31 December 2011

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Directors' emoluments:		
Emoluments	372	292
Pension contributions	39	36
	<u>411</u>	<u>328</u>
Remuneration of the highest paid director:	£'000	£'000
Emoluments	162	137
Pension contributions	21	20
	<u>183</u>	<u>157</u>
There were no contributions to defined contribution pension schemes on behalf of the directors in either year		
	No	No.
The number of directors who were members of a defined benefit pension scheme	<u>3</u>	<u>2</u>
Employee costs during the year.	£'000	£'000
Wages and salaries	14,785	14,224
Social security costs	1,177	1,166
Other pension costs	540	567
	<u>16,502</u>	<u>15,957</u>
Average number of persons employed:	No	No.
Brewery and depots	275	280
Hotel and public houses	660	668
	<u>935</u>	<u>948</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 31 December 2011

4 INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Bank loans, overdrafts and other loans	724	792
Other loans	8	8
Preference share dividends	5	5
	<u>737</u>	<u>805</u>

5 OPERATING PROFIT

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Operating profit is after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets		
- owned assets	2,260	2,363
- assets held under finance leases and hire purchase contracts	54	111
Impairment of tangible fixed assets	517	847
Rent receivable from properties	(3,896)	(3,749)
Rentals under operating leases - land and buildings	486	754
	<u>£'000</u>	<u>£'000</u>
Fees payable to company auditor for the audit of the company and annual accounts	29	28
Fees payable to the company auditor for other non-audit services		
Audit related assurance services	1	-
Tax compliance services	5	4
Tax advisory services	507	-
Services related to corporate finance	45	-
Other non-audit services	10	-
	<u>568</u>	<u>4</u>
Total non-audit services		
	<u>597</u>	<u>32</u>
Total fees paid to company auditor		

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
(a) Analysis of charge in year		
Current tax		
UK corporation tax	2,246	2,569
Adjustment in respect of prior years	(2,450)	(68)
Current corporation tax (credit)/charge for the year (note 6 (b))	(204)	2,501
Deferred tax		
Origination and reversal of timing differences	176	73
Adjustment in respect of prior years	39	(159)
Effect of changes in tax rates	16	-
	231	(86)
Adjustment in respect of pension scheme curtailment	270	626
Total deferred tax	501	540
Tax charge on profit on ordinary activities	297	3,041

(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 26.5% (1 January 2011 28%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	10,304	10,093
	£'000	£'000
Tax on profit on ordinary activities at standard rate	2,731	2,826
Factors affecting the charge		
Disallowed expenses and non-taxable income	76	405
Differences between capital allowances and depreciation	(93)	34
Property disposals	(235)	(134)
Adjustment in respect of FRS 17	(237)	(551)
Short-term timing differences	4	(11)
Adjustment in respect of prior years	(2,450)	(68)
Current tax (credit)/charge for the year	(204)	2,501

The company is aware of the proposed, phased reduction in corporation tax rates to 23% 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 31 December 2011

7 DIVIDENDS ON EQUITY SHARES

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Interim dividend paid of 35p per ordinary share (1 January 2011 30p)	592	508
Proposed final dividend of 54p per ordinary share (1 January 2011 51p)	914	863
	<u>1,506</u>	<u>1,371</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 OTHER ITEMS

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Administrative costs		
Impairment of tangible fixed assets (note 10)	(517)	(847)
Tax advisory services (note 5)	(507)	-
Change due to curtailments on pension scheme (note 23)	-	1,700
	<u>(1,024)</u>	<u>853</u>
Profit on sale of tangible fixed assets		
Profit on reinstatement after fire	500	-
Other finance income/(charge) on pension scheme (note 23)	566	(41)
Tax on profit on ordinary activities		
Exceptional adjustment in respect of prior years (note 6)	2,450	-
	<u>2,492</u>	<u>812</u>

9. INTANGIBLE FIXED ASSETS

	Purchased goodwill £'000
Cost and amortisation	
At 2 January 2011 and 31 December 2011	<u>1,015</u>
Net book value	
At 1 January 2011 and 31 December 2011	<u>-</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 31 December 2011

10. 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 2 January 2011	72,771	443	1,088	33,352	598	108,252
Additions	7,276	3,494	6	3,205	1,975	15,956
Disposals	(532)	-	-	(1,556)	-	(2,088)
Reclassifications	2,297	(2,098)	(4)	403	(598)	-
At 31 December 2011	81,812	1,839	1,090	35,404	1,975	122,120
Depreciation						
At 2 January 2011	3,251	31	433	25,098	-	28,813
Charge for the year	196	24	42	2,052	-	2,314
Impairment losses	517	-	-	-	-	517
Disposals	(17)	-	-	(1,161)	-	(1,178)
Reclassifications	16	(12)	(4)	-	-	-
At 31 December 2011	3,963	43	471	25,989	-	30,466
Net book value						
At 31 December 2011	77,849	1,796	619	9,415	1,975	91,654
At 1 January 2011	69,520	412	655	8,254	598	79,439

Included within Freehold is land at a cost of £26,340,000 (1 January 2011 £26,235,000) which is not depreciated

Fixed asset impairments

The company considers each of its tenanted and managed public houses and hotels 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 6.92% (1 January 2011 6.25%) and the projected cash flows extrapolated using an average growth rate of 2.5% (1 January 2011 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 net impairment recognised in the profit and loss account of £517,000 (1 January 2011 £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 offset by a reversal of a previously recorded impairment on two CGUs.

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	£414,966
Increased impairment resulting from a 1% reduction in growth rate	£240,947

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 31 December 2011

10. 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

	31 December 2011 £'000	1 January 2011 £'000
Cost	554	554
Depreciation	(554)	(500)
	<u>-</u>	<u>54</u>

11 INVESTMENTS HELD AS FIXED ASSETS

	31 December 2011 £'000	1 January 2011 £'000
Cost and net book value At 1 January 2011 and 31 December 2011	<u>-</u>	<u>-</u>

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
Drinklink Limited	Ordinary shares	100%	Dormant
Old Success Inn (Sennen) Limited	Ordinary shares	100%	Dormant
Nirvana Properties Limited	Ordinary shares	100%	Dormant

The subsidiaries are all directly owned by the company

12. STOCKS

	31 December 2011 £'000	1 January 2011 £'000
Raw materials and consumables	771	476
Work in progress	23	33
Finished goods	3,444	4,027
	<u>4,238</u>	<u>4,536</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 31 December 2011

13. DEBTORS

	31 December 2011 £'000	1 January 2011 £'000
Amounts falling due within one year.		
Trade debtors	7,871	7,402
Other debtors	1,505	1,360
Prepayments and accrued income	851	747
	<u>10,227</u>	<u>9,509</u>
Amounts falling due after one year		
Trade loans	1,275	1,224
Other debtors	483	517
	<u>1,758</u>	<u>1,741</u>
	<u>11,985</u>	<u>11,250</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2011 £'000	1 January 2011 £'000
Bank overdraft	3,406	2,090
Trade creditors	5,677	4,231
Corporation tax	825	1,339
Other taxation and social security	1,840	1,394
Other creditors	228	144
Accruals and deferred income	2,703	2,239
	<u>14,679</u>	<u>11,437</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2011 £'000	1 January 2011 £'000
Bank loans (note 16)	21,500	20,000
Tenants' deposits	936	929
5% preference shares of £1 each (note 18)	100	100
	<u>22,536</u>	<u>21,029</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 31 December 2011

16 LOANS

Loans repayable, included within creditors, are analysed as follows

	31 December 2011 £'000	1 January 2011 £'000
Wholly repayable within five years	-	10,000
Not wholly repayable within five years	21,500	10,000
	<u>21,500</u>	<u>20,000</u>

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

	£'000	£'000
Revolving credit facilities expiring 31 January 2017	11,500	-
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

The rates of interest payable on the revolving credit facilities are at a rate above LIBOR depending on the leverage ratio of the company

17 PROVISIONS FOR LIABILITIES

Deferred tax	£'000
At 2 January 2011	370
Charged to the profit and loss account	231
At 31 December 2011	<u>601</u>

Deferred tax is provided as follows

	31 December 2011 £'000	1 January 2011 £'000
Capital allowances in excess of depreciation	254	140
Capital gains tax rolled over	405	289
Short-term timing differences	(58)	(59)
	<u>601</u>	<u>370</u>

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 31 December 2011

18 SHARE CAPITAL

	31 December 2011 £'000	1 January 2011 £'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 15)	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	1,692
	<u>1,692</u>	<u>1,692</u>
5% cumulative preference shares of £1 each (note 15)	100	100
	<u>1,792</u>	<u>1,792</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.

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

**19 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 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 on pension scheme	-	-	4,019	4,019
At beginning of the year	1,692	1,108	58,081	60,881
Profit for the financial year	-	-	10,007	10,007
Dividends paid	-	-	(1,455)	(1,455)
Net actuarial loss on pension scheme	-	-	(2,861)	(2,861)
At end of the year	1,692	1,108	63,772	66,572

**20 RECONCILIATION OF OPERATING PROFIT TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Operating profit	9,437	10,442
Impairment of tangible fixed assets	517	847
Depreciation of tangible fixed assets	2,314	2,474
Decrease/(increase) in stocks	298	(130)
Increase in debtors	(735)	(347)
Increase/(decrease) in creditors	2,506	(936)
Movement in pension scheme	(330)	(1,832)
Net cash inflow from operating activities	14,007	10,518

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

21. ANALYSIS OF THE CHANGES IN NET DEBT

	2 January 2011 £'000	Cash flows £'000	31 December 2011 £'000
Cash at bank and in hand	187	254	441
Bank overdraft	(2,090)	(1,316)	(3,406)
	<u>(1,903)</u>	<u>(1,062)</u>	<u>(2,965)</u>
Long-term loans	(20,000)	(1,500)	(21,500)
	<u>(20,000)</u>	<u>(1,500)</u>	<u>(21,500)</u>
Debt due	<u>(21,903)</u>	<u>(2,562)</u>	<u>(24,465)</u>

**22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET DEBT**

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
(Decrease)/increase in cash in the year	(1,062)	454
Cash used to repay capital element of finance leases	-	7
New loans	(1,500)	(4,000)
	<u>(2,562)</u>	<u>(3,539)</u>
Change in net debt resulting from cash flows	<u>(2,562)</u>	<u>(3,539)</u>
Movement in net debt in the year	(2,562)	(3,539)
Net debt at beginning of year	(21,903)	(18,364)
Net debt at end of year	<u>(24,465)</u>	<u>(21,903)</u>

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

23 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 £139,216 (1 January 2011: £123,309), there are no unpaid contributions by the company at either period end.

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 2010.

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 assets and liabilities of the defined benefit section of the scheme at 31 December 2011 and at 1 January 2011 are:

	31 December 2011 £'000	1 January 2011 £'000
Scheme assets at fair value		
Scheme assets		
Equities	21,693	23,288
Bonds	6,458	6,067
Property	1,799	1,686
Cash	316	376
Fair value of scheme assets	30,266	31,417
Present value of scheme liabilities	(35,506)	(33,739)
Defined benefit pension scheme deficit	(5,240)	(2,322)
Related deferred tax asset	1,310	627
Net liability in the balance sheet	(3,930)	(1,695)

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

23. PENSION SCHEMES (continued)

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

	31 December 2011 £'000	1 January 2011 £'000
Recognised in the profit and loss account		
Current service cost	(401)	(444)
Gains on curtailments	-	1,700
	<u>(401)</u>	<u>1,256</u>
Recognised in arriving at operating profit	(401)	1,256
Expected return on pension scheme	2,351	2,053
Interest on obligation	(1,785)	(2,094)
	<u>566</u>	<u>(41)</u>
Other finance income/(charges)	566	(41)
	<u>165</u>	<u>1,215</u>
Total recognised in the profit and loss account	<u>165</u>	<u>1,215</u>
Taken to the statement of total recognised gains and losses	£'000	£'000
Actual return on scheme assets	(947)	4,044
Less expected return on scheme	(2,351)	(2,053)
	<u>(3,298)</u>	<u>1,991</u>
Change of inflationary increases from RPI to CPI	-	362
Other actuarial gains and losses	(516)	3,190
	<u>(3,814)</u>	<u>5,543</u>
Actuarial gains and losses recognised in the statement of total recognised gains and losses	<u>(3,814)</u>	<u>5,543</u>
Main assumptions	%	%
Rate of increase in pensions in payment	3.00	3.25
Discount rate	4.70	5.40
Expected rates of return on scheme assets		
Equities	7.80	8.30
Bonds	4.70	5.40
Gilts	2.50	4.00
Property	7.80	8.30
Cash	3.00	2.00
Inflation assumption	2.70	3.25
Rate of salary growth	2.70	3.00
Post-retirement mortality at age 65		
Male	87.3	87.3
Female	90.2	90.2

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

23. PENSION SCHEMES (continued)

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

	£'000
At 3 January 2010	37,306
Interest costs	2,094
Service cost	444
Contributions by scheme participants	193
Benefits paid	(1,046)
Actuarial gains	(3,552)
Change due to settlements or curtailments	(1,700)
At 2 January 2011	33,739
Interest costs	1,785
Service cost	401
Contributions by scheme participants	187
Benefits paid	(1,122)
Actuarial losses	516
At 31 December 2011	35,506

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

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

	£'000
At 3 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 2 January 2011	31,417
Expected return on plan assets	2,351
Employer contributions	731
Benefits paid	(1,122)
Contribution by scheme participants	187
Actuarial losses on defined benefit assets	(3,298)
At 31 December 2011	30,266

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 52 weeks ended 31 December 2011

23 PENSION SCHEMES (continued)

Amounts for the current and previous four periods are as follows

	31 December 2011 £'000	1 January 2011 £'000	2 January 2010 £'000	27 December 2008 £'000	29 December 2007 £'000
Fair value of scheme assets	30,266	31,417	27,482	22,858	28,425
Present value of defined benefit obligations	(35,506)	(33,739)	(37,306)	(27,002)	(29,140)
Deficit in the scheme	(5,240)	(2,322)	(9,824)	(4,144)	(715)
Experience adjustments arising on plan liabilities	228	1,142	-	(303)	-
Experience adjustments arising on plan assets	(3,297)	1,991	2,725	(7,463)	618

The experience adjustment on the liabilities ignores any change in liabilities arising from a change of assumptions

If change of assumptions are included then the actuarial loss on the liabilities for the latest year is £516,000

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

	31 December 2011 %	1 January 2011 %
Equities	72	73
Bonds	21	20
Property	6	5
Other	1	2

24 CAPITAL COMMITMENTS

	31 December 2011 £'000	1 January 2011 £'000
Contracted for but not provided in the financial statements	3,224	2,238

25 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 2011 or at 1 January 2011

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 December 2011

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 31 December 2011 £'000	Land and buildings 1 January 2011 £'000
Leases which expire		
- within two to five years	87	82
- after five years	175	672
	<u>262</u>	<u>754</u>

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	(3,445)

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 31 December 2011.

ST AUSTELL BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **52 weeks ended 31 December 2011**

28 TRANSACTIONS WITH RELATED PARTIES

During the year the company purchased goods in the normal course of business from Shepherd Neame Limited for £13,171 (1 January 2011 £10,196) 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 £78,336 (1 January 2011 £60,800) 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 £2,480 (1 January 2011 £1,547) and the amount due to Michelmores LLP was £33,321 (1 January 2011 £9,495)

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 54p 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

	31 December 2011 £'000	1 January 2011 £'000	2 January 2010 £'000	27 December 2008 £'000	29 December 2007 £'000
Turnover	99,081	92,933	93,338	86,704	85,911
Operating profit before other items	10,461	9,589	9,021	7,490	8,461
Net interest	(602)	(779)	(679)	(896)	(709)
Profit on sale of property	403	471	582	823	696
Other items*	42	812	(1,118)	-	-
Profit before taxation	10,304	10,093	7,806	7,417	8,448
Taxation	(297)	(3,041)	(2,581)	(2,140)	(2,054)
Profit after taxation	10,007	7,052	5,225	5,277	6,394
Dividends					
Interim and finals for the year per share	89p	81p	75p	74p	72p
Dividend cover	6.6	5.1	4.0	4.1	5.1
Dividend cover (excl other items**)	5.0	4.6	4.9	4.1	5.1
Earnings per share	£5.91	£4.09(a)	£3.01	£3.04	£3.68(b)
Earnings per share (excl other items**)	£4.44	£3.60(a)	£3.65	£3.04	£3.68(b)
Net debt (£ million)	24.5	21.9	18.4	18.6	18.1
Capital expenditure (£ million)	16.0	9.2	8.3	7.1	8.1
Shareholders' funds (£ million)	66.6	60.9	52.6	53.2	52.1
Net pension scheme deficit (£ million)	3.9	1.7	7.1	3.0	0.5
Average number of employees	935	948	987	1,043	977

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

* Other items includes only those items within profit before taxation

** Other items includes all other items within the profit and loss account