

ANNUAL REPORT



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	2008 £000	2007 £000	% change
Revenue	122,124	114,602	+6.6
EBITDA *	32,309	22,933	+40.9
Operating profit before exceptional items	20,858	15,388	+35.5
Profit before tax	10,802	8,725	+23.8
Adjusted profit before tax *	18,588	12,018	+54.7
Basic earnings per share	13.67p	10.35p	+32.1
Adjusted basic earnings per share *	26.28p	17.49p	+50.3
Dividend per share (interim + recommended final)	12.50p	9.34p	+33.8

All of the results above are on continuing operations.

Where appropriate, the comparative figures have been restated to take account of the four for one share split (note 24).

*Throughout the annual report the definition of “adjusted” refers to adjustments made to take account of exceptional items, premium paid on redemption of debenture and the discount of site proceeds.

Chairman's statement 08

This forms part of the directors' report on pages 12 to 18.



It has been an exciting yet testing year for Young & Co. Hard on the heels of our own successful internal transformation, the past year has seen a constant stream of external challenges for Young's and the pub sector as a whole. We have experienced rising raw material prices, utility cost increases and duty rises. The smoking ban, introduced on 1st July 2007, coincided with one of the worst summers for many years. This was followed almost immediately by the credit crunch and pressure on consumer spending. All of these issues combined to provide the sternest possible test for Young's in our first year as primarily a focused pub operator.

I am pleased to report that Young's has stood up strongly to these challenges and, despite the difficult conditions, profit before tax was up 23.8% to £10.8 million and our benchmark adjusted profit before tax was up 54.7% to £18.6 million.

These results are in line with our forecasts made when deciding to close the Ram Brewery and merge our brewing interests into Wells & Young's. As it transpired, the sites were sold at a good moment in the commercial property cycle, and the move put us in a very strong position to capitalise on opportunities to build our estate further.

We have already re-invested the proceeds of the brewery sale back into the business. We acquired nine new pubs during the year, all of which were freehold sites and six were in our London heartland. We also continued our programme of investing in our existing estate to make sure that all of our pubs are of the highest quality.

Like everyone across the industry, we were very disappointed by the Chancellor's decision to ignore the representations from our trade body, the British Beer & Pub Association (BBPA), and impose higher than inflationary increases in alcohol duties in his March budget. This measure was interpreted by some commentators as an anti-binge drinking tax, which we believe to be misguided. Such a blunt instrument will not have any meaningful impact on this social problem. Rather, it unfairly penalises the vast majority of responsible drinkers.

We share the BBPA's view that pubs are at the heart of our communities and offer a safe and controlled environment in which alcohol has been consumed responsibly by the vast majority of drinkers for many hundreds of years. This blatant revenue-raising exercise can only further damage an industry already facing multiple pressures.

The government has been in contact with industry representatives on the issue of binge drinking and we trust this process will be vigorously pursued and that government will listen to what the trade has to say. The binge drinking problem will not be solved by treating pubs, brewers and consumers as an endless source of ever-increasing revenue.

The challenges facing the pub sector are mirrored in the brewing industry, not least in terms of higher raw material costs, energy costs and duty increases. Although we are no longer directly involved in brewing, we are affected through our associate company, Wells & Young's.

Despite the problems affecting the brewing industry, Wells & Young's met its targets and contributed £1.7 million to our adjusted profits for the year. Its high quality beer portfolio was further strengthened in the year with the addition of the Courage cask ale brands. Wells & Young's now has one of the strongest cask ale portfolios of any brewer in the country and we continue to be encouraged by its prospects.

We bid farewell to a long serving non-executive director at this year's AGM in July when Roy Summers, who has been on the Board of Young's since 1995, retires. Roy's wealth of experience of the brewing industry has been of great value to Young's during the past 13 years. On behalf of the Board and of shareholders, I would like to thank him for his contribution and offer him our best wishes for the future. We are actively pursuing the appointment of a new non-executive director to replace Roy and hope to be in a position to confirm this at the AGM.

I would also like to thank everyone at Young's – in the pubs and in head office – who have played a key part in our continued success. Despite the difficulties of the year, they have remained focused on doing what we at Young's strive to do best – delighting our customers with great beer and great service across our estate of great pubs. The results are testament to their continuing efforts.

Finally a word of thanks to our shareholders, many of whom are also our customers, who have shown great loyalty to Young's over many years. We will continue to work hard to ensure that the enterprise you bought into will flourish. Being built on an asset base of quality, freehold pubs, well invested and managed to yield growing returns and with an excellent cashflow, it has excellent ingredients: a welcome mix in these uncertain economic times.

Our results this year support this view and in recognition of our continued confidence in the business we are recommending a 34% increase in the final dividend to 6.50p per share, making 12.50p for the year as a whole. If approved by shareholders, the final dividend is expected to be paid on 17 July 2008 to shareholders on the register at the close of business on 20 June 2008. This is the eleventh consecutive increase in the final dividend.

I look forward to further progress in the year ahead.



Christopher Sandland
Chairman



Chief executive's report

08

This forms part of the directors' report on pages 12 to 18.

Operational statement

We have delivered a strong set of results against very testing market conditions. This is our first full year's trading since the major reorganisation and, given the current market conditions, the sale of the brewery looks well timed. The proceeds from the sale have been invested in pub acquisitions and re-developments for the long term benefit of the business and of our shareholders.

Our strategy remains focused on maintaining our premium position within the pub sector and, in today's turbulent market conditions, we are even more convinced that the style, quality and individuality of all our pubs are the key ingredients of our success.

The benefits of this strategy are evident in the results and helped us meet the challenges that have faced our industry over the past year. Revenue from continuing operations was up 6.6%, adjusted profits before tax up 54.7% and adjusted earnings per share up 50.3% to 26.28p.

Profit before tax on continuing operations was £10.8 million, 23.8% up on last year.

Retail operations

We have continued to invest in high quality pub design, ambience, food and training and widened our drinks offering to provide a more diverse range of leading premium brands. These factors, coupled with market leading service standards, give our pubs the look and feel of some of the very best run independent free houses.

Managed pubs

Revenue was up 8.1% to £106.6 million and operating profit was up 19.7% to £26.8 million. Robust organic growth, with like for like revenue up 4.7% on a same outlet basis (1.2% on an uninvested basis), combined with last year's acquisitions, has driven this year's performance. The industry has been faced with a number of challenges: the inclement summer, the smoking ban and the consumer slow down, especially in the second half, compounded by significant inflationary pressures. Nonetheless we increased sales and gross margins whilst maintaining a tight control of overheads especially in the tough second half. We believe we have responded well to this year's challenges and this is borne out by the fact that our average EBITDA per pub on a same outlet basis before rent (pubs that traded throughout this year and last) increased 9.3%.

Increased food sales have played a significant role in our performance, with sales up 16.0%. Food now represents 25.4% of revenue, up 1.8 percentage points. Continued emphasis on food is an integral part of our strategy to keep Young's at the premium end of the pub market and helped combat the effects of the smoking ban. We believe our menus are some of the most varied and exciting in the sector, with an emphasis on provenance, locally produced foods and healthy ingredients. Our eggs are now free range and we recycle our waste vegetable oil into bio-fuel. In January 2008 we launched our AAA award scheme, sponsored by the British Food Trust, which will provide additional training for our chefs to achieve industry recognised qualifications.



Chief executive's report 08

(continued)

Stylish lager brands have been added to complement a first class ale portfolio during the course of the year to match consumers' expectations of a market leading operator. Heineken, Amstel and Pilsner Urquell now complement our existing portfolio of Foster's, Kronenbourg and Peroni. On soft drinks, the introduction of Fentiman's and Feelgood premium soft drinks has enhanced choice within this growing sector of the market. The presentation of drinks is also an essential part of our offer, with all premium brands being presented in the appropriate branded glassware.

We place great emphasis on the ambience of our pubs, preserving the character of the property, but with a modern, fresh feel. A further £9.4 million was invested in the existing estate. Pubs that have now completed their first twelve months post major development have generated an incremental return on expansionary capital of 28.6%. Major works were completed in the year at the Albert in Kingston, the Bell in Fetcham, the Brewers Inn in Wandsworth, the Bunch of Grapes at London Bridge, the Chequers in Walton on the Hill, the Clock House in Peckham Rye, the Devonshire in Balham, the Flask in Hampstead, the Greyhound in Carshalton, the Halfway House in Earlsfield, the King's Arms in Fulham, the Spotted Horse in Putney and the Swan in Walton on Thames.

We are now just over half way through our five year investment plan to refurbish and upgrade all our 351 hotel rooms to a high quality standard. Refurbishment was carried out in 67 rooms in the year and this helped drive RevPar (average room rate achieved multiplied by occupancy percentage) up 4.7% to £42.04.

Acquisitions remain a key part of our long term growth strategy and we invested £26.6 million in the year. The Rose & Crown in Farnborough Kent opened in the first half and a further seven pubs were acquired and commenced trading in the last quarter: the Cock & Hen in Fulham, the Mitre in Lancaster Gate, the Porchester in Westbourne Grove, the Stinging Nettle in Shepherd's Bush (formerly the Bushranger), the Marlborough in Richmond, the Albion in Blackfriars (formerly an O'Neills) and the Seven Stars in Brighton (formerly an O'Neills). In addition we acquired and developed the Beaufort in Hendon, which has recently started trading, and bought a property alongside our iconic pub, the Alma in Wandsworth. Whilst prices at the quality end of the market, particularly in our target trading areas of London and the South East, remain high, we believe that competition for new pubs is easing somewhat.

We continued to invest in technology in support of our pubs, with 73 pubs now hosting their own websites and wifi available in 50 outlets. The use of the internet and e-marketing to attract and retain customers is an increasingly important part of our marketing effort and is being increasingly used to promote our message and drive customer visits. We have established internet room booking at our hotels and have been experimenting with online table reservations, both of which have received a positive response from customers.

Customer service is a key point of differentiation for Young's and we have doubled the number of training hours completed in the year. It is very pleasing to report that all of our managed pubs are now exceeding our targeted 90% customer service ratings from our independently managed "mystery customer" programme, with the Alma in Wandsworth achieving an outstanding 100% rating in all four visits during the year.

At the year end we had 116 pubs trading within our managed division (2007:114) of which 95 are freehold.

Tenanted

The tenanted and leased division is where the smoking ban, difficult summer and consumer slow down have had the severest impact. Revenue was up just under 1% despite like for like declines of about 2% on a same outlet and uninvested basis. This was a resilient performance in the context of the difficult market, but reflects a 3.8% decline in wet sales trade in our same outlet tenancies. Despite these challenging trading conditions, operating profit increased 14.6% to £6.0 million; the whole year benefiting from the Wells & Young's supply terms whilst the comparable year had only six months of this advantage.

We invested £1.9 million in support of our tenants, including upgrading a number of our tenanted pubs to the levels of our managed ones and providing smoking solutions. £0.8 million was invested in major projects at the Black Lion in Surbiton, the Castle in Battersea, the Half Moon in Putney, O'Connors in Chelmsford, the Old Sergeant in Wandsworth, the Prince of Wales in Tooting, the Red Cow in Richmond and the Thatched House in Hammersmith. We intend to continue to support our tenants and maintain our programme of investments in high returning projects.

We extended our “mystery customer” programme into the tenanted estate during the year with very encouraging results, demonstrating the quality of our tenants. Average scores exceeded 90%.

Throughout the year we reviewed the balance of the estate between managed and tenanted to ensure that we are adopting the most beneficial format. As a result, we transferred five pubs from managed to tenancy in the year and moved a further pub to a long lease, bringing the total number of leases to six.

The total number of tenancies and leases at the year end was 103 (2007:102) of which 88 are freehold.

Wells & Young's Brewing Company

Wells & Young's contributed £1.7 million to Young's adjusted profits before tax, in line with our expectations. This was achieved despite the challenging trading environment, with higher raw material and utility costs compounded by the poor summer weather.

Wells & Young's has one of the leading cask ale portfolios in the UK with the Bombardier, Young's and Courage brands which are being well received by customers. The challenge in the years ahead is to increase the penetration of these brands and drive volumes to maximise the efficiency benefits offered by the modern Bedford brewery.

At the formation of Wells & Young's the business took on all of the individual brands of the two businesses at values determined at the time of the merger. Since this time it has also acquired the Courage brands and has focused its attention and marketing spend on its market leading cask ale portfolio. One consequence of this is that two non-core, high alcohol lager brands have seen a market decline; Wells & Young's has taken an impairment provision against these. This is a non-cash item, and we have shown our 40% share of this impairment (£2.9m) as an exceptional item in the associate's line of our income statement.

Investment and finance

Our benchmark adjusted profit on continuing operations before tax was up 54.7% at £18.6 million which resulted in adjusted earnings per share of 26.28p (up 50.3%). The adjustments made were to take account of an operating exceptional profit of £0.7 million, a £3.8 million exceptional cost within Wells & Young's, a £6.8 million premium paid on the redemption of our

high coupon debenture and the £2.1 million discount of site proceeds. The discount of site proceeds reversed last year's adjustment to account for the deferred consideration on the sale of the brewery and Buckhold Road sites, following receipt of the final balance in January this year. The profit before tax on continuing operations after exceptional items was up 23.8% at £10.8 million.

We invested a total of £38.1 million in our business in the year, including £26.6 million on eight new managed pubs and two other sites, one of which has started to trade post year end. This brings the total investment in the business over the past two years to £84.8 million, representing more than the proceeds from the disposal of the brewery and Buckhold Road sites. By reinvesting the proceeds, any capital gains tax payable on the profit on the sales of these sites has been minimised.

During the course of the year, we disposed of five sites. Of these, four were difficult leases and businesses with high fixed costs, where the rewards each year did not match the risks. In addition we sold our freehold interest in the Plough at Clapham Junction for development, but have retained an interest in this site and will own a unit on a peppercorn rent on a lease of 999 years when the development is complete.

At the start of the year, we redeemed a high coupon debenture which resulted in exceptional finance costs of £6.8 million. The redemption of this debenture considerably improved the group's financial flexibility. At the end of the year we worked closely with our partners at the Royal Bank of Scotland to put into place new £90 million committed banking facilities. This is a blend of £50 million long term (10 to 15 year) and £40 million medium term (5 year) finance. £35 million of the longer dated finance is fixed at a rate of just over 6%; the remaining debt is at a variable rate based on LIBOR.

Our operations continue to be highly cash generative and increasingly so with EBITDA up 40.9% at £32.3 million. At the year end our net debt was £50 million, with interest cover of 4 times and net debt to EBITDA of 1.5 times based on adjusted profits. Gearing at the year end was 29.0% based on the reported net book value, which is based on 1997 valuations. The directors are of the opinion (based largely on a Fleurets valuation carried out in November 2006 which at the time showed a £173.8 million uplift) that the market value of the group's properties is significantly higher than their carrying value. Young's has a strong and flexible balance sheet which provides substantial headroom for funding further pub



Chief executive's report 08

(continued)

acquisitions. With the more challenging market outlook, we believe that the competition for pub acquisitions will ease over the coming months/years, although prices in our target trading area of London and the South East are proving quite resilient at present.

In February 2008 shareholders approved a proposal to implement a four for one share split of both the A shares and the non-voting shares. As a consequence, the company's share capital now comprises 29,064,000 A shares of 12.5p each and 19,160,000 non-voting shares of 12.5p each.

Our move to a new head office in Wandsworth at the start of the year has produced the expected cost savings and operating benefits that we had targeted. We believe we now have an infrastructure and talented management team in place that can manage future growth and impact on group overheads as we expand the pub estate.

Current trading and outlook

Trading in our pubs in the first eight weeks of the new financial year has been resilient with managed house sales up 3.4% and up 1.6% on a same outlet like for like basis. We believe that this is a very creditable performance as we are up against very strong comparators from the exceptional weather we enjoyed in April last year.

Since the year-end, we completed the purchase of Simple Simons in Canterbury and the George in Fulham. The George will open later this year, following a major refurbishment.

Young's has a well invested estate, great pubs in great locations and a strong balance sheet. Young's is a long term business having traded for over 175 years and offers defensive qualities for investors in times of uncertainty – and a welcome respite for customers.

Whilst the short term pressures facing the business and the wider UK economy are likely to continue to be challenging, we believe that we are in a strong position to meet them. With comparisons easing as we move into the summer months and the anniversary of the smoking ban, we are confident that Young's will continue to make progress in the year ahead.



Stephen Goodyear
Chief executive



The board of directors 08



Christopher Sandland, A.C.M.A., M.Sc.

Non-executive chairman

Joined the company in 1973 as management accountant, subsequently working in a variety of roles including company secretary and personnel director. Graduated MSc (now MBA) from London Business School in 1981. Appointed to the board in 1990 and retired as an executive director in April 2006. Appointed non-executive director in July 2006 and non-executive chairman in October 2006. Aged 59.



Stephen Goodyear

Chief executive

Joined the company in 1995 as sales director. Appointed to the board in 1996 as sales and marketing director. Appointed chief executive in 2003. One of the company's nominees on the board of Wells & Young's Brewing Company Limited. Previously worked for Courage Ltd (1974-1995) in a number of senior roles, most recently business unit director. Aged 52.

Torquil Sligo-Young

Human and information resources

Joined the company in 1985. Held a number of senior positions in different areas of the company before being appointed to the board in 1997. Has overall responsibility for personnel, health and safety and the company's technological needs. Previously worked for stockbrokers Bell, Lawrie, Macgregor & Co. Aged 48.



Peter Whitehead, F.C.A.

Finance

Joined the company and the board as finance director in 1997. One of the company's nominees on the board of Wells & Young's Brewing Company Limited. Qualified as a chartered accountant with KPMG in 1988, becoming a fellow of the Institute of Chartered Accountants in 1998. Previously worked for Fuller, Smith & Turner P.L.C. (1990-97). Aged 46.



Patrick Dardis

Retail

Joined the company in 2002 and appointed to the board in 2003. Has overall responsibility for the operation of the company's managed, tenanted and leased estate as well as pub acquisitions and developments. Previous positions have included director of retail operations at Wolverhampton & Dudley PLC, business development with Guinness Brewing and retail management with Whitbread PLC and Courage Ltd. Aged 49.

Roy Summers, O.B.E., D.Univ., F.I. Brew.

Non-executive and senior independent director

Appointed to the board in 1995. Member and chairman of the company's audit and remuneration committees. Previously a main board director of Scottish & Newcastle plc (1980-95). Past president of the Institute of Brewing, chairman of Thistle Pub Company II plc and non-executive director of Canongate Technology Ltd and a number of other companies. Director of the International Centre for Brewing and Distilling at Heriot Watt University. Aged 72.



Nicholas Bryan, B.A., F.C.A.

Non-executive

Appointed to the board in 2006. Member of the company's audit and remuneration committees. Currently chief executive and co-founder of the Innserv Group. Has a wealth of expertise in the hospitality, property and brewing sectors gained through various positions within Courage (including managing director of Courage UK (1992-95) and non-executive director of Intrepneur (1991-94)). Has held other chairman and non-executive director roles while a management committee member of Investcorp (1995-2001). Began his career in finance as a chartered accountant and with positions at Lonrho and Hanson. Aged 55.



The directors present their annual report, and the audited financial statements, for the financial year ended 29 March 2008.

Principal activities

Young's principal activities during the year were the management and operation of its pub estate and the selling of food and drink through it. Its subsidiary, Bill Bentley's (Bishopsgate) Limited, was dormant throughout the year and did not carry on any activities.

Business review

A review of the year's activities is contained in the chairman's statement (on pages 2 to 3) and in the chief executive's report (on pages 5 to 9), both of which form part of this report. No important events affecting the group have occurred since the end of the financial year.

Key performance indicators

The board measures the development, performance and position of the business by reference to the following factors:

- **Adjusted earnings per share:** this is the group's profit after tax but restated for the effect of exceptional items, divided by the number of shares outstanding. It provides a useful statistic to compare with a share price or dividend for instance.
- **Adjusted EBITDA:** this is the group's earnings before interest, tax, depreciation and amortisation. It provides a useful estimate of the business' cash generation and is a valuable tool both for assessing a business' value and its ability to finance its debt.
- **Like for like revenue:** this is measured on two bases. Same outlet like-for-like revenue growth compares this year's revenue with last year's for the pubs that traded throughout both years. Uninvested like-for-like revenue is for the same pubs but where only a limited amount of capital has been invested.
- **RevPar:** this is the group's revenue per available bedroom. It is the average room rate achieved multiplied by the occupancy percentage.
- **Adjusted interest cover:** this is the number of times Young's can make its interest payments. It is a useful tool in determining whether the business can maintain its current level of debt or its capacity to increase that level.
- **Net debt to EBITDA:** this is the total of all borrowings less any cash divided by the EBITDA. It is another way of judging whether the business can maintain its current level of debt or its capacity to increase that level.

The company's performance in the year, measured by reference to these factors, is shown in the chief executive's report (on pages 5 to 9) which forms part of this report and in the financial highlights on page 1.

Profits and dividends

The profit for the financial year attributable to shareholders amounted to £9.6 million. The directors recommend a final dividend for the financial year ended 29 March 2008 of 6.50p per share. Subject to approval at the AGM, this is expected to be paid on 17 July 2008 to shareholders on the register at the close of business on 20 June 2008. When added to the interim dividend of 6.00p per share (after restating for the sub-division of shares), this produces a total dividend for the year of 12.50p per share.

Likely future developments

An indication of likely future developments is contained in the chief executive's report (on pages 5 to 9), which forms part of this report. Bill Bentley's (Bishopsgate) Limited is expected to remain dormant and not carry on any activities.

Principal risks and uncertainties

The principal risks and uncertainties facing Young's are listed below. It is not an exhaustive list of all significant risks and uncertainties. Some risks may currently be unknown and other risks, currently regarded as immaterial, could turn out to be material.

Reduced consumer spending

The company's turnover is largely dependant on consumer spending which can be affected in numerous ways. Examples include the general economic environment, terrorist activity and food contamination scares. Attitudes to various social factors such as underage drinking are relevant too as is consumers' heightened awareness of a healthy lifestyle and eating habits and the adverse health consequences associated with misuse of alcohol. Consumers also have a wide range of choice of where to spend their money, whether this is at the company's pubs and restaurants, at those of its competitors or at off-licences, supermarkets and takeaways. Focussing on the individuality of each of the company's outlets and being located throughout London and Southern England helps mitigate this risk to a degree; the company also seeks to minimise this risk further with its customer focussed designs, high service standards and quality food and market leading drinks. Spending in the company's pubs and restaurants is also affected by the weather; traditionally, they tend to be busier in the summer and on warm, sunny days, especially those with outside areas. Holiday periods such as Christmas, New Year and bank holidays also tend to be better for trade. Recognising this, Young's seeks to

exploit its excellent locations and offerings to address the impact of seasonality, wherever possible, by capturing demand in busy periods and encouraging customers to visit in quieter periods.

Suppliers: drink, food and utilities

Young's relies on a number of suppliers for drink, food and other services to its pubs. It has an exclusive agreement with its associate, Wells & Young's, for the supply of drinks to its pub estate. It also has a number of arrangements with food suppliers. In terms of both drink and food, Young's remains exposed to the risk of price increases and to the risk of interruption or failure of suppliers resulting in products not being delivered on time or to the standard expected. It attempts to mitigate this risk by regularly reviewing the suppliers it uses, by having informal arrangements in place such that substitute suppliers or products could be used if required and by having safety measures in place which seek to ensure product integrity is maintained wherever possible. The company uses a large amount of electricity and gas and is therefore particularly subject to fluctuations in their cost. To help counter this, the company's needs and price-changes in the market are reviewed regularly and, where appropriate, it makes forward purchases; it is also continually looking at ways of promoting further efficiencies in energy consumption.

Smoking ban

The ban on smoking in pubs came into force on 1 July 2007. This poses a risk to turnover if those that wish to smoke are not sufficiently accommodated at the company's pubs, and is probably at its greatest in the first 12 months of the ban. At the same time, it also represents an opportunity to attract new customers to Young's pubs, to increase sales of food and to capitalise on improved outside areas. Indeed, to mitigate the risk, and for other reasons, the company continues to invest in covered, well-lit and comfortable outside areas and to promote its enhanced food offering. At this stage (and against a background of a much tougher economic climate) it is difficult to assess the impact of the ban.

Licensing

Local residents, the police and other relevant agencies have a right to ask the local authority for any premises licence to be reviewed at any time where they believe that any of the Government's licensing objectives is being compromised. As a result of such review, the local authority can attach further conditions to the licence, reduce trading hours, call for a change in the pub management or ultimately suspend or revoke the licence. Penalties for non-observance of certain aspects of the licensing laws can also be severe, including the possibility

of a licence being suspended. Young's has training programmes in place which have been designed to achieve compliance with the licensing laws and have the company's pubs and restaurants run in a responsible manner, thereby minimising some of these risks.

Other regulation

Changes in regulation can have a significant impact upon the company's business. In addition to those already mentioned, other examples include increases in the minimum wage and the proposed move to plastic glasses. Young's seeks to mitigate these through continual consideration of operating procedures to ensure any cost increases arising from such changes can be mitigated through increases in productivity. As a member of the British Beer & Pub Association, it also seeks to ensure that the impact of any new legislation is considered well in advance of its introduction and that plans are put in place to address any required changes in advance of any implementation date. In addition, it works with an outside third party in ensuring changes in health and safety practices and procedures are incorporated into the business and reviewed on a regular basis.

Taxation

A number of tax-related matters affect Young's, including business taxes, duty on alcoholic beverages and property rates. Again, as a member of the British Beer & Pub Association, it seeks to ensure that appropriate action is taken to minimise tax-related risks. It also regularly reviews its operating procedures to identify ways in which the impact of tax-related cost increases can be lessened through productivity increases or other cost reductions.

Pensions

Young's operates three defined benefit pension schemes, namely the staff scheme, the works scheme and the Ram Brewery Trust Pension Fund. Operating these schemes gives rise to various funding risks, the main one of which is the variability of the amount of contributions required to be paid to the schemes by Young's in order to account for past service benefit deficits and future service benefit accruals. These in turn are impacted at any point in time by changes in life expectancy assumptions, the performance of the stock market and bond yields. The company's pension risks have been mitigated by the closure of the staff scheme and the works scheme to new entrants in 2003; they continue to be lessened by the company making additional contributions over and above regular service contributions in order to address previous funding deficits. Young's also maintains a close dialogue with the various schemes' trustees.

IT and telecoms

Young's, and particularly its managed estate, is reliant on IT systems for communication, sales transaction recording, stock management, purchasing, accounting and reporting and many of its internal controls. Any failure of these systems would cause some degree of disruption to the business and any extended period of downtime, loss of backed up information or delay in recovering information, could affect performance significantly. To help protect against this, information is routinely backed up and Young's has arrangements with a third party provider to assist with data recovery. It also regularly monitors the needs of the business and invests in new technology and services as necessary.

Changes in capital structure and adoption of new articles of association

In May 2007, the company redeemed early its 9.5% debenture stock due 2018. This debenture was expensive in terms of coupon and inflexible with regards certain covenants. Its redemption resulted in a £6.8m exceptional loss in the financial year. In February 2008, the company adopted new articles of association; the articles are now in modern plain English and in line with the Companies Act 2006. In the same month, the company's new A shares of 12.5p each and new non-voting shares of 12.5p each (which resulted from the 4 for 1 share split approved by shareholders earlier in the month) were admitted to trading on AIM. At the same time, the existing 50p shares were removed from AIM and cancelled. Details of the company's resulting allotted, called up and fully paid capital are in note 24 on page 53.

Directors

Names and brief biographical details

The names and brief biographical details of the current directors are on page 11. All of them served throughout the year; no other person served as a director during the year. As was announced in July 2007, Roy Summers O.B.E., will be retiring from the board at the close of the company's AGM in July 2008.

Length of appointments

Each of the executive directors has been appointed for an indefinite period. Until 31 March 2009, his contract can be terminated by the company or by him giving not less than 18 months' notice. After then, his contract can be terminated by the company giving him not less than one year's notice or by him giving the company not less than one year's notice or, if he has turned 50 by the time he gives notice, not less than six months' notice. No compensation is payable by the company for early

termination. Each of the non-executive directors is part way through his current contractual term; Christopher Sandland's expires on 4 July 2009, Roy Summers' at the close of this year's AGM and Nicholas Bryan's on 17 July 2009.

Re-election

Each director's continuation in office is subject to shareholder approval every three years. Approval was given in 2006 or 2007 for each of the current directors so no approvals are required at this year's AGM.

Remuneration

Details of each director's remuneration appear in note 7(c) on page 33. No director is involved in deciding his own remuneration. The remuneration of the executive directors is determined by the company's remuneration committee; the remuneration of the non-executive directors is determined by the executive board. None of the executive directors receives remuneration as a non-executive director elsewhere.

Qualifying indemnity provisions

The directors have the benefit of an indemnity provision contained in the company's articles of association. This provision, which is a qualifying third party indemnity provision, was in force throughout the year and is in force at the date of this report.

Corporate governance

The board is committed to good corporate governance in the management and operation of its business.

The board

The business and management of the company is the collective responsibility of the board. At each meeting, the board considers and reviews the company's financial and trading performance. It has a formal written schedule of matters reserved for its review and approval; this includes matters such as strategy, long-term objectives and major financial and key operational issues.

The board meets every two months with additional meetings arranged as required. During the year, it met formally on six occasions and three times on a quorate basis. Other than when Torquil Sligo-Young was unable to attend the January board meeting, there were no absences from any of the formal meetings.

Formal agendas and reports are provided to the board on a timely basis, along with other information to enable it to discharge its duties. All directors also have access to independent professional advice at the company's expense and to the advice and services of the company secretary.

There is a clear division of responsibility between the chairman (who is responsible for the effective running of the board) and the chief executive (who has overall responsibility for the running of the business).

Performance reviews and independence

The performance of the directors is evaluated informally with the chairman and executive directors in regular contact and with there being frequent meetings of individual and groups of executive directors with the non-executives.

The board regards all three of its non-executive directors as independent; the board views independence as an attitude of mind and a matter of strength of character.

Committees

The board has four standing committees: executive, audit, remuneration and disclosure. The board no longer operates through a nomination committee – see below.

- **Executive committee**

The executive committee comprises the company's executive directors and is chaired by Stephen Goodyear, the chief executive. It usually meets on a weekly basis and is responsible for the daily running of the company and the execution of approved policies and the business plan. Members of the company's senior management are invited to attend as appropriate.

- **Audit committee**

The audit committee comprises Roy Summers, who chairs it, and Nicholas Bryan. It assists the board in fulfilling its oversight responsibilities; its primary functions are to monitor the integrity of the company's financial statements and other information to shareholders, to monitor the integrity of the company's systems of internal control (including risk management), to oversee the company's relationship with its external auditors and to review the effectiveness of the audit process. The committee's terms of reference can be found at www.youngs.co.uk; they set out its other responsibilities. The committee met four times during the year and there were no absences.

- **Remuneration committee**

The remuneration committee comprises Roy Summers, who chairs it, and Nicholas Bryan. Its primary function is to determine, on behalf of the board, the remuneration packages of the company's executive directors. The committee's terms of reference can be found at www.youngs.co.uk; they set out its other responsibilities. The committee met four times during the year and there were no absences.

- **Disclosure committee**

This comprises the company's executive directors and is chaired by Peter Whitehead, the company's finance director. It assists the company in making timely and accurate disclosure of information required to be disclosed in order to meet legal and regulatory obligations. The committee's terms of reference can be found at www.youngs.co.uk; they set out its other responsibilities.

- **Nomination committee**

In practice, the chairman and chief executive tend to lead on the board nomination and appointment process. They consider the balance of skills, knowledge and experience on the board and make appropriate recommendations for consideration by the board. This formal but unwritten process has been used effectively for more than two years and has led the board to remain of the view that it should continue to operate in this way rather than through a more formal nomination committee.

Internal control

The board has overall responsibility for the company's system of internal control and for reviewing its effectiveness. The executive directors implement and maintain the risk management and internal control systems. The audit committee assists the board in fulfilling its oversight responsibilities here by monitoring the system's integrity. The system of control has been designed to manage risk; it cannot eliminate it and therefore only provides reasonable, not absolute, assurance against material misstatement or loss.

Relations with shareholders and investors

Copies of the annual report and accounts and interim report are sent to all shareholders and copies are available at www.youngs.co.uk. The company's website also provides other information to shareholders and interested parties. Written or e-mailed enquiries are handled by the company secretariat dept. during the year.

Shareholders are given the opportunity to ask questions and raise issues at the AGM. This can be done formally during the meeting or informally with the directors before or after it. The chief executive and finance director meet with institutional investors and analysts after the announcement of the interim and year-end results. Additional meetings with institutional investors and/or analysts are arranged from time to time.

Employees

Young's places considerable importance on communications with its employees and so, within the limitation of commercial confidentiality and security, it continued to provide its members of staff with information concerning trading, development and other appropriate matters. It did this at many levels throughout the organisation on both a formal and informal level, including through management presentations and its in-house publication. It also consulted regularly with staff members and their representatives, thereby enabling the board to have regard to their interests in general; in connection with this, the company continued to operate an information and consultation committee, with its members being drawn from departments based in Wandsworth. Separate arrangements were operated for those employees in the company's managed houses. Throughout the year, the company's integrated appraisal and development process, designed to improve communications and company performance, remained in place, and the company continued to operate a profit-sharing scheme for eligible employees. The company also maintained its policy of giving full and fair consideration to all applications for employment, including those of disabled people, taking account of the applicant's particular aptitude and ability. It was also the company's policy to seek to continue to employ anyone who has become disabled while employed by the company and arrange training in a role appropriate to the person's changed circumstances. All employees, including disabled employees, were given equal opportunities for training, career development and promotion.

Donations

The company gave money for the following charitable purposes, neither of which were necessarily exclusively charitable: health (£1,478), social and community (£1,500).

No political donations were made and the company intends to maintain its policy of not making such payments. It will, however, as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the AGM to make limited donations or incur limited political expenditure although it has no intention of using this authority.

Notification of major holdings of voting rights

As at 28 May 2008, the company had been notified of the following holdings of 3% or more of the voting rights in the company:

James Young	16.53%	RBT II Trustees Limited	3.70%
Thomas Young	15.84%	Ram Brewery Trustees Limited	3.63%
Torquil Sligo-Young	13.85%	El Oro and Exploration Company plc	3.095%
Guinness Peat Group plc	10.23%		

Directors' holdings and interests

The interests of the directors who held office at the year-end (and their immediate families) in the share capital of the company are shown in the table opposite. Interests in options granted under the company's approved and unapproved executive share option schemes are shown separately in this report, and each of the director's accrued entitlement to A shares under the company's profit-sharing scheme is shown separately in note 7(e) on page 35.

		As at	A shares	Non-voting shares
Christopher Sandland ^b	Beneficial & family	29 March 2008 31 March 2007	103,496 102,736	– –
Stephen Goodyear ^b	Beneficial & family	29 March 2008 31 March 2007	95,240 1,148	– –
	Trustee	29 March 2008 31 March 2007	– 4,000	– –
Torquil Sligo-Young ^b	Beneficial & family ^c	29 March 2008 31 March 2007	219,352 206,976	14,000 14,000
	Trustee ^b	29 March 2008 31 March 2007	3,742,372 3,742,372	111,436 111,436
Peter Whitehead ^b	Beneficial & family	29 March 2008 31 March 2007	62,416 1,148	– –
	Trustee	29 March 2008 31 March 2007	– 4,000	– –
Patrick Dardis ^b	Beneficial & family	29 March 2008 31 March 2007	17,784 1,148	– –
	Trustee	29 March 2008 31 March 2007	– 4,000	– –
Roy Summers	Beneficial & family	29 March 2008 31 March 2007	32,000 32,000	– –
	Trustee	29 March 2008 31 March 2007	– 4,000	– –

Notes:

- a The 2007 figures in the table and in note b have been restated for the sub-division of shares in February 2008.
- b At 29 March 2008 each of the directors (other than Roy Summers and Nicholas Bryan) had an interest in (i) 1,054,788 (2007: 4,798,232) A shares held in trust by Ram Brewery Trustees Limited, (ii) 1,075,668 (2007: 0) A shares held in trust by RBT II Trustees Limited and (iii) 286,800 (2007: 286,800) A shares held in trust by Torquil Sligo-Young and two other trustees.
- c The A shares that were held by each of Peter Whitehead and Patrick Dardis as trustee are included within the 2007 figures.

Share options

The company operates an approved and unapproved executive share option scheme. All of the options are over A shares and have now vested. No options were granted during the year and none of the options lapsed. Set out below is a summary, as at 29 March 2008, of the directors' interests in options.

	At 31 March 2007	Exercised during the year	At 29 March 2008	Exercise price (pence)	Exercisable From	Exercisable To
Christopher Sandland	49,640	49,640	–	284.375	–	–
Stephen Goodyear	160,000	160,000	–	146.875	–	–
	65,040	–	65,040	284.375	6.7.07	5.7.14
Torquil Sligo-Young	120,000	60,000	60,000	146.875	17.9.01	16.9.08
	56,160	–	56,160	284.375	6.7.07	5.7.14
Peter Whitehead	100,000	100,000	–	146.875	–	–
	49,520	–	49,520	284.375	6.7.07	5.7.14
Patrick Dardis	129,380	129,380	–	205.625	–	–
	21,960	–	21,960	284.375	6.7.07	5.7.14
Total	751,700	499,020	252,680			

Notes:

- (a) To reflect the sub-division of shares in February 2008, the figures and amounts in the table (and in note (c)) have been restated or adjusted (even where options were exercised before the sub-division took place).
- (b) The gains made on the exercise of options appear in note 7(c) on page 33.
- (c) The closing mid market price of an A share on 28 March 2008 was 497.5p and the range during the year was 490p to 900.75p.

Market value of land and buildings

Based largely on the Fleurets Chartered Surveyor's valuation in November 2006, the directors are of the opinion that the market value of the group's properties is significantly in excess of the book value. The value of the estate as at that date was £173.8 million higher than the book value. Since then a number of properties have been bought, sold and developed, depreciation charges have been made, and there have been changes in market conditions which may have had an impact on value.

Financial instruments

The company's risk management objectives and policies are set out in note 16 on page 43. That note also contains an indication of the company's exposure to certain financial risks.

Payment of suppliers

The company's policy is to pay suppliers promptly at the end of the month following the month in which invoices are received, provided all trading terms and conditions have been complied with. As at 29 March 2008, the aggregate amount owing to trade creditors (see note 22 on page 52) was equivalent to 35 days' average purchases from suppliers (2007: 33 days).

Statement of certain responsibilities in relation to the financial statements and otherwise

For each financial year, the directors are required to prepare an annual report and financial statements. The financial statements must be prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable law and must present fairly the financial position of the group and the financial performance and cash flows of the group for the relevant period. In preparing those statements, the directors must (a) select suitable accounting policies and then apply them consistently, (b) state that the group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements, and (c) present information, including accounting policies, in a manner that provides relevant, reliable and comparable information.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly have adopted the going concern concept when preparing the financial statements.

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

Disclosure of information to auditors

Each of the persons who was a director at the time when this report was approved confirms that, so far as he is aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and that he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of it. These confirmations are given, and should be interpreted, in accordance with section 234ZA of the Companies Act 1985.

Annual general meeting

Date and venue

The AGM will be held at 11.30 a.m. on Tuesday, 15 July 2008 in the Civic Suite in Wandsworth Town Hall, Wandsworth High Street, Wandsworth, London SW18 2PU.

Business

Notice convening the AGM and an explanation of the resolutions being proposed are set out in the circular sent to shareholders with this document.

Auditors

Ernst & Young LLP has expressed its willingness to continue as auditors and its re-appointment will therefore be put to shareholders at the forthcoming AGM.

Preparation and disclaimer

The company's annual report (including the financial statements in it for the year ended 29 March 2008) have been drawn up and presented for the purpose of complying with English law. Any liability arising out of or in connection with them will also be determined in accordance with English law.

By order of the board

Anthony Schroeder

Company secretary
28 May 2008

Independent auditors' report to the members of Young & Co.'s Brewery, P.L.C.

08

We have audited the group and parent company financial statements of Young and Co.'s Brewery, P.L.C. for the year ended 29 March 2008 which comprise the Group Income Statement, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Recognised Income and Expense, and the related notes 1 to 32. These group financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

The directors' responsibilities for preparing the Annual Report and the group and parent financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of certain responsibilities in relation to the financial statements and otherwise.

Our responsibility is to audit the group and parent financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group and parent financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Financial highlights, the board of directors, the Directors' report, the Five year review, the Senior personnel, committees and advisors and the Shareholder information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group and parent financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's and the parent company's affairs as at 29 March 2008 and of the group's profit for the year then ended;
- the group and parent financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the group and parent financial statements.

Ernst & Young LLP

Registered auditor
London
28 May 2008

Group income statement

08

For the 52 weeks ended 29 March 2008

	Notes	2008 £000	2007 £000
Continuing operations			
Revenue	5	122,124	114,602
Operating costs before exceptional items	6	(101,266)	(99,214)
Operating profit before exceptional items		20,858	15,388
Operating exceptional items	8	728	(1,153)
Operating profit		21,586	14,235
Share of associate's profit before exceptional items and tax		1,718	83
Share of associate's operating exceptional items	8	(3,832)	–
Share of associate's tax (expense)/credit	11	(26)	21
Share of post tax result of associate		(2,140)	104
Profit before interest		19,446	14,339
Finance costs	9	(5,820)	(5,650)
Finance revenue	10	563	466
Premium paid on redemption of debenture	21	(6,817)	–
Discount of site proceeds		2,161	(2,161)
Other finance income	18	1,269	1,731
Profit before tax		10,802	8,725
Taxation	11	(4,329)	(3,919)
Profit from continuing operations		6,473	4,806
Profit from discontinued operation	3	3,105	34,717
Profit for the year		9,578	39,523
		Pence	Pence
Earnings per 12.5p ordinary share from continuing operations	13		
Basic		13.67	10.35
Diluted		13.62	10.14
Adjusted basic		26.28	17.49
Adjusted diluted		26.19	17.13
Earnings per 12.5p ordinary share from continuing and discontinued operations	13		
Basic		20.22	85.14
Diluted		20.15	83.39

The comparative figures have been restated for the effects of conversion to IFRS (note 32) and for the four for one share split (note 24).

No separate income statement is presented for the company, as permitted by section 230(3) of the Companies Act 1985.

The company's profit after tax for the year was £10,683,000 (2007: £32,285,000).

The notes on pages 24 to 66 form part of these financial statements.

The independent auditors' report is set out on page 19.

Balance sheets

At 29 March 2008

		Group		Company	
	Notes	2008 £000	2007 £000	2008 £000	2007 £000
Non current assets					
Property, plant and equipment	14	251,284	223,425	251,284	223,425
Prepaid operating lease premiums		5,996	5,918	5,996	5,918
Investment in subsidiary	15	–	–	20	20
Investment in associate	15	19,751	22,458	11,303	11,303
Other financial asset		600	–	600	–
Derivative financial instruments	16	–	179	–	179
Retirement benefit schemes	18	–	955	–	955
		277,631	252,935	269,203	241,800
Current assets					
Prepaid operating lease premiums		92	92	92	92
Assets classified as held for sale	14	1,215	348	1,215	348
Inventories	19	1,511	1,431	1,576	1,477
Receivable from site disposal	20	–	66,839	–	66,839
Trade and other receivables	20	4,796	4,697	4,796	4,697
Income tax receivable		2,498	–	2,498	–
Cash		349	999	349	999
		10,461	74,406	10,526	74,452
Total assets		288,092	327,341	279,729	316,252
Current liabilities					
Borrowings	21	(1)	(58,185)	(1)	(58,185)
Trade and other payables	22	(30,542)	(21,212)	(32,527)	(21,970)
Income tax payable		–	(2,171)	–	(2,171)
		(30,543)	(81,568)	(32,528)	(82,326)
Non current liabilities					
Borrowings	21	(50,315)	(44,295)	(50,315)	(44,295)
Derivative financial instruments	16	(511)	–	(511)	–
Provisions	23	–	(2,171)	–	–
Deferred tax	17	(29,207)	(26,898)	(26,069)	(23,536)
Retirement benefit schemes	18	(5,088)	–	(5,088)	–
		(85,121)	(73,364)	(81,983)	(67,831)
Total liabilities		(115,664)	(154,932)	(114,511)	(150,157)
Net assets		172,428	172,409	165,218	166,095
Capital and reserves					
Share capital	24	6,028	6,028	6,028	6,028
Share premium	25	1,274	1,274	1,274	1,274
Other reserves	25	1,578	2,071	1,578	2,071
Investment in own shares	25	(139)	(2,123)	–	–
Retained earnings	25	163,687	165,159	156,338	156,722
Total equity		172,428	172,409	165,218	166,095

The comparative figures have been restated for the effects of conversion to IFRS (note 32).

Approved by the board of directors and signed on its behalf by:

Christopher Sandland Chairman
Peter Whitehead Finance director
 28 May 2008

The notes on pages 24 to 66 form part of these financial statements.

The independent auditors' report is set out on page 19.

Cash flow statements

For the 52 weeks ended 29 March 2008

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Operating activities				
Cash generated from operations (note 26)	36,909	27,821	38,747	28,356
Interest received	1,026	3	1,026	3
Taxes paid	–	(2,706)	–	(2,706)
Net cash flow from operating activities	37,935	25,118	39,773	25,653
Investing activities				
Sale of brewery and Buckhold Road sites	69,000	–	69,000	–
Sales of other property, plant and equipment	3,750	468	3,750	468
Purchases of property, plant and equipment	(37,734)	(46,240)	(37,734)	(46,240)
Prepayments of operating lease premiums	(321)	(515)	(321)	(515)
Investment in associate	–	(10,000)	–	(10,000)
Restructuring costs	(4,998)	(6,896)	(4,998)	(6,896)
Net cash generated from/(used in) investing activities	29,697	(63,183)	29,697	(63,183)
Financing activities				
Interest paid	(5,992)	(5,622)	(5,992)	(5,622)
Premium paid on redemption of debenture	(6,817)	–	(6,817)	–
Equity dividends paid	(5,147)	(3,589)	(5,147)	(3,589)
Proceeds from exercise of share options in the employee benefit trust	1,838	535	–	–
(Decrease)/increase in borrowings	(52,158)	47,851	(52,158)	47,851
Repayment of finance leases	(6)	(17)	(6)	(17)
Net cash (used in)/generated from financing activities	(68,282)	39,158	(70,120)	38,623
(Decrease)/increase in cash	(650)	1,093	(650)	1,093
Cash at the beginning of the year	999	(94)	999	(94)
Cash at the year end	349	999	349	999

Analysis of net debt

At 29 March 2008

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Cash	349	999	349	999
Loan capital and finance leases	(50,316)	(102,480)	(50,316)	(102,480)
Net debt	(49,967)	(101,481)	(49,967)	(101,481)

The comparative figures have been reclassified for the effects of conversion to IFRS (note 32).

The notes on pages 24 to 66 form part of these financial statements.
The independent auditors' report is set out on page 19.

Statements of recognised income and expense

For the 52 weeks ended 29 March 2008

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Income and expense recognised directly in equity				
Actuarial (loss)/gain on retirement benefit schemes (<i>note 18</i>)	(8,728)	3,539	(8,728)	3,539
Deferred tax on actuarial loss/(gain)	2,618	(1,062)	2,618	(1,062)
Current tax on share based payments	1,731	659	1,731	659
Deferred tax on share based payments	(2,134)	355	(2,134)	355
Deferred tax on revalued properties:				
– indexation movement	422	559	422	559
Hedging reserve				
– fair value movement of interest rate swap	(690)	629	(690)	629
– deferred tax on fair value movement of interest rate swap	207	(189)	207	(189)
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes	(568)	–	–	–
Associate's fair value movement (net of deferred tax) of interest rate swap	(59)	–	–	–
Adjustment in deferred tax rate from 30% to 28%	161	–	161	–
	(7,040)	4,490	(6,413)	4,490
Profit for the year	9,578	39,523	10,683	32,285
Total recognised income and expense for the year	2,538	44,013	4,270	36,775

The comparative figures have been restated for the effects of conversion to IFRS.

Notes to the financial statements

For the 52 weeks ended 29 March 2008

1. Authorisation of financial statements and statement of compliance with IFRS

The group and parent company financial statements of Young & Co.'s Brewery, P.L.C. for the 52 weeks ended 29 March 2008 were authorised for issue by the board of directors on 28 May 2008. Young & Co.'s Brewery, P.L.C. is a public limited company incorporated and domiciled in England and Wales. The company's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union.

2. Accounting policies

(a) Basis of preparation

This is the first year in which the group has prepared its financial statements under IFRS and the comparatives have been restated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRS. The group issued a press release in November 2007 incorporating its preliminary IFRS financial statements for 2007, and the reconciliations to IFRS from the previously published UK GAAP financial statements are summarised in note 32.

The group and company financial statements have been prepared using the following accounting policies.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of Young & Co.'s Brewery, P.L.C. with the entities it controls, being a subsidiary and its special purpose entity, drawn up to the year end. The special purpose entity is an ESOP Trust. The financial statements of the subsidiary and special purpose entity are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising on them, are eliminated.

The group financial statements also include the financial information of Wells & Young's Brewing Company Ltd., the associate of Young & Co.'s Brewery, P.L.C., accounted for using the equity method of accounting.

(c) Interest in associate

The group's interest in its associate, being an entity over which the group has significant influence, is accounted for using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the associate, less distributions received and less any impairment in value of individual investments. The group income statement reflects the share of the associate's results after tax. The group statement of recognised income and expense reflects the group's share of any income or expense recognised by the associate outside the income statement.

The investment in associate is subject to a review if circumstances or events change to indicate that the carrying value is impaired.

(d) The parent company's investments in the subsidiary and associate

In its separate financial statements, the parent company recognises its investments in its subsidiary and associate at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits.

(e) Property, plant and equipment

Property, plant and equipment are measured at cost on recognition, and are stated as such less any accumulated depreciation and accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. The residual value, useful life and depreciation method applied to each asset are reviewed annually.

Freehold and leasehold property acquired before 1997 was measured at its 1997 valuation and depreciated up to the point of adoption of IFRS in 2007. Under IFRS the depreciated valuation figure became the deemed cost.

The cost of the asset, less any residual value, is depreciated on a straight line basis over the asset's useful life. Land is not depreciated.

Useful lives:

Freehold buildings	50 years
Leasehold building	50 years, or the lease term if shorter
Fixtures, fittings & equipment	3-10 years

The gain or loss on disposal of an asset is included in the income statement. Pub fixtures and fittings are treated as disposals in the year following completion of their writedown.

(f) Premiums on operating leases

Premiums on operating leases are stated at cost less amortisation and any additional provision for impairment which may be required.

(g) Leases

(i) Where the group is the lessee

Assets held under finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

(ii) Where the group is the lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

(h) Assets held for sale and discontinued operations

Assets whose carrying amounts will be recovered principally by sale rather than continuing use are classified separately as assets held for sale. Assets are classified as held for sale when management has committed to their sale, the asset is available for immediate sale and a sale is highly probable. Assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

A discontinued operation is a part of the group's business that represents a separate line of business. Under IFRS 5 (Non current assets held for sale), classification as a discontinued operation occurs upon disposal or earlier, if the operation meets the criteria to be classified as held for sale.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost formula used is equivalent to a 'First in, First out' method.

(j) Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoice value and recoverable amount. Provision is made when there is objective evidence that the group will not be able to recover the balances in full. Balances are written off when the probability of recovery is assessed as being remote.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

The receivable from the disposal of the brewery site was discounted back to net present value as the amount at the time of the transaction was receivable in more than 12 months. The discount was charged directly to the income statement at the transaction date, and was then written back on a reducing balance basis over the life of the receivable.

(k) Cash

Cash in the balance sheet comprises cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash is net of outstanding bank overdrafts. Cash and cash equivalents include only deposits which mature in less than three months.

(l) Impairment of assets

An impairment review is carried out if events indicate that the carrying value of an asset may not be recoverable. If during the course of this review it is deemed that the carrying values exceed the estimated value in use, the assets are written down to their recoverable amounts. An asset's recoverable amount is the greater of the fair value less costs to sell, and the value in use.

Value in use is assessed by reference to the estimated future cash flows, which are discounted to present value using an appropriate pre-tax discount rate. Impairment losses, and any reversal of such losses, are recognised in the income statement.

For property assets, impairment was assessed on the basis of each individual pub. Whether an asset was impaired or not was determined by comparing the carrying value of an asset against its deemed 'recoverable amount'. The recoverable amount was taken as the higher of either the fair value of the asset or its value in use.

The fair value of the asset was assumed to be the market value of the property. This was determined by applying a prudent downgrade to a valuation of our estate conducted in November 2006, and using this as a proxy for the current market value, less costs to sell the asset.

The value in use was determined by conducting a net present value review of all relevant cash flows from the asset.

(m) Trade and other payables

Trade and other payables are carried at cost. When applicable, trade and other payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

(n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value. Directly attributable transaction costs are capitalised and amortised on a straight line basis through finance expense, over the life of the facility.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(o) Debenture issue premiums and costs

The debenture stock was redeemed in the year. In prior years before the redemption, the policy was to allocate debenture premiums to accounting years over the term of the debt at a constant rate on the carrying amount. Debenture issue costs, which were set against the proceeds of the debenture, were amortised over its life. A corresponding transfer was then made from the profit and loss account to the share premium account in each year. On redemption, all such costs were written off to the income statement.

Notes to the financial statements

(continued)

(p) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, with the following exceptions:

- in respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Where capital gains have been rolled over for tax purposes, a deferred tax liability is recorded on the rolled over gain to reflect that tax may be due on this amount at a future date.

A deferred tax liability is recorded based on the difference between the indexed cost of the asset and prior year revaluations that were recognised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

(q) Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect is material, expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(r) Exceptional items

The group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior year and to assess better trends in financial performance. Exceptional items are classified as operating exceptional items if they relate to the general operations of the group, such as profit or losses connected to the disposal of properties. Exceptional items are classified as non-operating exceptional items if they are outside the normal operations of the group, such as costs associated with the restructuring of the group.

(s) Accounting for ESOP Trusts

In accordance with SIC-12 Consolidation – Special Purpose Entities, an ESOP Trust should be consolidated when the substance of the relationship indicates that it is controlled by that entity. The Ram Brewery Trust is a Special Purpose Entity (SPE) which is indirectly controlled by the company. Investments in own shares which comprise the unallocated shares of the Ram Brewery Trust are treated as a deduction in arriving at shareholders' funds. Allocations of shares to employees under the profit sharing scheme and exercise of share options are treated as disposals.

Investment in own shares is held at cost and shown as a deduction from capital and reserves in the group balance sheet.

The capital gains tax liability that may arise on the allocated shares in the Ram Brewery Trust when they are transferred to employees on retirement is recognised as a provision in the financial statements.

(t) Derivative financial instruments and hedging

The group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. From 1 April 2006, derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Interest rate swaps are classified as cash flow hedges. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. If the hedging instrument expires or is sold, terminated or exercised, amounts previously recognised in equity are transferred to the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to profit or loss.

(u) Pensions and other post-retirement benefits

The group operates a defined contribution pension scheme, three defined benefit pension schemes and a post retirement health care scheme.

Contributions to the defined contribution scheme are recognised in the income statement in the year in which they become due.

For the defined benefit schemes, the cost of providing benefits is determined separately for each plan using the projected unit credit method, which attributes entitlements to benefits to the current year (to determine current service cost) and to the current and prior years (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in the future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the year in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligations, taking into account material changes in the obligations during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised income and expense in the year in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligations (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the group expects to recover by way of refunds from the plan or reductions in the future contributions.

Post-retirement health care benefits are provided for certain employees and certain directors (together, the 'members'). Entry to the scheme is on a discretionary basis. The annual premium for providing cover is determined by BUPA. This information is taken by qualified actuaries who then assess the reserve required to provide this benefit for members' future lifetimes, using IAS19 assumptions. The liability for new entrants is recognised through the income statement in the year in which the benefit is granted. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full directly in equity and in the statement of recognised income and expense.

(v) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight line basis over the lease term.

Interest income

Revenue is recognised as interest accrues (using the effective interest method).

Dividends

Revenue is recognised when the company's right to receive payment is established.

(w) Finance costs and revenue

Finance costs and revenue are calculated using the effective interest method.

(x) Share based payment

The group operated an equity settled, share based compensation plan in prior years. This comprised share options with non-market performance conditions attached. An expense was recognised in the prior year to spread the fair value of the share options granted after 7 November 2002 over the vesting period on a straight line basis. A corresponding adjustment was made to the share based payment reserve in equity. The charge was based on the fair value of the share options as at the date of grant, as calculated using the Black Scholes Merton formula.

Notes to the financial statements

(continued)

(y) New Standards and Interpretations not applied

The IASB and IFRIC have issued standards and interpretations with an effective date for years starting on or after the date on which the financial statements start. The directors do not anticipate that the adoption of these standards and interpretations, wherever relevant to the group, will have a material impact on the group's financial statements in the year of initial application.

(z) Significant estimates and judgements

The impairment and depreciation of property, plant and equipment, the measurement of defined benefit pension obligations, the estimate of prior year share based payments costs and the provision for taxation have all required significant estimates and assumptions. These estimates and judgements have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The group is required to review property, plant and equipment for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

Depreciation is provided so as to write down the assets to their residual values over the estimated useful lives as set out above. The selection of these estimated lives requires the exercise of management judgement.

Measurement of defined benefit pension obligations requires an estimate of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. These have been determined on advice from the group's qualified actuary.

The estimate of share based payments costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimate of the number of awards that will ultimately vest, inputs which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees.

Judgement is required when determining the provision for taxes as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached with the tax authorities. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The group reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

(aa) Non-GAAP performance measures

The directors believe that the 'adjusted' profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how business performance is measured internally and how the group previously reported under UK GAAP. The adjusted profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies. The following non-GAAP performance measures are also used:

Operating profit

Operating profit is the profit from the general business of the group, before income and expenditure relating to taxation or investing and financing activities.

Exceptional items

This policy is described in section (r) above.

Adjusted profit before tax

Adjusted profit before tax is the profit attributable to equity holders of the parent before taxation and before the impact of exceptional items, premium paid on redemption of debenture, and the discount of site proceeds. Adjusted profit before tax includes the pre tax result of the associate.

Adjusted earnings per share

Adjusted earnings per share is adjusted earnings divided by the weighted average number of ordinary shares in issue. Adjusted earnings is the profit attributable to equity holders of the parent before the after tax effect of exceptional items, premium paid on redemption of debenture, and the discount of site proceeds.

3. Discontinued operation

On 23 May 2006, the group announced, in conjunction with Charles Wells Limited, the establishment of a new company called Wells & Young's Brewing Company Limited. In exchange for various assets, the group acquired a 40% share of Wells & Young's. All brewing operations, beer brands and wholesale operations were transferred to the new company.

On 3 August 2006, the group announced the disposal of the Ram Brewery site and nearby Buckhold Road office and warehouse space in Wandsworth for a total cash consideration of £69 million.

The group's brewing, beer brands and wholesale operations have been treated as a discontinued operation in the current and prior year.

The interest in Wells & Young's was deemed to be an 'associate' and accordingly is equity accounted into the group results. As such the relevant proportion of the profit and also any relevant operational transaction balances are all included as part of continuing operations.

Intra-group sales shown below represent sales made by the brewing and wholesale operations to the pub division, both prior to and during the transfer of these operations to Wells & Young's.

Restructuring costs have been incurred in both years, which represent the costs associated with redundancy, the site decommissioning and advisory fees related to the disposal of the brewery, and the transfer of the wholesale operations to Wells & Young's.

A tax credit of £3,684,000 arises in 2008 due to an overprovision for tax in 2007 and to the reduction in the deferred tax rate from 30% to 28%.

The table below shows the results of the discontinued operation included in the income statement of the group:

	2008 £000	2007 £000
Sales to external customers	–	6,501
Intra-group sales	–	10,533
Total revenue	–	17,034
Operating costs before exceptional items	–	(16,998)
Operating profit	–	36
Non-operating exceptional items		
Restructuring costs	(579)	(9,016)
Profit on sale of Wandsworth sites	–	46,608
Gain on exchange of assets for interest in associate	–	11,205
(Loss)/profit before tax	(579)	48,833
Taxation (note 11)	3,684	(14,116)
Profit from discontinued operation	3,105	34,717

The net cash flows attributable to the discontinued operation were:

	2008 £000	2007 £000
Operating cash flows	–	1,171

The assets and liabilities disposed of were:

Property, plant & equipment	–	23,488
Inventories	–	3,703
Receivables	–	345
	–	27,536

The total disposal consideration, all in cash, was	69,000	–
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Notes to the financial statements

(continued)

4. Segmental reporting

2008

	Continuing operations				Discontinued operation	
	Managed estate £000	Tenanted estate £000	Unallocated £000	Total £000	£000	Total £000
Income statement						
Segment revenue	106,630	14,818	676	122,124	–	122,124
Operating profit before exceptional items	26,846	5,975	(11,963)	20,858	–	20,858
Share of associate's profit before exceptional items and tax	–	–	1,718	1,718	–	1,718
Segment result	26,846	5,975	(10,245)	22,576	–	22,576
Finance costs				(5,820)	–	(5,820)
Finance revenue				563	–	563
Other finance income				1,269	–	1,269
Adjusted profit before tax				18,588	–	18,588
Exceptional items				728	(579)	149
Associate's exceptional items				(3,832)	–	(3,832)
Premium paid on redemption of debenture				(6,817)	–	(6,817)
Discount of site proceeds				2,161	–	2,161
Taxation				(4,329)	3,684	(645)
Share of associate's tax				(26)	–	(26)
Profit for the year				6,473	3,105	9,578
Balance Sheet						
Segment assets	211,280	51,512	2,102	264,894	–	264,894
Investment in associate			19,751	19,751	–	19,751
Other financial asset			600	600	–	600
Income tax receivable			2,498	2,498	–	2,498
Cash			349	349	–	349
Total assets	211,280	51,512	25,300	288,092	–	288,092
Segment liabilities	(10,345)	(1,244)	(18,953)	(30,542)	–	(30,542)
Borrowings			(50,316)	(50,316)	–	(50,316)
Derivative financial instruments			(511)	(511)	–	(511)
Deferred tax			(29,207)	(29,207)	–	(29,207)
Retirement benefit schemes			(5,088)	(5,088)	–	(5,088)
Total liabilities	(10,345)	(1,244)	(104,075)	(115,664)	–	(115,664)
Net assets	200,935	50,268	(78,775)	172,428	–	172,428
Other segmental information						
Capital expenditure	36,070	1,875	110	38,055	–	38,055
Depreciation and amortisation of segment assets	5,780	1,049	291	7,120	–	7,120

The unallocated segment result primarily represents the corporate service costs of the group.

2007

	Continuing operations				Discontinued operation	
	Managed estate £000	Tenanted estate £000	Unallocated £000	Total £000	£000	Total £000
Income statement						
Revenue	98,648	14,698	1,256	114,602	17,034	131,636
Less: sales to other segments	–	–	–	–	(10,533)	(10,533)
Segment revenue	98,648	14,698	1,256	114,602	6,501	121,103
Operating profit before exceptional items	22,427	5,214	(12,253)	15,388	36	15,424
Share of associate's profit before exceptional items and tax	–	–	83	83	–	83
Segment result	22,427	5,214	(12,170)	15,471	36	15,507
Finance costs				(5,650)	–	(5,650)
Finance revenue				466	–	466
Other finance income				1,731	–	1,731
Adjusted profit before tax				12,018	36	12,054
Exceptional items				(1,153)	48,797	47,644
Discount of site proceeds				(2,161)	–	(2,161)
Taxation				(3,919)	(14,116)	(18,035)
Share of associate's tax				21	–	21
Profit for the year				4,806	34,717	39,523
Balance Sheet						
Segment assets	184,006	49,483	2,422	235,911	–	235,911
Investment in associate			22,458	22,458	–	22,458
Receivable from site disposal			66,839	66,839	–	66,839
Derivative financial instruments			179	179	–	179
Retirement benefit schemes			955	955	–	955
Cash			999	999	–	999
Total assets	184,006	49,483	93,852	327,341	–	327,341
Segment liabilities	(8,795)	(1,282)	(11,135)	(21,212)	–	(21,212)
Borrowings			(102,480)	(102,480)	–	(102,480)
Income tax payable			(2,171)	(2,171)	–	(2,171)
Provisions			(2,171)	(2,171)	–	(2,171)
Deferred tax			(26,898)	(26,898)	–	(26,898)
Total liabilities	(8,795)	(1,282)	(144,855)	(154,932)	–	(154,932)
Net assets	175,211	48,201	(51,003)	172,409	–	172,409
Other segmental information						
Capital expenditure	38,372	6,915	1,070	46,357	398	46,755
Depreciation and amortisation of segment assets	5,191	1,088	251	6,530	1,135	7,665

Notes to the financial statements

(continued)

5. Revenue

	2008 £000	2007 £000
Sale of goods	112,020	105,209
Rental income	10,104	9,393
Revenue	122,124	114,602
Finance revenue	563	466
Total revenue	122,687	115,068

Sale of goods comprises sales, excluding discounts, rebates, VAT, excise duty and other sales taxes. Revenue shown above is all continuing.

6. Operating costs before exceptional items

	2008 £000	2007 £000
Changes in inventories of finished goods and work in progress	(80)	(312)
Raw materials, consumables and finished goods used	33,740	24,828
Employment costs (note 7)	36,075	34,935
Depreciation	7,120	6,530
Other operating costs	24,411	33,233
Operating costs in continuing operations	101,266	99,214
Operating costs in discontinued operation	–	16,998
Total operating costs	101,266	116,212

Other operating costs include:

Operating lease rentals:	minimum lease payments	2,581	2,585
	contingent rents	–	–
	sublease payments	344	426
		2,925	3,011
Auditors' remuneration to main group auditors:	audit services of the group financial statements	135	97
	taxation services	97	134
	corporate finance services	–	119
	all other services	66	–
		298	350
Auditors' remuneration to other auditors:	other audit services	6	6
	taxation services	29	34
		35	40

£nil (2007: £119,000) of the auditor's remuneration fees were included within non-operating exceptional items as a cost of fundamental reorganisation, with the remainder included within other operating costs.

7. Employment

(a) Costs

	2008 £000	2007 £000
Wages and salaries	31,885	29,379
Profit-sharing scheme	224	899
Social security	2,712	2,628
Pension and healthcare schemes	1,254	1,939
Share-based payments (note 28)	–	90
Employment costs in continuing operations	36,075	34,935
Employment costs in discontinued operation	–	4,707
Employment costs in exceptional items	(741)	7,698
Total employment costs	35,334	47,340

(b) Average number of employees

	2008	2007
Full time	1,885	1,930
Part time	376	351
	2,261	2,281

(c) Directors' emoluments

	Basic salary and fees £	Profit sharing £	Benefits £	Other payments £	Bonus £	Total excluding pension costs and gains made on exercise of share options 2008 £	Total excluding pension costs and gains made on exercise of share options 2007 £	Gains made on exercise of share options £
Christopher Sandland	67,733	–	–	–	–	67,733	286,117	212,521
John Young	–	–	–	–	–	–	90,096	–
James Young	–	–	–	–	–	–	220,415	–
Stephen Goodyear	251,896	10,941	22,715	–	141,395	426,947	308,469	905,000
Torquil Sligo-Young	151,976	10,941	18,322	–	95,024	276,263	155,817	339,375
Peter Whitehead	191,888	10,941	20,375	–	106,183	329,387	273,993	565,625
Patrick Dardis	191,808	10,941	19,738	–	129,779	352,266	190,853	757,079
Brian Palmer	–	–	–	–	–	–	36,769	–
Roy Summers	35,650	–	–	–	–	35,650	39,756	–
Nicholas Bryan	25,239	–	–	–	–	25,239	17,849	–
Total 2008	916,190	43,764	81,150	–	472,381	1,513,485		2,779,600
Total 2007	951,425	65,646	114,222	319,350	169,491		1,620,134	2,195,351

Notes to the financial statements

(continued)

Notes:

In July 2007, the following directors received the following A shares (restated for the sub-division of shares in February 2008) as a result of some of the pre-agreed performance measures, on which bonuses for the 2007 financial year were dependant, being achieved: Stephen Goodyear (17,292), Torquil Sligo-Young (11,616), Peter Whitehead (12,984) and Patrick Dardis (15,876). Under the bonus plan, half of any bonus had to be in shares; the other half could have been in cash or in shares. Further, for every share taken in place of cash, a "matching" share would be given. Each of the directors elected to take his cash element in shares. The directors are not generally free to sell any of the shares before the end of a "restricted period" which, ordinarily, will end on the earlier of 3 April 2010 and the date on which his employment terminates by reason of illness, disability or redundancy. The "matching" shares are subject to satisfaction of further performance measures and to restrictions and, in certain instances, are liable to forfeiture. The bonus column reflects the cash value of these bonuses. The shares were transferred from the Ram Brewery Trust. The fair value for these shares (being £472,000) was recognised through the income statement of the company in 2007 and was determined by the market value of shares at the time of transfer.

For the company's 2008 financial year, each of the directors is able to earn a cash bonus of not more than 100% of his basic salary if the pre-agreed performance measures are achieved. The extent to which the measures are met, if at all, is expected to be determined by the company's remuneration committee in July 2008.

(d) Retirement benefits

The company operates three pension schemes: the staff scheme, the works scheme and the Ram Brewery Trust Pension Fund.

The staff and works schemes are contributory. Contributions are at the rate of 2% or 5% of pensionable earnings. The schemes are defined benefit schemes investing largely in managed funds. As at 29 March 2008, three directors were accruing benefits under the defined benefit schemes in respect of qualifying services.

In addition the company bears the cost of post retirement health care premia for certain employees and ex-employees.

The company accounts for retirement benefits in accordance with IAS 19. Detailed disclosures are set out in note 18.

	1 Increase in accrued pension during the year (excluding inflation) £	2 Transfer value of increase (net of member contributions) £	3 Accumulated total accrued pension as at 29 March 2008 £	4 Transfer value of accrued pension benefits as at 31 March 2007 £	5 Transfer value of accrued pension benefits as at 29 March 2008 £	6 Increase in transfer value during the year (net of member contributions) £
Stephen Goodyear	3,726	87,820	47,940	1,074,531	1,202,589	122,418
Torquil Sligo-Young	2,784	63,032	72,860	1,374,704	1,646,350	271,646
Peter Whitehead	2,985	30,144	33,594	327,013	400,723	68,070
Patrick Dardis	2,814	20,641	10,967	70,262	102,468	26,566

Notes:

- The pension entitlement shown in column 3 is that which would be paid annually on retirement under the terms of each executive director's service agreement based on service to 29 March 2008. Directors appointed before 6 April 1997 are entitled to a pension payable without reduction at the earliest age permissible by HM Revenue & Customs. This has been allowed for in the calculation of transfer values shown above.
- The transfer values (and their increases) in columns 2, 4, 5 and 6 have been calculated in accordance with Actuarial Guidance Note GN11, on an adjusted Minimum Funding Requirement (MFR) basis reflecting appropriate market conditions.
- The difference between the transfer value increase shown in column 2 and column 6 arises from a change in the date of calculation of transfer values.
- Christopher Sandland began to draw his pension during the company's 2007 financial year. He therefore has no further defined benefit accrual and has not therefore been included in the above table.
- Torquil Sligo-Young has opted for Enhanced Protection and as such is not accruing further service. However, he retains the right to opt-back into the schemes at any future time, subject to paying the requisite contributions.

(e) Profit-sharing scheme

For the company's financial years that ended before 2008, members of the scheme were allocated shares of the company on the basis of their entitlement after deductions of income tax and national insurance. Allocations made up to and including those for the company's financial year that ended in 2005 are now held in the Ram Brewery Trust II, having been transferred from the Ram Brewery Trust during the year, and, on retirement, the member receives his accrued entitlement to shares. If a member leaves the company's employment before reaching normal retirement age, he ceases to participate further in the scheme; however, he continues to receive the income accruing to him by virtue of his membership of the scheme prior to his leaving the company's employment, and his allocation to the date of leaving continues to be held on his behalf until normal retirement age.

Allocations for the company's financial years that ended in 2006 and 2007 were made via transfers of actual shares to scheme members. The fair value of shares transferred as part of the profit sharing scheme was £290,000 and was determined by the market value of the shares at the time of transfer. For the company's financial year that ended in 2008, members of the scheme will no longer receive shares in the company; instead they will receive a cash sum, but still based on their entitlement and after deductions of income tax and national insurance.

The scheme has now been closed so that no individual newly employed by the company or any of its subsidiaries after 6 April 2007 is entitled to participate.

In 2008, the contribution to the scheme was £224,000 (2007: £948,000) and this has been charged to the income statement.

The accrued entitlement to A shares under the scheme of each of the directors who served during the year is as follows (after restating for the sub-division of shares in February 2008): Christopher Sandland (61,844), Stephen Goodyear (22,680), Torquil Sligo-Young (31,412), Peter Whitehead (20,816) and Patrick Dardis (6,696). Neither Roy Summers nor Nicholas Bryan is a member of the scheme.

8. Exceptional items

(a) Operating exceptional items

	2008 £000	2007 £000
Profit/(loss) on sales of properties and investments	1,295	(444)
Impairment of property (note 14)	(1,378)	–
Capital gains tax on ESOP allocated shares	811	(509)
Property valuation costs	–	(200)
	728	(1,153)

(b) Associate operating exceptional items

	2008 £000	2007 £000
Brand impairment	(2,920)	–
Reorganisation costs	(912)	–
	(3,832)	–

Wells & Young's has been focusing its marketing effort on its market leading cask ale portfolio. As a consequence of this, two non-core, high alcohol lager brands have seen a market decline. An impairment of these brands has accordingly been recognised in the year.

The reorganisation costs relate mainly to redundancy costs.

9. Finance costs

	2008 £000	2007 £000
Bank loans and overdrafts	5,468	3,265
Debentures	333	2,366
Total interest expense on financial liabilities calculated using the effective interest method	5,801	5,631
Finance lease interest	19	19
	5,820	5,650

10. Finance revenue

	2008 £000	2007 £000
Interest receivable (total interest income on financial assets calculated using the effective investment method)	563	466

Notes to the financial statements

(continued)

11. Taxation

	2008 £000	2007 £000
(a) Tax (charge)/credit on profit on ordinary activities		
Tax charged in the income statement		
<i>(i) Continuing operations</i>		
Current tax		
Group excluding associate	(1,955)	(6,159)
Deferred tax		
Origination and reversal of temporary differences	(2,499)	2,240
Adjustment in deferred tax rate from 30% to 28%	897	–
Adjustment in respect of prior years	(772)	–
	(2,374)	2,240
Tax charge in the income statement on continuing operations	(4,329)	(3,919)
<i>(ii) Discontinued operation</i>		
Current tax		
Current tax	29	1,941
Adjustment in respect of prior years	4,864	–
Total current tax	4,893	1,941
Deferred tax		
Deferred tax	–	(16,057)
Adjustment in deferred tax rate from 30% to 28%	1,029	–
Adjustment in respect of prior years	(2,238)	–
Total deferred tax	(1,209)	(16,057)
Tax credit/(charge) in the income statement on discontinued operation (note 3)	3,684	(14,116)
<i>(iii) Associate's deferred tax</i>	(26)	21
Total tax charge in the income statement	(671)	(18,014)
Tax relating to items charged or credited to equity		
Current tax movement on share based payments	1,731	659
Deferred tax		
Retirement benefit schemes	2,618	(1,062)
Property revaluation – movement due to indexation	422	559
Interest rate swaps	207	(189)
Movement on share based payments	(2,134)	355
Adjustment in deferred tax rate from 30% to 28%	161	–
Total deferred tax	1,274	(337)
Total tax credit in the statement of recognised income and expense	3,005	322

	2008 £000	2007 £000
(b) Deferred tax in the income statement		
Capital allowances	(935)	2,795
Other tax provisions	(728)	847
Retirement benefit schemes	(667)	(994)
Share-based payments	–	27
Rolled over gains on continuing operations	(2,506)	(13,130)
Fair value of associate	224	(3,362)
Associate	(26)	21
Rolled over gains on discontinued operation	1,029	–
Total deferred tax in the income statement	(3,609)	(13,796)
(c) Reconciliation of the tax (charge)/credit in the income statement		
Profit from continuing operations		
Group excluding associate	12,942	8,621
Associate	(2,114)	83
(Loss)/profit from discontinued operation	(579)	48,833
Total profit before tax	10,249	57,537
Total profit before tax at corporation tax rate of 30% (2007: 30%)	(3,075)	(17,261)
Expenses not deductible for tax purposes	(288)	(849)
Untaxable income/(expenses not deductible) – associate	(876)	46
Adjustment in deferred tax rate from 30% to 28%	1,926	–
Tax overprovided in previous years	1,854	–
Other	(212)	50
Total tax charge in the income statement	(671)	(18,014)
(d) Tax on discontinued operation		
Tax on gain or loss on discontinuance	3,684	(14,105)
Tax on profit on ordinary activities	–	(11)
	3,684	(14,116)

Notes to the financial statements

(continued)

12. Ordinary dividends on equity shares

	2008	2007	2008	2007
	Pence	Pence	£000	£000
Final dividend (previous year)	4.84	3.23	2,269	1,498
Interim dividend (current year)	6.00	4.50	2,878	2,091
	10.84	7.73	5,147	3,589

The comparative figures have been restated for the effect of the four for one share split.

In addition, the directors are proposing a final dividend in respect of the financial year ending 29 March 2008 of 6.50p per share which will amount to an estimated total of £3.1 million. If approved, it is expected to be paid on 17 July 2008 to shareholders who are on the register of members at the close of business on 20 June 2008.

The trustee of the Ram Brewery Trust has waived its rights in respect of the dividends on the shares held in the trust on behalf of the executive share option schemes.

13. Earnings per 12.5p ordinary share

	2008	2007
(a) Earnings	£000	£000
Profit from continuing operations	6,473	4,806
Profit from discontinued operation	3,105	34,717
Profit attributable to equity holders of the parent	9,578	39,523
Profit from continuing operations	6,473	4,806
Operating exceptional items, net of tax	(197)	1,153
Associate exceptional items, net of tax	3,559	–
Premium paid on redemption of debenture, net of tax	4,772	–
Discount of site proceeds	(2,161)	2,161
Adjusted earnings after tax from continuing operations	12,446	8,120
	Number	Number
Weighted average number of ordinary shares in issue	47,365,212	46,421,800
Add: the notional exercise of the weighted average number of ordinary share options outstanding during the year	161,029	972,632
Diluted weighted average number of ordinary shares in issue	47,526,241	47,394,432
(b) Basic earnings per share	Pence	Pence
Basic from continuing operations	13.67	10.35
Effect of exceptional items, premium paid on redemption of debenture and discount of site proceeds	12.61	7.14
Adjusted from continuing operations	26.28	17.49
Basic from continuing operations	13.67	10.35
Basic from discontinued operations	6.55	74.79
Basic	20.22	85.14
(c) Diluted earnings per share		
Diluted from continuing operations	13.62	10.14
Effect of exceptional items, premium paid on redemption of debenture and discount of site proceeds	12.57	6.99
Adjusted diluted from continuing operations	26.19	17.13
Diluted from continuing operations	13.62	10.14
Diluted from discontinued operations	6.53	73.25
Diluted	20.15	83.39

Where appropriate, the comparative figures have been restated to show the effect of the four for one share split.

The weighted average number of shares in issue takes into account the group's investment in its own shares.

Adjusted earnings per share and adjusted diluted earnings per share are presented to eliminate the effect of the exceptional items on basic and diluted earnings per share.

Notes to the financial statements

(continued)

14. Property, plant and equipment

	Group and company			
	Land & buildings £000	Fixtures, fittings & equipment £000	Plant machinery & vehicles £000	Total £000
Cost or valuation				
At 2006	177,473	51,672	28,196	257,341
Additions	33,113	13,004	123	46,240
Reclassifications	–	2,302	(2,302)	–
Disposals	(12,912)	(9,738)	(25,776)	(48,426)
Transfer to assets held for sale	(722)	–	–	(722)
Fully depreciated assets	–	(3,114)	–	(3,114)
At 2007	196,952	54,126	241	251,319
Additions	27,441	10,293	–	37,734
Disposals	–	(1,494)	(241)	(1,735)
Transfer to assets held for sale	(1,371)	–	–	(1,371)
Fully depreciated assets	–	(3,376)	–	(3,376)
At 2008	223,022	59,549	–	282,571
Depreciation and impairment				
At 2006	6,080	25,093	17,535	48,708
Charge for year	827	6,093	745	7,665
Reclassifications	–	1,988	(1,988)	–
Disposals	(2,188)	(6,404)	(16,051)	(24,643)
Transfer to assets held for sale	(722)	–	–	(722)
Fully depreciated assets	–	(3,114)	–	(3,114)
At 2007	3,997	23,656	241	27,894
Charge for year	480	6,640	–	7,120
Impairment for year	1,002	286	–	1,288
Disposals	–	(1,312)	(241)	(1,553)
Transfer to assets held for sale	(86)	–	–	(86)
Fully depreciated assets	–	(3,376)	–	(3,376)
At 2008	5,393	25,894	–	31,287
Net book value				
At 2006	171,393	26,579	10,661	208,633
At 2007	192,955	30,470	–	223,425
At 2008	217,629	33,655	–	251,284

The net book value of assets held under finance leases was:

	2008 £000	2007 £000
Land & buildings	316	317
Fixtures, fittings & equipment	–	5
	316	322

	2008 £000	2007 £000
Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to	6,944	1,539

As at 29 March 2008, five properties were classified as held for sale. The sale of these properties is expected to be completed during the 2009 financial year. The carrying value of all of these properties has been reduced to the estimated net disposal proceeds.

Impairment

An impairment loss was recognised in the year of £1,378,000 (2007:£nil). Of this, £1,288,000 was charged to properties and fixtures (see above) and £90,000 to prepaid operating lease premiums.

Impairment was assessed on the basis of each individual pub. Whether an asset was impaired or not was determined by comparing the carrying value of an asset against its deemed 'recoverable amount'. The recoverable amount was taken as the higher of either the fair value of the asset or its value in use.

The fair value of the asset was assumed to be the market value of the property. This was determined by applying a prudent downgrade to a valuation of our estate conducted in November 2006, and using this as a proxy for the current market value, less costs to sell the asset.

The value in use was determined by conducting a net present value review of all relevant cash flows from the asset. The pre-tax discount rate used in this review was 8.0%.

Market value of land and buildings

Based largely on the Fleurets Chartered Surveyor's valuation in November 2006, the directors are of the opinion that the market value of the group's properties is significantly in excess of the book value. The value of the estate as at that date was £173.8 million higher than the book value. Since then a number of properties have been bought, sold and developed, depreciation charges have been made, and there have been changes in market conditions which may have had an impact on value.

Notes to the financial statements

(continued)

15. Investments

(a) Investment in subsidiary

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Subsidiary undertaking	–	–	20	20

The company has an investment in 100% of the issued share capital of Bill Bentley's (Bishopsgate) Limited, namely 10,000 "A" ordinary shares of £1 each and 10,000 "B" ordinary shares of £1 each. This investment has a carrying value of £20,000. Bill Bentley's (Bishopsgate) Limited is included in the consolidated financial statements.

(b) Investment in associate

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Opening balance	22,458	–	11,303	–
Additions	–	22,508	–	11,303
Items charged direct to equity	(586)	–	–	–
Share of loss of associate	(2,121)	(50)	–	–
Closing balance	19,751	22,458	11,303	11,303

The addition in the prior year is the group's unlisted investment in Wells & Young's. Wells & Young's has an issued share capital of £75 million divided into 45 million A shares of £1 each and 30 million B shares of £1 each. The company owns all of the B shares.

In addition to the share of loss of the associate included above the group has recorded an additional £19,000 (2007: £46,000) expense relating to the unrealised profits included within stock held at year end that had been purchased from Wells & Young's.

Wells & Young's total revenue for the year is £206.9 million including excise duty (29 September 2006 (date of investment) to 31 March 2007: £89.5 million).

The group's share of summarised financial information of Wells & Young's is as follows:

	Group	
	2008	2007
	£000	£000
Non-current assets	31,242	29,779
Current assets	19,831	17,956
Share of gross assets	51,073	47,735
Current liabilities	(20,713)	(11,224)
Non-current liabilities	(10,609)	(14,053)
Share of gross liabilities	(31,322)	(25,277)
Share of net assets	19,751	22,458

16. Capital management and financial instruments

The group's capital management objective is to maintain an optimal structure, measuring investment opportunities against returning capital to shareholders, but with an appropriate level of gearing for an asset rich business with strong future growth targets. This provides a platform from which the group can seek to maximise shareholder value. The group monitors its capital using gearing ratios, net debt as a multiple of EBITDA and interest cover. The group finances the business with a mixture of debt (note 16b) and equity (notes 24 and 25).

The group's principal treasury objectives are to manage financial risks and provide secure and competitively priced funding for the group's activities. When appropriate, the group uses financial instruments and derivatives to manage these risks.

The borrowing requirements are met largely by bank debt and to a very small extent finance leases. Other sources of funding arise directly from trading activities, such as trade and other payables.

The main financial risks relate to interest rates, credit and liquidity. The board seeks to manage these in the following manner:

Interest rate risk

The objective is to minimise the group's interest cost and provide protection from adverse movements in interest rates. The board does this by maintaining a mix of debt at fixed and variable interest rates. Interest rate swaps are used to manage this exposure by fixing interest rates whilst matching the maturity profile and cashflows of the underlying debt. These swaps are designated as cashflow hedges.

The following table demonstrates the sensitivity of the group's profit before tax to a change in interest rates, with all other variables held constant.

	Increase/ decrease in basis points	Effect on profit before tax £000
2008	+50 -50	(73) 73
2007	+50 -50	(310) 310

Credit risk

The objective is to minimise the group's costs relating to credit risk. Such risks arise where counterparties default on their debts or other obligations, which would impair the group's ability to recover the carrying value of that asset. The group has financial control policies which it performs before entering into arrangements with a new counterparty or when there is a substantial change in the existing relationship. Any potential impairments are monitored and, where appropriate, provision is made for any irrecoverable balances.

Liquidity and cashflow risk

The objective is to ensure that the group has sufficient financial resources to develop its existing business and exploit opportunities as they arise. The board manages liquidity risk by ensuring that the group's debt profile is long dated, facilities are committed and the group does not rely unduly on short term borrowings. The group's borrowings are dependent on certain financial covenants being met. If these were breached, funding could be withdrawn leaving the group with insufficient working capital and if the group were unable to find other alternative sources of funding it may not be possible to continue trading in its current form. The board is vigilant in managing the business, assessing and monitoring acquisitions and investments, and forecasting the group's profit and cash flows. The funding position of the group is continuously reviewed against the headroom in the group's borrowing facilities.

Other risks that the group faces are referred to in the principal risks and uncertainties section starting on page 12 of the directors' report.

(a) Derivative financial instruments: Interest rate swaps

	Group and company	
	2008	2007
	£000	£000
Financial (liability)/asset – interest rate swaps	(511)	179
(Loss)/profit on cashflow hedge taken to equity	(690)	629

The group has three interest rate swaps that fix future interest cash flows on the variable interest rate bank loan. These instruments result in the group paying fixed interest rates based on LIBOR on the notional amount for the swap's life. The swap is being used to hedge the exposure to changes in the group's cash flows on its variable rate loan. The secured loan and the interest rate swap have the same critical terms over their relevant period.

The duration of each swap, and their respective interest rates once combined with the bank's margin and other costs are detailed in (b) overleaf.

Notes to the financial statements

(continued)

(b) Loans, borrowing, interest rates and fair value

	Group and company							
	Term	Interest rate	Effective interest rate	Period rate fixed	Fair value	Fair value	Book value	Book value
					2008 £000	2007 £000	2008 £000	2007 £000
Secured								
Bank loan	March 2018 to 2023	Variable	Variable	None	15,000	5,000	15,000	5,000
Bank loan swapped into fixed rate	March 2023	Variable	6.35%	10 years	5,169	–	5,000	–
Bank loan swapped into fixed rate	March 2023	Variable	5.90%	15 years	10,030	9,821	10,000	10,000
Bank loan swapped into fixed rate	March 2023	Variable	6.01%	15 years	20,312	–	20,000	–
Debenture fixed rate (1st tranche)	9.50%	Fixed	9.50%		–	19,500	–	15,000
Debenture fixed rate (2nd tranche)	6.31%	Fixed	6.31%		–	14,950	–	14,158
					50,511	49,271	50,000	44,158
Unsecured								
Revolving credit facility		Variable	Variable				–	58,000
Finance leases		Fixed	7.59%				316	322
Loan capital and finance leases							50,316	102,480

The secured borrowings are secured on the assets of the group.

(c) Maturity of financial liabilities and expiry of facilities

	Maturity of financial liabilities	
	2008	2007
	£000	£000
Within one year	3,073	64,982
Between one and two years	3,068	3,584
Between two and five years	9,203	10,751
After five years	79,754	66,883
	95,098	146,200

The above table is presented on the basis of contractual, undiscounted payments.

The above maturity table includes the gross undiscounted cashflows of the borrowings, relating interest, net derivatives and the finance leases.

17. Deferred tax

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Capital allowances	4,485	3,550	4,485	3,550
Other tax provisions	(698)	(1,426)	(698)	(1,426)
Share based payments	(174)	(2,320)	(174)	(2,320)
Property revaluation	5,938	6,784	5,938	6,784
Retirement benefit scheme	(1,424)	286	(1,424)	286
Capital gains tax rollover	18,085	16,608	18,085	16,608
Fair value gain on exchange of assets for interest in associate	3,138	3,362	–	–
Interest rate swap	(143)	54	(143)	54
	29,207	26,898	26,069	23,536

The group has capital losses of £2,751,000 (2007: £2,005,000) which are available indefinitely for offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses because at present it is unclear whether suitable gains will arise in the foreseeable future to utilise these losses.

Notes to the financial statements

(continued)

18. Retirement benefit schemes

The group operates a defined contribution pension scheme, three defined benefit pension schemes and a post retirement health care scheme. The defined benefits schemes are closed to new entrants.

The contribution to the defined contribution scheme was £148,000 (2007: £144,000).

The group's accounting policy for recognising actuarial gains and losses is to recognise these immediately through the statement of recognised income and expense.

An independent qualified actuary has updated the most recent actuarial valuations at 2 April 2005 to take account of the requirements of IAS 19 in order to assess the liabilities of the schemes as at 29 March 2008.

The employer contribution to the defined benefits schemes for the year ended 29 March 2008 was £2,239,000 (2007: £2,372,000) plus premiums of £220,000 (2007: £209,000) to the post retirement health care plan. The current arrangement as regards to contribution rates is described in the appropriate Schedules of Contributions.

The overall expected rate of return of the plan assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

The defined benefits schemes are closed to new entrants. Consequently the current service cost will increase as the members of the schemes approach retirement.

A curtailment gain of £133,000 (2007: £1,464,000) has been recorded within the pension schemes in relation to the members who have either left the schemes or transferred to the Wells & Young's pension scheme, as a result of the site review.

Future employee contribution rates will be either 2% or 5% of pensionable earnings. Future employer contribution rates will be either 16% or 18% of pensionable earnings. The total contributions to the defined benefit plans in the 2009 financial year are expected to be £641,000. The total contributions to the post retirement health care plan in the 2009 financial year are expected to be £220,000.

The pension plan assets includes Young & Co.'s Brewery, P.L.C. securities with a fair value of £5,628,000 (2007: £8,758,000). There are no property assets of the plan occupied by Young's.

Movement in scheme surplus/(deficits) in year

	Group and company					
	2008			2007		
	Pension schemes	Health care schemes	Total	Pension schemes	Health care schemes	Total
	£000	£000	£000	£000	£000	£000
(a) Changes in the present value of the pension schemes are analysed as follows:						
Opening deficit	4,791	(3,836)	955	(2,218)	(3,680)	(5,898)
Current service cost	(1,176)	–	(1,176)	(2,110)	–	(2,110)
Past service cost	–	–	–	–	(352)	(352)
Contributions	2,239	220	2,459	2,372	209	2,581
Other finance income/(cost)	1,470	(201)	1,269	1,910	(179)	1,731
Curtailment/settlement gain	133	–	133	1,464	–	1,464
Actuarial gain/(loss)	(8,572)	(156)	(8,728)	3,373	166	3,539
Closing surplus/(deficit)	(1,115)	(3,973)	(5,088)	4,791	(3,836)	955

	Group and company					
	Pension schemes £000	2008 Health care schemes £000	Total £000	Pension schemes £000	2007 Health care schemes £000	Total £000
(b) Recognised in the income statement						
<i>Operating profit</i>						
Current service cost	(1,176)	–	(1,176)	(2,110)	–	(2,110)
Past service cost	–	–	–	–	(352)	(352)
Curtailment/settlement gain	133	–	133	1,464	–	1,464
	(1,043)	–	(1,043)	(646)	(352)	(998)
<i>Other finance income</i>						
Expected return on pension plan assets	5,760	–	5,760	6,231	–	6,231
Interest on pension liabilities	(4,290)	(201)	(4,491)	(4,321)	(179)	(4,500)
Net return	1,470	(201)	1,269	1,910	(179)	1,731
(c) Recognised in statement of recognised income and expense						
Actual return less expected return on plan assets	(10,413)	–	(10,413)	1,451	–	1,451
Experience (losses)/gains arising on the plan liabilities	(400)	(213)	(613)	(58)	10	(48)
Changes in assumptions underlying the plan liabilities	2,241	57	2,298	1,980	156	2,136
Actuarial (loss)/gain recognised	(8,572)	(156)	(8,728)	3,373	166	3,539
(d) Movements in the present value of defined benefit obligations during the year						
Opening defined benefit obligations	80,823	3,836	84,659	89,113	3,680	92,793
Employer's current service cost	1,176	–	1,176	2,110	–	2,110
Interest on obligation	4,290	201	4,491	4,321	179	4,500
Contributions by plan participants	189	–	189	434	–	434
Past service costs – vested benefits	–	–	–	–	352	352
Actuarial (gains)/losses on obligations	(1,841)	156	(1,685)	(1,922)	(166)	(2,088)
Curtailment gain	(133)	–	(133)	(1,464)	–	(1,464)
Benefits paid	(4,128)	(220)	(4,348)	(4,113)	(209)	(4,322)
Bulk transfer amount paid	–	–	–	(7,656)	–	(7,656)
Present value of plan liabilities at end of year	80,376	3,973	84,349	80,823	3,836	84,659
(e) Change in fair value of plan assets						
Opening fair value of plan assets	85,614	–	85,614	86,895	–	86,895
Expected return on plan assets	5,760	–	5,760	6,231	–	6,231
Actuarial gains/(losses) on plan assets	(10,413)	–	(10,413)	1,451	–	1,451
Contributions by employer	2,239	220	2,459	2,372	209	2,581
Contributions by plan participants	189	–	189	434	–	434
Benefits paid	(4,128)	(220)	(4,348)	(4,113)	(209)	(4,322)
Bulk transfer amount paid	–	–	–	(7,656)	–	(7,656)
Fair value of plan assets at end of year	79,261	–	79,261	85,614	–	85,614

Notes to the financial statements

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Assumptions made by the actuary

	Pension		Health care	
	2008 %	2007 %	2008 %	2007 %
Rate of increase in salaries	4.60	3.75	N/A	N/A
Discretionary pension increases	3.60	2.75	N/A	N/A
Rate of revaluation of deferred pensions	3.60	2.75	N/A	N/A
Discount rate	6.70	5.40	6.70	5.40
Inflation	3.60	2.75	3.60	2.75
General medical expenses inflation	N/A	N/A	9.40	9.40

Mortality assumptions

The life expectancies underlying the valuation are as follows:

	2008 Years	2007 Years
Current pensioners (at age 65) – males	22.0	19.8
Current pensioners (at age 65) – females	24.8	22.8
Future pensioners (at age 65) – males	22.0	19.8
Future pensioners (at age 65) – females	24.8	22.8

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

	Increase £000	Decrease £000
Effect on the aggregate service cost and interest cost	23	-19
Effect on defined benefits obligation	419	-354

Pension scheme and health care scheme assets, liabilities and expected rates of return

	Expected rate of return		Assets and liabilities	
	2008 %	2007 %	2008 £000	2007 £000
Equities	8.40	8.25	20,715	25,240
Diversified growth fund	8.25	8.25	16,591	16,949
Corporate bonds	6.90	5.40	24,923	26,800
Insured pensions	6.70	5.40	15,964	15,478
Other	4.90	4.75	1,068	1,147
Total fair value of the assets			79,261	85,614
Present value of retirement benefit liabilities			(84,349)	(84,659)
Scheme (deficit)/surplus			(5,088)	955

The long-term weighted average rate of return on plan assets at 29 March 2008 is 7.51% (2007: 6.80%).

History of experience gains and losses

	2008 £000	2007 £000	2006 £000
Fair value of scheme assets	79,261	85,614	86,889
Present value of defined benefit obligations	(84,349)	(84,659)	(92,793)
Surplus/(deficit) in the schemes	(5,088)	955	(5,904)
Experience gains/(losses) arising on plan liabilities	(613)	(48)	3,999
Experience gains/(losses) arising on plan assets	(10,413)	1,451	9,727

The cumulative amount of actuarial gains and losses recognised since 2 April 2006 in the statement of recognised income and expense is a £5,052,000 loss (2007: £3,543,000 gain). The directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken directly to equity of £5,898,000 is attributable to actuarial gains and losses since inception of those pension schemes. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the statement of recognised income and expense before 2 April 2006.

19. Inventories

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Finished goods and goods for resale	1,511	1,431	1,576	1,477

Notes to the financial statements

(continued)

20. Trade and other receivables

	Group and company	
	2008	2007
	£000	£000
Trade receivables	2,512	2,167
Other receivables	1,431	1,211
Prepayments and accrued income	853	1,319
	4,796	4,697

	Group and company	
	2008	2007
	£000	£000
Receivable from site disposal (discounted)	–	66,839

The above carrying values equate to fair value.

All trade receivable balances are denominated in sterling.

Trade receivables are non-interest bearing and are generally on 14-30 days' terms and are shown net of a provision for impairment.

As at 29 March 2008, trade receivables at nominal value of £364,000 (2007:£221,000) were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	2008	2007
	£000	£000
Opening balance	221	246
Charge for year	430	260
Amounts written off	(337)	(415)
Unused amount reversed	50	130
Closing balance	364	221

The amounts written off in the year were where certain debts proved irrecoverable.

As at 29 March 2008, the analysis of trade receivables that were past due, but not impaired is as follows:

	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-120 days	120 days +
	£000	£000	£000	£000	£000	£000	£000
2008	2,512	839	584	319	239	85	446
2007	2,167	919	573	320	106	116	133

Of the trade receivables that are neither past due nor impaired, 24.9% reflects new customers with no previous history of default. 74.1% represents existing customers with no history of default, and 1.0% have some history of default.

21. Financial liabilities

		Group and company	
		2008	2007
		£000	£000
Term			
Current			
9.5% debenture stock	Repaid	–	179
Variable rate unsecured revolving credit facility	Repaid	–	58,000
Obligations under finance leases	Various	1	6
		1	58,185
Non-current			
Term loan	2018-2023	50,000	15,000
9.5% debenture stock	Repaid	–	28,979
Obligations under finance leases	Various	315	316
		50,315	44,295

Bank

Overdrafts

Bank overdrafts are used for day to day cash management. The group has a £5 million overdraft facility with interest linked to base rate.

Loans

Term loan

On 28 March 2008 the term loan with Royal Bank of Scotland was increased from £15 million to £50 million, repayable in instalments from 28 March 2018 with a final repayment of £37.5 million on 28 March 2023. This loan was used to repay outstanding amounts under the group's previous revolving credit facilities, which were cancelled on the same date. An interest rate swap has been entered into in respect of £35 million of the bank loan which results in the effective interest charge being fixed at the rates disclosed in note 16(b). The interest charge on the remaining £15 million is at a margin above LIBOR.

Variable rate unsecured revolving credit facility

A new £40 million 5-year revolving credit facility was signed on 28 March 2008 with the Royal Bank of Scotland. None of this was drawn at the year end. Final repayment of the total drawn-down balance is due as one payment on 27 March 2013. This is a committed facility where amounts drawn down carry interest at a margin above LIBOR, with a commitment payment on the undrawn portions. Interest is payable at each renewal date which varies in maturity.

Debenture

The debenture was repaid in the year.

	Nominal value £000	Issue costs £000	Issue premium £000	Total £000
At 2007	26,500	(273)	2,931	29,158
Redemption of debenture	(26,500)	273	(2,931)	(29,158)
At 2008	–	–	–	–

Notes to the financial statements

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Charge taken to income statement on debenture redemption

	2008 £000	2007 £000
Gross redemption premium	9,287	–
Issue costs written off	273	–
Issue premium written back	(2,931)	–
Fees	188	–
	6,817	–

22. Trade and other payables

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Trade payables	7,068	6,984	7,068	6,984
Amounts owed to subsidiary	–	–	20	20
Other related parties	–	–	3,388	1,435
Other tax and social security	14,875	3,419	13,543	2,722
Other creditors	4,238	5,989	4,147	5,989
Accruals and deferred income	4,361	4,820	4,361	4,820
	30,542	21,212	32,527	21,970

The above carrying values equate to fair value.

All trade payables are payable on demand.

23. Provisions

Capital gains tax on ESOP allocated shares

	Group	
	2008 £000	2007 £000
Opening provision	2,171	1,662
Provision (written back)/charged to operating exceptional items in income statement	(811)	509
Transferred to current liabilities	(1,360)	–
Closing provision	–	2,171

This provision was for the capital gains tax liability that arises on transfer of allocated shares in the Ram Brewery Trust. During the year 2,586,564 shares were transferred, giving rise to a current capital gains tax liability of £1,360,000.

24. Share capital

At a general meeting held on 20 February 2008, it was agreed that the company would make a four for one share split. This happened on 25 February 2008. The effect of this was to reduce the nominal value of both classes of the company's share capital from 50p to 12.5p per share.

2008

	Shares	£000
Authorised		
A ordinary shares of 12.5p each	40,000,000	5,000
Non-voting ordinary shares of 12.5p each	28,000,000	3,500
Issued and fully paid shares		
A ordinary shares of 12.5p each	29,064,000	3,633
Non-voting ordinary shares of 12.5p each	19,160,000	2,395
	48,224,000	6,028

2007

	Shares	£000
Authorised		
A ordinary shares of 50p each	7,266,000	3,633
Non-voting ordinary shares of 50p each	5,683,636	2,842
Issued and fully paid shares		
A ordinary shares of 50p each	7,266,000	3,633
Non-voting ordinary shares of 50p each	4,790,000	2,395
	12,056,000	6,028

On 10 July 2007, an ordinary resolution was passed at the annual general meeting of shareholders approving the increase in the company's authorised share capital from £6,474,818 to £8,500,000 by the creation of 2,734,000 A shares of 50p each and 1,316,364 non-voting shares of 50p each, each ranking pari passu in all respects with the then existing A shares and non-voting shares.

Notes to the financial statements

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25. Statement of changes in equity

	Share capital £000	Share premium £000	Other reserves £000	Investment in own shares £000	Retained earnings £000	Total equity £000
Group						
At 2006	6,028	1,296	1,568	(2,861)	124,612	130,643
Total recognised income and expense for the year	–	–	440	–	43,573	44,013
Dividends paid on equity shares	–	–	–	–	(3,589)	(3,589)
Debenture issue costs written off	–	(22)	–	–	22	–
Share-based payments:						
Movement for year	–	–	90	–	–	90
Deferred tax on movement	–	–	(27)	–	–	(27)
Allocation of shares to employees	–	–	–	738	541	1,279
At 2007	6,028	1,274	2,071	(2,123)	165,159	172,409
Total recognised income and expense for the year	–	–	(493)	–	3,031	2,538
Dividends paid on equity shares	–	–	–	–	(5,147)	(5,147)
Share-based payments:						
Movement for year	–	–	–	–	–	–
Deferred tax on movement	–	–	–	–	–	–
Share-based payments by associate	–	–	–	–	41	41
Allocation of shares to employees	–	–	–	1,984	603	2,587
At 2008	6,028	1,274	1,578	(139)	163,687	172,428
Company						
At 2006	6,028	1,296	1,568	–	123,954	132,846
Total recognised income and expense for the year	–	–	440	–	36,335	36,775
Dividends paid on equity shares	–	–	–	–	(3,589)	(3,589)
Debenture issue costs written off	–	(22)	–	–	22	–
Share-based payments:						
Movement for year	–	–	90	–	–	90
Deferred tax on movement	–	–	(27)	–	–	(27)
Allocation of shares to employees	–	–	–	–	–	–
At 2007	6,028	1,274	2,071	–	156,722	166,095
Total recognised income and expense for the year	–	–	(493)	–	4,763	4,270
Dividends paid on equity shares	–	–	–	–	(5,147)	(5,147)
Share-based payments:						
Movement for year	–	–	–	–	–	–
Deferred tax on movement	–	–	–	–	–	–
Allocation of shares to employees	–	–	–	–	–	–
At 2008	6,028	1,274	1,578	–	156,338	165,218

Other reserves comprise the capital redemption reserve, the hedging reserve and the share-based payments reserve.

Goodwill

At 29 March 2008, the accumulated goodwill on the acquisition of subsidiary undertakings which has been written off against reserves amounted to £3,697,000 (2007: £3,697,000). On any subsequent disposal of the related businesses, such goodwill would be reinstated and charged to the income statement of the group.

Investment in own shares

On 29 March 2008, the Ram Brewery Trust held 347,988 unallocated A ordinary shares (2007: 1,504,868), including shares required for the group's executive share option schemes, with an aggregate cost of £139,000 (2007: £2,123,000) and market value of £1,731,000 (2007: £11,655,000).

Share-based payment reserve

With the adoption of IFRS 2: Share-based payments in the prior year, the group recorded an entry in the share-based payment reserve to reflect the effective cost of issuing an equity-settled share-based compensation plan to the directors in prior years. It is based on the fair value of the option at grant date, amortised over the three year vesting period of the share options. Since there were no new issues, the charge for the year was £nil (2007: £90,000).

26. Net cash generated from operations

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Profit before tax on continuing operations	10,802	8,725	12,131	9,130
Net finance costs	5,257	5,184	5,257	5,184
Premium paid on redemption of debenture	6,817	–	6,817	–
Discount of site proceeds	(2,161)	2,161	(2,161)	2,161
Other finance income	(1,269)	(1,731)	(1,269)	(1,731)
Share of post tax results of associate	2,140	(104)	–	–
Operating profit on continuing operations	21,586	14,235	20,775	14,744
Operating profit on discontinued operation	–	36	–	36
Depreciation	7,120	7,665	7,120	7,665
Impairment of property (note 14)	1,378	–	1,378	–
Profit on sales of properties	(1,295)	(46,164)	(1,295)	(46,164)
Difference between pension service cost and cash contributions paid	(1,283)	(246)	(1,283)	(246)
Allocation of shares to employees	749	744	–	–
Provision for capital gains tax on ESOP allocated shares	(811)	509	–	–
Share-based payments (note 28)	–	90	–	90
Movements in working capital				
Inventories	(99)	2,716	(99)	2,716
Receivables	(1,661)	49,093	(1,661)	49,093
Payables	11,225	(857)	13,812	422
Net cash generated from operations	36,909	27,821	38,747	28,356

27. Related party transactions

Directors

Details of directors' emoluments and retirement benefits are disclosed in note 7. Directors' shareholdings and interests are disclosed or referred to on page 17 and in note 7(e).

Roy Summers, a non-executive director, is also a director of Canongate Technology Ltd, a supplier. The amount outstanding as a receivable from Canongate Technology Ltd at the year end was £nil (2007: £2,000 receivable).

The Ram Brewery Trust is managed by a corporate trustee, Ram Brewery Trustees Limited ("RBT"). As at the date on which these financial statements were approved, none of the directors of RBT was a director of the company. The assets of the trust are principally the company's A shares. As at 29 March 2008, the trust held 1,054,788 A shares, being 3.63% of the class.

The Ram Brewery Trust was established in 1959. It has two parts; the Pension Account and the General Account. The Pension Account provides pensions and other benefits to employees of the group and certain other individuals. The General Account holds assets and makes payments to or for the benefit of employees; it also holds shares for the executive share option schemes.

The Ram Brewery Trust II is managed by a corporate trustee, RBT II Trustees Limited ("RBT II"). As at the date on which these financial statements were approved, both of the directors of RBT II were directors of the company. The assets of the trust are the company's A shares. As at 29 March 2008, the trust held 1,075,668 A shares, being 3.7% of the class.

The Ram Brewery Trust II was established in 2008. It holds assets for the benefit of employees and former employees, principally reflecting their accrued entitlement to A shares under the group's profit-sharing scheme.

No other transactions requiring disclosure have been entered into with the directors.

Key management

The group considers key management to be solely the directors of the company, as the directors are the only people with authority and responsibility for planning, directing and controlling the activities of the group. The compensation provided to directors is detailed in note 7.

Notes to the financial statements

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Associate

Listed below are the transactions between the group and Wells & Young's during the year:

	2008	2007
	£000	£000
Sale of stocks by the group at cost	–	3,705
Sale of fixed assets and trade loans by the group at carrying value	–	163
Purchase of beer, wines and spirits for resale by the group	(25,065)	(12,251)
Rent and charge for services by the group	470	365
Other charges made to the group	(512)	(196)

The following balances were outstanding between the group and Wells & Young's at the year end:

	2008	2007
	£000	£000
Amount receivable by the group	108	370
Trade creditor owed by the group	(2,420)	(2,817)

28. Share-based payments

Share options

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2008 No.	2008 WAEP (pence)	2007 No.	2007 WAEP (pence)
Opening balance of share options outstanding	1,318,060	187.7	1,768,316	180.2
Exercised during the year	(1,065,380)	172.5	(363,996)	146.9
Lapsed during the year	–	–	(86,260)	205.6
Closing balance of share options outstanding	252,680	251.7	1,318,060	187.7
Exercisable at year end	252,680	251.7	1,033,220	161.0

The weighted average share price for the year was 694p.

For the share options outstanding as at 29 March 2008, the weighted average remaining contractual life is 4.89 years (2007: 2.94 years).

The expense from equity-settled share-based payment transactions is £nil (2007: £90,000). For the purposes of IFRS 2, a share-based payment expense is only required for share options granted after 7 November 2002. There are no unvested share options outstanding at 29 March 2008 and no share-based payment charge for the year. The following share options, included in the table of outstanding share options above, were granted after 7 November 2002 and included within the prior year calculation for share-based payment expense:

	2008 Number	2007 Number
Share options granted on 6 July 2004 with an exercise price of 284.38p	–	335,840

The fair values of equity-settled share options is estimated at the date granted using the Black-Scholes-Merton formula, taking into account the terms and conditions upon which the options are granted. The following table lists the inputs to the formula used:

	2008	2007
Dividend yield (%)	N/A	2.08%
Expected share price volatility (%)	N/A	18.40%
Risk-free interest rate (%)	N/A	5.00%

The fair values of share options at grant date, calculated by using the Black-Scholes-Merton formula, were as follows:

	Pence
Share options granted on 6 July 2004 with an exercise price of 284.38p	80.75

The share options granted on 6 July 2004 generally had a three year vesting period, and the share-based payment expense was recognised on a straight-line basis over this period.

Exercise prices, comparative weighted average exercise price and fair values of share options have been restated for the effect of the four for one share split (see note 24).

Notes to the financial statements

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29. Obligations under leases

(a) Obligations under finance leases

Finance leases for property are for terms ranging from 50 to 999 years. Minimum lease payments for most leases are nominal amounts. Leases do not have a purchase option but most are renewable at the lessee's option at the end of the lease term. Equipment is leased over terms of up to five years.

Future minimum lease payments under finance leases are as follows:

	Group and company	
	2008	2007
	£000	£000
<i>Future minimum lease payments due:</i>		
Not later than one year	21	25
Later than one year and not later than five years	62	61
Later than five years	1,624	1,314
	1,707	1,400
Less: finance charges allocated to future years	(1,391)	(1,078)
	316	322

The present value of minimum lease payments is analysed as follows:

Not later than one year	1	6
Later than one year and not later than five years	5	5
Later than five years	310	311
	316	322

(b) Operating lease agreements where the group is lessee

Operating leases for property are for terms ranging from ten to 50 years. Minimum lease payments are typically reviewed every five years and are based on a percentage of turnover or a negotiated rate per square foot. Most property leases are renewable at the lessee's option at the end of the lease term. Equipment is leased over terms of up to five years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group and company	
	2008	2007
	£000	£000
Not later than one year	2,173	2,245
Later than one year and not later than five years	7,448	8,056
Later than five years	22,251	25,148
	31,872	35,449

The future minimum sublease payments to be received under non-cancellable sublease arrangements as at 29 March 2008 are £1,021,000 (2007: £nil).

(c) Operating lease agreements where the group is lessor

The group leases licensed properties to third party tenants. These non-cancellable lease terms are over terms varying from three to 25 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group and company	
	2008	2007
	£000	£000
Not later than one year	4,891	4,153
Later than one year and not later than five years	4,137	7,373
Later than five years	4,366	4,860
	13,394	16,386

30. Post balance sheet events

There were no post balance sheet events.

31. Contingent liabilities

There were no contingent liabilities at the balance sheet date.

Notes to the financial statements

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32. Transition to IFRS

For all periods up to and including the year ended 31 March 2007, the group and parent company prepared their financial statements in accordance with United Kingdom generally accepted accounting practice ("UK GAAP"). These financial statements, for the year ended 29 March 2008, are the first the group is required to prepare in accordance with IFRS as adopted for use in the European Union.

Accordingly, the group and parent company has prepared financial statements which comply with IFRS applicable for periods beginning on or after 1 April 2007. In preparing these financial statements, the group and parent company has started from an opening balance sheet as at 2 April 2006, the group's date of transition to IFRS, and made those changes in accounting policies and other restatements required by IFRS 1 for the first-time adoption of IFRS. This note explains the principal adjustments made by the group and company in restating its UK GAAP balance sheet at 2 April 2006 and its previously published UK GAAP financial statements for the year ended 31 March 2007.

First time adoption

IFRS 1 (First-time adoption of IFRS) permits certain exemptions from the full requirements of IFRS to companies adopting IFRS for the first time. The group has applied the following transitional provisions:

- (i) The carrying value of some freehold and leasehold properties was previously based on a 1997 property valuation. As permitted under IFRS 15, the valuation was not subsequently revised under UK GAAP. IFRS 1 permits this carrying value to become the deemed cost of the freehold properties and properties held under finance leases. Accordingly, the UK GAAP revaluation reserve is transferred to retained earnings on the date of transition to IFRS.
- (ii) IFRS 3 (Business combinations) has not been applied to business combinations that took place before transition to IFRS, but will be applied prospectively from 2 April 2006.
- (iii) IFRS 2 Share-based payments has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005.
- (iv) Cumulative actuarial gains and losses are recognised in full in equity at the date of transition to IFRS, since this is the same treatment as under UK GAAP, no difference has been recorded on transition.

Impact of changes

The most significant areas of impact for the group arising from the transition to IFRS are outlined below:

a) Leases

Under UK GAAP all property leases where the group is lessee were treated as operating leases and lease premiums were capitalised as fixed assets. On transition to IFRS all leases have been reassessed and classified as either finance or operating in accordance with IAS 17 criteria. In addition, the land and building elements have been assessed separately and land leases have been treated as operating, as title to the land does not in any case pass to the group at the end of the lease term.

In the case of leases classified as operating under IFRS:

- lease premiums have been reclassified from fixed assets to prepaid rentals in the balance sheet;
- depreciation has been reclassified as rent in the income statement;
- the revaluation reserve element of the asset has been derecognised in the balance sheet and depreciation thereon derecognised in the income statement.

In the case of leases classified as finance under IFRS:

- a long term liability, being the present value of future lease rentals payable to landlords, has been recognised in the balance sheet;
- rent payable in the income statement has been reclassified between the finance charge and reduction of the long term liability.

b) Assets held for sale

Assets whose carrying amounts will be recovered principally by sale rather than continuing use have been reclassified from property, plant and equipment to assets held for sale.

c) Gain on exchange of assets for interest in associate

Under UK GAAP, the group was required to recognise the gain on the exchange of assets for the interest in the associate directly in equity. Under IFRS, the group is required to recognise this amount directly in the income statement.

d) Taxation

Under UK GAAP, the group recognised deferred tax on timing differences that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements (an income statement approach).

Under IFRS, deferred tax is recognised in respect of nearly all taxable temporary differences arising between the tax base and the accounting book value of balance sheet items (a balance sheet approach). This results in deferred tax being recognised on certain timing differences that would not have given rise to deferred tax under UK GAAP.

The change to the balance sheet approach of providing for deferred tax leads to a number of adjustments to the deferred tax liability and deferred tax asset. These adjustments are in respect of deferred tax on historic property revaluation gains, roll over capital gains tax relief claims, fair value gains on the exchange of assets for the associate, movements in the fair value of the interest rate swap, and future share based payment tax deductions in relation to unexercised share options.

e) Revenue

Under UK GAAP, revenue (formerly turnover) is stated at gross sales value less VAT and discounts. Under IFRS, the definition is tightened to exclude all duties and taxes collected on behalf of third parties. For 2007, revenue has been reduced by £5.5 million in relation to duty payable on the sale of own-brewed products to external customers. This has been eliminated within the income statement and has no impact on trading profit.

f) Interest rate swap (cash flow hedge)

The group uses an interest rate swap to hedge some of its exposure to interest rate risk. This derivative financial instrument fixes future interest payment cash flows. Under UK GAAP, the book value of derivative financial instruments in respect of borrowings was included in their carrying value on the balance sheet. Under IFRS, the fair value of this derivative is shown separately on the balance sheet, with a corresponding entry to the statement of recognised income and expense.

g) Changes to the presentation of financial statements

IAS 1 (Presentation of Financial Statements) prescribes the format of the IFRS accounts, which is different to the UK GAAP presentation. While the format of primary financial statements under UK GAAP is governed by the Companies Act 1985, IAS 1 is less prescriptive in terms of the items that are required to be disclosed, particularly with regard to the income statement.

Discontinued operation

Under UK GAAP the wholesale operations of the business that were disposed of on 29 September 2006, and the disposal of the brewery and Buckhold Road sites, were treated as a continuing operation of the group. Under IFRS 5 (Non-current assets held for sale), the wholesale operations and the sale of the sites are treated as a discontinued operation. The revenue and results of the discontinued operation are removed from their appropriate categories within the body of the income statement and presented as a single line entitled 'Profit from discontinued operation' after the 'Profit from continuing operations'.

Exceptional items

IFRS does not contain the same specific presentation of 'exceptional items' as UK GAAP, but does require additional line items where necessary to aid understanding of financial performance. As a result, the group intends to continue to identify separately items similar to those treated as exceptional items under UK GAAP.

Presentation of associate

Under UK GAAP, the group's portion of the operating profit, net interest and taxation of the associate were required to be separately disclosed within the financial statements. Under IFRS, the income statement has only one line including the group's share of the post-tax and post-minority result of the associate.

Taxation

Under UK GAAP, taxation assets and liabilities were included within creditors and provisions in the balance sheet. Under IFRS, all current and deferred tax assets and liabilities are presented separately on the face of the balance sheet.

Revaluation reserve

As the group has treated the carrying values of property on transition to IFRS as deemed cost, as permitted by IFRS 1 (First Time Adoption of IFRS), the historic revaluation reserve has been reclassified as part of retained earnings. This does not affect distributable profits.

Cash flow statement

The format of the cash flow statement has changed to allocate the cash flows into three major categories: operating, investing and financing activities. Although the format of the cash flow statement has changed, net cash flows will not be impacted and therefore, no reconciliation has been provided.

Notes to the financial statements

(continued)

Reconciliation of group profit for the 52 weeks ended 31 March 2007

	Reported UK GAAP £000	Transfer gain on exchange of assets for interest in associate to income statement £000	Excise duty £000	Reclassify to discontinued operation £000	Reduction in depreciation from lease reclassification £000	Reallocate depreciation, interest and rents on leases £000	Reallocate associate £000	Tax on rollover gains £000	Tax on share based payments £000	Restated IFRS £000
Continuing operations										
Revenue	126,636	–	(5,533)	(6,501)	–	–	–	–	–	114,602
Operating costs before exceptional items	(111,262)	–	5,533	6,465	31	19	–	–	–	(99,214)
Operating profit before exceptional items	15,374	–	–	(36)	31	19	–	–	–	15,388
Operating exceptional items	(709)	–	–	(444)	–	–	–	–	–	(1,153)
Operating profit	14,665	–	–	(480)	31	19	–	–	–	14,235
Share of post tax result of associate	–	–	–	–	–	–	104	–	–	104
Share of operating profit of associate	336	–	–	–	–	–	(336)	–	–	–
Non-operating exceptional items										
Restructuring costs	(9,016)	–	–	9,016	–	–	–	–	–	–
Profit on sale of property, plant and equipment	46,164	–	–	(46,164)	–	–	–	–	–	–
Gain on exchange of assets for interest in associate	–	11,205	–	(11,205)	–	–	–	–	–	–
Profit before interest	52,149	11,205	–	(48,833)	31	19	(232)	–	–	14,339
Finance costs	(5,884)	–	–	–	–	(19)	253	–	–	(5,650)
Finance revenue	466	–	–	–	–	–	–	–	–	466
Discount of site proceeds	(2,161)	–	–	–	–	–	–	–	–	(2,161)
Other finance income	1,731	–	–	–	–	–	–	–	–	1,731
Profit before tax	46,301	11,205	–	(48,833)	31	–	21	–	–	8,725
Taxation	(890)	(3,362)	–	986	–	–	(21)	–	(632)	(3,919)
Profit from continuing operations	45,411	7,843	–	(47,847)	31	–	–	–	(632)	4,806
Profit from discontinued operation	–	–	–	47,847	–	–	–	(13,130)	–	34,717
Profit attributable to equity holders of parent	45,411	7,843	–	–	31	–	–	(13,130)	(632)	39,523

The charge for deferred tax on rollover gains in 2007 has been reduced by £3,276,000 from the originally published figure of £16,406,000 to £13,130,000. This amends the provision for deferred tax on rollover gains as at 31 March 2007 by the same amount, from £19,884,000 to £16,608,000. This adjustment amends the IFRS provision at 31 March 2007 to the group's then latest estimate of the gain to be rolled over on disposal of the brewery and Buckhold Road sites, as noted in the 2007 UK GAAP accounts. The comparative figures in the 2008 Income Statement and Balance Sheets have been restated accordingly.

Reconciliation of the group balance sheet at 2 April 2006 (IFRS transition date)

	Reported UK GAAP £000	Recognise finance lease liability £000	Split land from building finance leases £000	Reclassify property operating lease premiums £000	Recognise assets held for sale £000	Recognise tax on revaluation reserve and transfer to retained earnings £000	Separately disclose tax balances £000	Tax on rollover gains £000	Tax on share based payments £000	Interest rate swap recognition £000	Restated IFRS £000
Non current assets											
Property, plant and equipment	217,526	–	(7,257)	(887)	(749)	–	–	–	–	–	208,633
Prepaid operating lease premiums	–	–	4,879	624	–	–	–	–	–	–	5,503
Deferred tax	–	–	–	–	–	–	2,321	–	1,979	135	4,435
	217,526	–	(2,378)	(263)	(749)	–	2,321	–	1,979	135	218,571
Current assets											
Prepaid operating lease premiums	–	–	–	92	–	–	–	–	–	–	92
Assets classified as held for sale	–	–	–	–	749	–	–	–	–	–	749
Inventories	4,193	–	–	–	–	–	–	–	–	–	4,193
Trade and other receivables	6,839	–	–	–	–	–	–	–	–	–	6,839
	11,032	–	–	92	749	–	–	–	–	–	11,873
Total assets	228,558	–	(2,378)	(171)	–	–	2,321	–	1,979	135	230,444
Current liabilities											
Borrowings	(283)	(1)	–	–	–	–	–	–	–	–	(284)
Trade and other payables	(19,219)	–	–	–	–	–	1,289	–	–	–	(17,930)
Income tax payable	–	–	–	–	–	–	(1,289)	–	–	–	(1,289)
	(19,502)	(1)	–	–	–	–	–	–	–	–	(19,503)
Non current liabilities											
Borrowings	(54,140)	(315)	–	–	–	–	–	–	–	–	(54,455)
Derivative financial instruments	–	–	–	–	–	–	–	–	–	(450)	(450)
Provisions	(8,122)	–	–	–	–	–	5,793	–	–	–	(2,329)
Deferred tax	–	–	–	–	–	(7,343)	(6,345)	(3,478)	–	–	(17,166)
Retirement benefit obligations	(4,129)	–	–	–	–	–	(1,769)	–	–	–	(5,898)
	(66,391)	(315)	–	–	–	(7,343)	(2,321)	(3,478)	–	(450)	(80,298)
Total liabilities	(85,893)	(316)	–	–	–	(7,343)	(2,321)	(3,478)	–	(450)	(99,801)
Net assets	142,665	(316)	(2,378)	(171)	–	(7,343)	–	(3,478)	1,979	(315)	130,643
Capital and reserves											
Called-up share capital	6,028	–	–	–	–	–	–	–	–	–	6,028
Share premium account	1,296	–	–	–	–	–	–	–	–	–	1,296
Revaluation reserve	87,139	–	(2,477)	(1,550)	–	(83,112)	–	–	–	–	–
Other reserves	1,915	–	–	–	–	–	–	–	(32)	(315)	1,568
Investment in own shares	(2,861)	–	–	–	–	–	–	–	–	–	(2,861)
Retained earnings	49,148	(316)	99	1,379	–	75,769	–	(3,478)	2,011	–	124,612
Total equity	142,665	(316)	(2,378)	(171)	–	(7,343)	–	(3,478)	1,979	(315)	130,643

Notes to the financial statements

(continued)

Reconciliation of the parent company balance sheet at 2 April 2006 (IFRS transition date)

	Reported UK GAAP £000	Recognise finance lease liability £000	Split land from building finance leases £000	Reclassify property operating lease premiums £000	Recognise assets held for sale £000	Recognise tax on revaluation reserve and transfer to retained earnings £000	Separately disclose tax balances £000	Tax on rollover gains £000	Tax on share based payments £000	Interest rate swap recognition £000	Deconsolidate ESOP Trust £000	Restated IFRS £000
Non current assets												
Property, plant and equipment	217,526	–	(7,257)	(887)	(749)	–	–	–	–	–	–	208,633
Prepaid operating lease premiums	–	–	4,879	624	–	–	–	–	–	–	–	5,503
Investment in subsidiary	42	–	–	–	–	–	–	–	–	–	–	42
Deferred tax	–	–	–	–	–	–	2,321	–	1,979	135	–	4,435
	217,568	–	(2,378)	(263)	(749)	–	2,321	–	1,979	135	–	218,613
Current assets												
Prepaid operating lease premiums	–	–	–	92	–	–	–	–	–	–	–	92
Assets classified as held for sale	–	–	–	–	749	–	–	–	–	–	–	749
Inventories	4,193	–	–	–	–	–	–	–	–	–	–	4,193
Trade and other receivables	6,839	–	–	–	–	–	–	–	–	–	–	6,839
	11,032	–	–	92	749	–	–	–	–	–	–	11,873
Total assets	228,600	–	(2,378)	(171)	–	–	2,321	–	1,979	135	–	230,486
Current liabilities												
Borrowings	(283)	(1)	–	–	–	–	–	–	–	–	–	(284)
Trade and other payables	(19,261)	–	–	–	–	–	1,289	–	–	–	(126)	(18,098)
Income tax payable	–	–	–	–	–	–	(1,289)	–	–	–	–	(1,289)
	(19,544)	(1)	–	–	–	–	–	–	–	–	(126)	(19,671)
Non current liabilities												
Borrowings	(54,140)	(315)	–	–	–	–	–	–	–	–	–	(54,455)
Derivative financial instruments	–	–	–	–	–	–	–	–	–	(450)	–	(450)
Provisions	(8,122)	–	–	–	–	–	5,793	–	–	–	2,329	–
Deferred tax	–	–	–	–	–	(7,343)	(6,345)	(3,478)	–	–	–	(17,166)
Retirement benefit obligations	(4,129)	–	–	–	–	–	(1,769)	–	–	–	–	(5,898)
	(66,391)	(315)	–	–	–	(7,343)	(2,321)	(3,478)	–	(450)	2,329	(77,969)
Total liabilities	(85,935)	(316)	–	–	–	(7,343)	(2,321)	(3,478)	–	(450)	2,203	(97,640)
Net assets	142,665	(316)	(2,378)	(171)	–	(7,343)	–	(3,478)	1,979	(315)	2,203	132,846
Capital and reserves												
Called-up share capital	6,028	–	–	–	–	–	–	–	–	–	–	6,028
Share premium account	1,296	–	–	–	–	–	–	–	–	–	–	1,296
Revaluation reserve	87,139	–	(2,477)	(1,550)	–	(83,112)	–	–	–	–	–	–
Other reserves	1,915	–	–	–	–	–	–	–	(32)	(315)	–	1,568
Investment in own shares	(2,861)	–	–	–	–	–	–	–	–	–	2,861	–
Retained earnings	49,148	(316)	99	1,379	–	75,769	–	(3,478)	2,011	–	(658)	123,954
Total equity	142,665	(316)	(2,378)	(171)	–	(7,343)	–	(3,478)	1,979	(315)	2,203	132,846

The ESOP deconsolidation entry above has been corrected, as a result of which Trade and other payables have been reduced by £27,000 and Retained earnings have been increased by £27,000.

Reconciliation of the group balance sheet at 31 March 2007

	Reported UK GAAP £000	Recognise finance lease liability £000	Split land from building finance leases £000	Reclassify property operating lease premiums £000	Recognise assets held for sale £000	Recognise tax on revaluation reserve and transfer to retained earnings £000	Separately disclose tax balances £000	Tax on rollover gains £000	Tax on share based payments £000	Tax on fair value gain on associate £000	Interest rate swap recognition £000	Restated IFRS £000
Non current assets												
Property, plant and equipment	232,286	–	(7,702)	(811)	(348)	–	–	–	–	–	–	223,425
Prepaid operating lease premiums	–	–	5,340	578	–	–	–	–	–	–	–	5,918
Investment in associate	22,458	–	–	–	–	–	–	–	–	–	–	22,458
Derivative financial instruments	–	–	–	–	–	–	–	–	–	–	179	179
Deferred tax	–	–	–	–	–	–	1,426	–	2,320	–	–	3,746
Retirement benefit	669	–	–	–	–	–	286	–	–	–	–	955
	255,413	–	(2,362)	(233)	(348)	–	1,712	–	2,320	–	179	256,681
Current assets												
Prepaid operating lease premiums	–	–	–	92	–	–	–	–	–	–	–	92
Assets classified as held for sale	–	–	–	–	348	–	–	–	–	–	–	348
Inventories	1,431	–	–	–	–	–	–	–	–	–	–	1,431
Receivable from site disposal	66,839	–	–	–	–	–	–	–	–	–	–	66,839
Trade and other receivables	4,697	–	–	–	–	–	–	–	–	–	–	4,697
Cash	999	–	–	–	–	–	–	–	–	–	–	999
	73,966	–	–	92	348	–	–	–	–	–	–	74,406
Total assets	329,379	–	(2,362)	(141)	–	–	1,712	–	2,320	–	179	331,087
Current liabilities												
Borrowings	(58,184)	(1)	–	–	–	–	–	–	–	–	–	(58,185)
Trade and other payables	(23,383)	–	–	–	–	–	2,171	–	–	–	–	(21,212)
Income tax payable	–	–	–	–	–	–	(2,171)	–	–	–	–	(2,171)
	(81,567)	(1)	–	–	–	–	–	–	–	–	–	(81,568)
Non current liabilities												
Borrowings	(43,979)	(316)	–	–	–	–	–	–	–	–	–	(44,295)
Provisions	(4,295)	–	–	–	–	–	2,124	–	–	–	–	(2,171)
Deferred tax	–	–	–	–	–	(6,784)	(3,836)	(16,608)	–	(3,362)	(54)	(30,644)
	(48,274)	(316)	–	–	–	(6,784)	(1,712)	(16,608)	–	(3,362)	(54)	(77,110)
Total liabilities	(129,841)	(317)	–	–	–	(6,784)	(1,712)	(16,608)	–	(3,362)	(54)	(158,678)
Net assets	199,538	(317)	(2,362)	(141)	–	(6,784)	–	(16,608)	2,320	(3,362)	125	172,409
Capital and reserves												
Called-up share capital	6,028	–	–	–	–	–	–	–	–	–	–	6,028
Share premium account	1,274	–	–	–	–	–	–	–	–	–	–	1,274
Revaluation reserve	77,574	–	(2,477)	(1,427)	–	(73,670)	–	–	–	–	–	–
Other reserves	2,005	–	–	–	–	–	–	–	(59)	–	125	2,071
Investment in own shares	(2,123)	–	–	–	–	–	–	–	–	–	–	(2,123)
Retained earnings	114,780	(317)	115	1,286	–	66,886	–	(16,608)	2,379	(3,362)	–	165,159
Total equity	199,538	(317)	(2,362)	(141)	–	(6,784)	–	(16,608)	2,320	(3,362)	125	172,409

The charge for deferred tax on rollover gains in 2007 has been reduced by £3,276,000 from the originally published figure of £16,406,000 to £13,130,000. This amends the provision for deferred tax on rollover gains as at 31 March 2007 by the same amount, from £19,884,000 to £16,608,000. This adjustment amends the IFRS provision at 31 March 2007 to the group's then latest estimate of the gain to be rolled over on disposal of the brewery and Buckhold Road sites, as noted in the 2007 UK GAAP accounts. The comparative figures in the 2008 Income Statement and Balance Sheets have been restated accordingly.

Notes to the financial statements

(continued)

Reconciliation of the parent company balance sheet at 31 March 2007

	Reported UK GAAP £000	Recognise finance lease liability £000	Split land from building finance leases £000	Reclassify property operating lease premiums £000	Recognise assets held for sale £000	Recognise tax on revaluation reserve and transfer to retained earnings £000	Separately disclose tax balances £000	Tax on rollover gains £000	Tax on share based payments £000	De-consolidate ESOP Trust £000	Interest rate swap recognition £000	Restated IFRS £000
Non current assets												
Property, plant and equipment	232,286	–	(7,702)	(811)	(348)	–	–	–	–	–	–	223,425
Prepaid operating lease premiums	–	–	5,340	578	–	–	–	–	–	–	–	5,918
Investment in subsidiary	20	–	–	–	–	–	–	–	–	–	–	20
Investment in associate	11,303	–	–	–	–	–	–	–	–	–	–	11,303
Derivative financial instruments	–	–	–	–	–	–	–	–	–	–	179	179
Deferred tax	–	–	–	–	–	–	1,426	–	2,320	–	–	3,746
Retirement benefit	669	–	–	–	–	–	286	–	–	–	–	955
	244,278	–	(2,362)	(233)	(348)	–	1,712	–	2,320	–	179	245,546
Current assets												
Prepaid operating lease premiums	–	–	–	92	–	–	–	–	–	–	–	92
Assets classified as held for sale	–	–	–	–	348	–	–	–	–	–	–	348
Inventories	1,477	–	–	–	–	–	–	–	–	–	–	1,477
Receivable from site disposal	66,839	–	–	–	–	–	–	–	–	–	–	66,839
Trade and other receivables	4,697	–	–	–	–	–	–	–	–	–	–	4,697
Cash	999	–	–	–	–	–	–	–	–	–	–	999
	74,012	–	–	92	348	–	–	–	–	–	–	74,452
Total assets	318,290	–	(2,362)	(141)	–	–	1,712	–	2,320	–	179	319,998
Current liabilities												
Borrowings	(58,184)	(1)	–	–	–	–	–	–	–	–	–	(58,185)
Trade and other payables	(23,403)	–	–	–	–	–	2,171	–	–	(738)	–	(21,970)
Income tax payable	–	–	–	–	–	–	(2,171)	–	–	–	–	(2,171)
	(81,587)	(1)	–	–	–	–	–	–	–	(738)	–	(82,326)
Non current liabilities												
Borrowings	(43,979)	(316)	–	–	–	–	–	–	–	–	–	(44,295)
Provisions	(4,295)	–	–	–	–	–	2,124	–	–	2,171	–	–
Deferred tax	–	–	–	–	–	(6,784)	(3,836)	(16,608)	–	–	(54)	(27,282)
	(48,274)	(316)	–	–	–	(6,784)	(1,712)	(16,608)	–	2,171	(54)	(71,577)
Total liabilities	(129,861)	(317)	–	–	–	(6,784)	(1,712)	(16,608)	–	1,433	(54)	(153,903)
Net assets	188,429	(317)	(2,362)	(141)	–	(6,784)	–	(16,608)	2,320	1,433	125	166,095
Capital and reserves												
Called-up share capital	6,028	–	–	–	–	–	–	–	–	–	–	6,028
Share premium account	1,274	–	–	–	–	–	–	–	–	–	–	1,274
Revaluation reserve	77,574	–	(2,477)	(1,427)	–	(73,670)	–	–	–	–	–	–
Other reserves	2,005	–	–	–	–	–	–	–	(59)	–	125	2,071
Investment in own shares	(2,123)	–	–	–	–	–	–	–	–	2,123	–	–
Retained earnings	103,671	(317)	115	1,286	–	66,886	–	(16,608)	2,379	(690)	–	156,722
Total equity	188,429	(317)	(2,362)	(141)	–	(6,784)	–	(16,608)	2,320	1,433	125	166,095

The charge for deferred tax on rollover gains in 2007 has been reduced by £3,276,000 from the originally published figure of £16,406,000 to £13,130,000. This amends the provision for deferred tax on rollover gains as at 31 March 2007 by the same amount, from £19,884,000 to £16,608,000. This adjustment amends the IFRS provision at 31 March 2007 to the group's then latest estimate of the gain to be rolled over on disposal of the brewery and Buckhold Road sites, as noted in the 2007 UK GAAP accounts. The comparative figures in the 2008 Income Statement and Balance Sheets have been restated accordingly.

Five year review

	IFRS		UK GAAP		
	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Revenue	122,124	114,602	123,873	119,532	111,982
Operating profit before exceptional items	20,858	15,388	13,492	13,676	12,639
Share of post tax results of associate	(2,140)	104	–	–	–
Exceptional items and discount of site proceeds	2,889	(3,314)	(2,644)	(752)	(129)
Debenture redemption	(6,817)	–	–	–	–
Net finance costs and other finance income	(3,988)	(3,453)	(3,346)	(3,605)	(3,626)
Profit before taxation	10,802	8,725	7,502	9,319	8,884
Tax expense	(4,329)	(3,919)	(2,958)	(3,135)	(3,014)
Profit from continuing operations	6,473	4,806	4,544	6,184	5,870
Profit from discontinued operation	3,105	34,717	–	–	–
Profit for the year	9,578	39,523	4,544	6,184	5,870
Adjusted profit before tax	18,588	12,018	10,146	10,071	9,013
Net assets employed					
Non-current assets	277,631	252,935	217,526	212,455	209,254
Current assets	10,461	74,406	11,032	11,293	13,123
Current liabilities	(30,543)	(81,568)	(19,502)	(17,790)	(18,633)
Non-current liabilities	(85,121)	(73,364)	(66,391)	(69,567)	(64,495)
	172,428	172,409	142,665	136,391	139,249
Financed by					
Equity share capital	6,028	6,028	6,028	6,028	6,028
Reserves	166,400	166,381	136,637	130,363	133,221
	172,428	172,409	142,665	136,391	139,249
Purchase of fixed assets and investment in associate	38,055	56,755	13,451	15,526	12,539
Per 12.5p ordinary share					
Adjusted earnings	26.28p	17.49p	14.68p	14.65p	12.53p
Basic earnings	13.67p	10.35p	9.85p	13.50p	12.24p
Dividends – paid in year	10.84p	7.73p	6.06p	5.76p	5.63p
Gearing	29.0%	58.9%	38.1%	38.8%	40.3%
Average number of employees	2,261	2,281	2,110	2,044	1,995

The figures for 2007, but not earlier years, have been adjusted for the adoption of IFRS.

The figures for 2006, but not earlier years, have been adjusted for the adoption of FRS 20 Share-based payment.

The figures for 2005, but not 2004, have been restated for the prior year adjustment arising from the adoption of FRS 17 Retirement benefits and FRS 21 Events after the balance sheet date and the recognition of capital gains tax on ESOP allocated shares.

The figures for 2004 have been restated for the prior year adjustment arising from the adoption of UITF 38 Accounting for ESOP Trusts.

The comparatives have been restated to reflect the four for one share split (see note 24).

Senior personnel, committees and advisers

Directors

Christopher Sandland, A.C.M.A., M.Sc.
Non-executive chairman

Stephen Goodyear
Chief executive

Torquil Sligo-Young
Human and information resources

Peter Whitehead, F.C.A.
Finance

Patrick Dardis
Retail

Roy Summers, O.B.E., D.Univ., F.I. Brew.
Non-executive senior independent director

Nicholas Bryan, B.A., F.C.A.
Non-executive

Company secretary
Anthony Schroeder

Audit committee

Roy Summers (chairman)
Nicholas Bryan

Remuneration committee
Roy Summers (chairman)
Nicholas Bryan

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Royal Bank of Scotland Group plc
Corporate Banking London
280 Bishopsgate
London EC2M 4RB

Nominated adviser and stockbroker

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DR

Solicitors

Bryan Cave
88 Wood Street
London EC2V 7QS

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Shareholder information

Registrar:

The company's registrar is
Computershare Investor Services PLC.
If you have questions about your
shareholding or if you require other
guidance (e.g. to notify a change of
address or to give instructions for
dividends to be paid directly into a bank
account) please contact Computershare.
All requests to amend account details
must be made in writing to:

Computershare Investor Services PLC
P.O. Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

You can also contact Computershare by
telephone: 0870 702 0000

Registrar's investor centre:

Shareholders can manage their Young's
shareholding online at:
www-uk.computershare.com/investor

Share dealing service:

JPMorgan Cazenove Limited:
020 7588 2828

The availability of this service should not
be taken as a recommendation to deal.

Shareholder offers:

Details of shareholder discounts and
offers are mailed to shareholders from
time to time. Any shareholder who does
not wish to receive details of such offers
should write to the company secretary
at the registered office.

Registered office and company number:

Riverside House
26 Osiers Road
Wandsworth
London SW18 1NH
Registered number: 32762

For further information about the
company please visit our website at:
www.youngs.co.uk

Financial diary 2008:

18 June 2008
Ex-dividend date for final dividend
20 June 2008
Record date for final dividend
15 July 2008
Annual general meeting
17 July 2008
Payment of final dividend
20 November 2008
Interim results announcement
3 December 2008
Ex-dividend date for interim dividend
5 December 2008
Record date for interim dividend
19 December 2008
Payment of interim dividend



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