

**Annual Report 2011**

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# Financial highlights

	<b>2011</b>	<b>2010</b>	<b>%</b>
	<b>£000</b>	<b>£000</b>	<b>change</b>
<b>Revenue</b>	<b>142,597</b>	<b>127,539</b>	<b>+11.8</b>
<b>Adjusted operating profit*</b>	<b>21,746</b>	<b>20,307</b>	<b>+7.1</b>
<b>Adjusted profit before tax*</b>	<b>20,819</b>	<b>19,423</b>	<b>+7.2</b>
<b>Profit before tax</b>	<b>15,258</b>	<b>18,376</b>	<b>-17.0</b>
<b>Adjusted basic earnings per share*</b>	<b>32.65p</b>	<b>28.71p</b>	<b>+13.7</b>
<b>Basic earnings per share</b>	<b>36.97p</b>	<b>26.00p</b>	<b>+42.2</b>
<b>Dividend per share</b> <b>(interim and recommended final)</b>	<b>13.26p</b>	<b>13.00p</b>	<b>+2.0</b>

All of the results above are from continuing operations.

\*Throughout this report, reference to an "adjusted" item means that item has been adjusted to exclude exceptional items (see notes 9 and 14).

# Chairman's statement

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



**It gives me great pleasure to report on a year of considerable achievement, both operational and strategic, at Young's. We have made very encouraging progress in terms of our trading results, and have significantly increased the size of our managed estate in the London area, most notably through the acquisition, late in the year, of Geronimo, our largest acquisition to date and one that fits perfectly with our strategy to expand in premium London managed houses.**

Our trading performance in a tough consumer spending environment shows the strength and resilience of Young's. It is testament to the quality of our pub estate, both managed and tenanted, and of our hotels which are starting to show their true colours. Our brewing associate, Wells & Young's, also had a good year.

The addition of the Geronimo business to Young's in December was a significant strategic move. We had said for some time that we were keen to expand our estate of managed houses in the London area through acquisition, but that we would only do so when the right opportunity arose and Geronimo represented exactly that. As well as adding 26 premium sites to our managed estate under a well respected and complementary brand, the specific experience of the Geronimo team opens up new growth opportunities to us. In that context, I would like to formally welcome its co-founder, Rupert Clevely, to the board.

Overall, revenue for the 53 weeks to 4 April 2011 rose 11.8% to £142.6 million, adjusted profit before tax was up 7.2% at £20.8 million and adjusted basic earnings per share increased 13.7% to 32.65 pence. Profit before tax, before any adjustments, was £15.3 million. These results include 16 weeks' trading from Geronimo. During the year we invested £60.0 million in the Geronimo acquisition, and continued to invest in our existing estate, yet we still finished the year with a robust balance sheet and a sound long term financing package in place.

Your board remains as committed as ever to rewarding the loyal support of our shareholders through a policy of long term dividend growth. We are therefore recommending a 2.0% increase in the final dividend to 6.90 pence per share, resulting in a total dividend for the year of 13.26 pence (2010: 13.00 pence). The final

dividend, if approved, will be paid on 14 July 2011 to shareholders on the register at the close of business on 10 June 2011. This will be the fourteenth consecutive year of dividend increase for Young's shareholders.

As well as focusing resolutely on delivering consistent value for shareholders, we are very aware of our wider responsibilities and we continue to work with others to press for better support from Government for our industry. Thus far, despite some warm words, we have seen insufficient affirmative action on its part to protect the pub industry and to promote the pub's role in the type of society to which the Prime Minister aspires. The tax burden remains disproportionately high, the red tape too prevalent, and the problem of over availability of low priced alcohol in supermarkets continues.

We also recognise our role in the communities we serve. We expect and encourage all our pubs to act as good and responsible neighbours, to promote the responsible consumption of alcohol, to manage proactively their environmental impact, to provide a safe and healthy environment for customers and colleagues alike, and to provide active support for local projects and charities where they can.

After 38 years with Young's, the past five as Chairman, I will be retiring at this year's AGM. We are very fortunate that, in Nick Bryan, we have an extremely able successor. As well as having a great deal of expertise in the hospitality, property and brewing sectors gained through various positions within Courage, he also co-founded the Innserv Group. Nick has been on the Young's board as a non-executive director since 2006. He therefore knows our industry, our business and our people extremely well and I have no doubt whatsoever that he will provide excellent leadership and support to Stephen Goodyear and his executive team as they continue to drive Young's forward in the years ahead.

**“We have transformed the business through the disposal of the brewery site in 2006, the creation of the brewing associate, investment in our pubs and expansion of our estate, thereby doubling our profits and the dividend in the same period.”**

Nick will be leading a business which has made great strides in recent years. In 2006 we took the strategic decision to move from being a vertically integrated brewing business to one concentrated on developing a pub estate of premium managed houses in London and the South East, where we strongly believe the greatest sustainable profit opportunity lies. Since that decision, we have transformed the business through the disposal of the brewery site in 2006, the creation of the brewing associate, investment in our pubs and expansion of our estate from 208 in 2006 to 246 today, thereby doubling our profits and the dividend in the same period. All of this has been achieved whilst maintaining the financial strength that is a central pillar of Young's investment proposition and retaining the traditions and culture that are the very essence of Young's. These are achievements of which everyone at Young's can be justifiably proud. The platform that all this creates is one that engenders great confidence in Young's immediate and longer term future.

In that context, it is pleasing to report that the current year has started very well, with our managed house sales up 34.2% in total in the first seven weeks, and up 8.8% on a like for like basis. Despite the threat of a double dip recession receding, consumer spending is going to remain under considerable pressure for the foreseeable future, and the board is determined that Young's will trade successfully through these conditions. We have further growth to pursue within our enlarged existing estate and in the pipeline of new pub opportunities that we have identified. Over the next 18 months and during next summer's Olympics in particular, London will experience unprecedented levels of visitor footfall and both our pubs and our hotels are very well positioned to benefit.

This being my last statement as Chairman, it is more appropriate than ever that I finish with a message of wholehearted gratitude to everyone who has played, and continues to play, a role in the enduring success of Young's. Our customers, our managers, our tenants and our staff throughout the estate and at head office – both those from Young's and those who have joined us more recently from Geronimo – the partners and suppliers with whom we work and, of course, our highly supportive shareholders, all contribute significantly to what we do and to the success that we enjoy. In particular, I would like to pay tribute to our Chief Executive, Stephen Goodyear, and his team of executive directors. Their commitment and enthusiasm for Young's are at the heart of our achievements. On a personal note, and on behalf of the board, I thank them, and I thank you all.

I hope very much to see as many shareholders as possible at the AGM which is to be held on 12 July 2011 in the Civic Suite in Wandsworth Town Hall, London SW18. The formal notice of that meeting is set out on page 56 of this report.



**Christopher Sandland**  
Chairman  
25 May 2011





# Chief Executive's report

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



## Overview

**This has been a productive and exciting year for Young's both with the trading improvements we are seeing in our business and the acquisition of Geronimo in December.**

Revenue was up 11.8% at £142.6 million and adjusted profit before tax up 7.2% at £20.8 million. Profit before tax, before any adjustments, was £15.3 million. We generated like for like revenue and profit increases across both our managed and tenanted estates, and have seen very encouraging growth from our hotel business, in which we have made considerable recent investment.

The £60.0 million acquisition of Geronimo in December fits well with our growth strategy and our focus on premium London managed houses. It represents a step change in the size of our estate, and introduces new growth opportunities to us. Geronimo's management team is staying with Young's and we are pleased that Rupert Clevely, Geronimo's co-founder, has joined the Young's board as an executive director. I would like to say a particular thank you to the head office teams; a core number worked tirelessly on the acquisition, but everyone has contributed to the effective integration of the businesses.

In addition to the acquisition of the 26 existing Geronimo pubs, we opened two new pubs, acquired three further pubs, and made four disposals. We therefore finished the year with 246 pubs in total, up 27 from last year. Our well invested pub portfolio is deliberately targeted at discerning customers who value our premium offering of food, cask ales, wine and leading lager brands all served in a welcoming ambience.

As always, our dividend policy is designed to reward the support we enjoy from our loyal shareholders and we are recommending a 2.0% increase in the final dividend to 6.90 pence per share, resulting in a total dividend for the year of 13.26 pence (2010: 13.00 pence).

## Business review

### Managed houses

We began the financial year with 120 managed pubs and 26 more were added with the Geronimo acquisition in December. We opened the Dial Arch in the Woolwich Arsenal and the Surprise in Chelsea, and acquired the Lass O'Richmond Hill and the Lion and Unicorn in Kentish Town; the latter began trading under the Geronimo brand just after the year end. In addition the Coach and Horses in Isleworth and the Queens in Primrose Hill were transferred from our tenanted operations, resulting in an estate of 149 managed pubs at the end of the financial year.

Revenue, with the benefit of these extra pubs, increased 13.2% to £127.8 million and operating profit increased by 11.1% to £29.2 million. Next year's results will benefit from a full year of trading from these acquisitions.

## Chief Executive's report (continued)

Same outlet like for like revenue in a challenging market was up 1.9%, operating profit was 4.6% ahead of last year at £27.6 million and EBITDA was 3.8% better at £34.4 million, with average EBITDA before rents per same outlet managed house of £302,000.

Liquor and food sales were both ahead of last year on a like for like basis, but the biggest growth has come from our hotel business. The rewards from our hotel rebranding, recent investments in room upgrades, websites, online booking and revenue management systems are now evident. Better occupancy and room rates have driven RevPar (revenue per available room) up 14.2% at £44.11 and accommodation revenue up 15.2%.

The Alma, our boutique hotel opposite Wandsworth Town train station, opened in December. It has already proved popular with customers and has received some fantastic press reviews from leading national newspapers. It is achieving the high occupancy and room rates anticipated and the pub is also demonstrating strong growth since the development was completed.

In total we invested £12.6 million in the Young's managed estate. Of this, £3.6 million was invested in our two new managed pubs and £5.5 million on our existing ones with the major investments at the Alexandra in Wimbledon, Dolphin in Betchworth, Bishop out of Residence in Kingston, Coach and Horses in Isleworth and finishing the Cooper's Arms in Chelsea. £3.5 million was invested in our hotels; this included the major investment at the Alma but also work carried out at the Alexander Pope in Twickenham, Bridge in Greenford, Windmill on Clapham Common and a major project at the Red Lion in Radlett. A further £3.4 million was spent on Geronimo pubs post acquisition. This included acquiring the Lion and Unicorn, a freehold in Kentish Town and developing the Surprise, a leasehold in Chelsea. In addition we bought the freehold interest in the Crown, a leasehold property Geronimo operated on the edge of Victoria Park in Bow.

Developments undertaken in the year to March 2010, which have now completed their first full year post development, based on an increase in EBITDA, demonstrate a 26.9% return on investment.

The acquisition of Geronimo brings Young's a new, parallel and growing concept, targeting a different but complementary demographic. Geronimo has achieved strong organic growth over recent years and its management team has a proven ability in rolling out their successful format in a range of different retail locations. In particular it brings greater experience in operating at high footfall locations, with pubs at Heathrow Airport, St. Pancras International Train Station and the Westfield London Shopping Centre in Shepherd's Bush. Their track record of identifying excellent pubs in prime locations underpins Geronimo's long term growth potential. For the 16 weeks since acquisition, the Geronimo business has traded well and in line with our expectations.

From the consumers' point of view, the Young's and Geronimo pubs will be run separately, but there are clear benefits from shared ways of working, purchasing, people development and combining the relative strengths of online marketing and brand support. The focus will be on developing sites to their full potential, whether as a Young's or Geronimo pub, and ensuring those pubs in close geographical proximity have a clear point of difference.

With more and more customers using the internet to search for places to eat, drink and stay, we continue to drive our marketing strategy online, with over 470,000 registered customers. All of our pubs are easily accessed online through [www.youngs.co.uk](http://www.youngs.co.uk), [www.geronimo-inns.co.uk](http://www.geronimo-inns.co.uk) or through individual pub sites. With two out of every three people using social media platforms, Facebook and Twitter are proving another successful means to attract and retain customers. Social media is also fuelling a new generation's interest in cask ale as more advertising campaigns use these platforms to engage drinkers. In December, we launched our new hotels website, [www.youngshotels.co.uk](http://www.youngshotels.co.uk), which offers guests a simple facility to engage with our hotels, book rooms and choose additional services online and this will drive online traffic across the group. This will be increasingly important to ensure that Young's takes full advantage of the tourist market as we enter an important period for London with the Queen's Diamond Jubilee and the Olympic Games, both in the summer of 2012.



With a myriad of styles, flavours and colours, cask beer remains the perfect product for consumers seeking out a more interesting drink. Cask ale continues to outperform the overall beer market and once more the excellent range of ales provided by Wells & Young's has been complemented by our "Local Heroes" campaign. This rotating range of guest ales has refreshed our cask ale offer by introducing more choice and the opportunity to experiment with new brands. A focus on staff training and sampling initiatives has ensured that more and more people are rediscovering cask ale.

The final and most important ingredient to running successful pubs is people. We pride ourselves on recruiting the best people in the industry and on the learning and development opportunities we provide, and our "Passport to Management" scheme has resulted in us promoting over 40% of our managers from within the company. Our head office, Riverside House, is a BII accredited centre where we run many industry recognised courses, focusing on customer care, staff development, product knowledge, business planning, as well as ensuring that we are compliant with the highest standards of health and safety, food hygiene and other legislation. Training also plays a pivotal role, combining skill sets to support pub managers as and when they open their pubs following a major refurbishment or following an acquisition.

The climax of the year for our retail staff is our annual Award Ceremony. Held every March, it recognises the talent we have within our business. For the second year running, Oisin Rogers at the Ship in Wandsworth won our Retail Manager of the Year award, recognising another excellent performance at this remarkable pub. We would like to take this opportunity to thank all of our staff across the business for their hard work throughout 2011.

### **Tenanted houses**

At the end of the year our tenanted estate comprised 97 pubs. Revenue and operating profit were marginally ahead at £14.4 million and £5.4 million respectively. Like for like performance was up 1.2% in terms of sales and 1.9% in operating profit.

The tenanted market is undoubtedly proving much tougher than the managed one in the current economic climate with high vacancy rates suffered by many of our peers. Whilst it is not immune, our southern, principally London estate, provides some protection from the worst impact of these problems, and all our tenanted pubs are open for business, due mainly to the flexible packages we offer. Wells & Young's continues to provide an excellent range of beer brands complemented by a broader selection of guest ales. The wine range has been extended and has driven volume improvements. The training courses we provide centrally have also proved popular with tenants.

This year we invested in total £1.5 million on a number of our existing pubs and £0.8 million on one new acquisition, the White Hart in Witley. This year's developments included the Abercorn Arms in Teddington, Queen's Arms in Kilburn and the Grand Union pub in Wandsworth and each has made a promising start post investment.

We disposed of the Cock Inn in Boughton Monchelsea, Wheatsheaf in Wandsworth and the Shakespeare in Richmond, and we transferred two sites to the managed estate.

### **Wells & Young's**

Wells & Young's, our 40% brewing associate, has had a good year and has contributed £2.6 million to Young's adjusted profit before tax. Its future profitability will be impacted, as previously reported, by the management of the Corona Extra and Red Stripe brands moving back to their respective brand owners. Wells & Young's is now focused on driving its own brands and focusing on operational efficiencies in order to minimise any profit shortfall, whilst remaining open to bringing new brands into the business where the terms are attractive.

### **Investment and finance**

Revenue increased 11.8% to £142.6 million driven by a combination of organic growth, individual acquisitions and from 16 weeks' benefit of Geronimo's trade. Operating profit before exceptional items grew by 7.1% to £21.7 million. Geronimo is expected to have a much bigger impact on next year's profits when it will have traded for a full twelve months and as the benefit of combining the head offices and the other synergies work through.

## Chief Executive's report (continued)



In addition to the £60.0 million we invested in acquiring Geronimo, we invested a further £15.2 million on our existing business and £3.4 million on Geronimo post acquisition. We disposed of four pubs for £3.3 million at a profit of £0.5 million.

At the end of the year, our net debt increased by £60.0 million to £122.6 million, primarily the result of the Geronimo acquisition. Interest costs were £1.3 million higher at £4.0 million, a direct result of the increased debt for the 16 weeks since the acquisition. Our year end debt benefited from a positive material working capital movement which will reverse next year.

Profit before tax was £15.3 million and basic earnings per share were 36.97p but, once adjusted for exceptional items, grew by 7.2% to £20.8 million and by 13.7% to 32.65p respectively. Our trading performance underpins the proposed 2.0% increase in the final dividend per share of 6.90p. The total dividend for the year is 13.26p, an increase of 2.0% which is covered 2.5 times by the adjusted profit.

We have adjusted the profits for the following £5.0 million of exceptional costs (£4.9 million in Young's and £0.1 million in our associate, Wells & Young's) of which £1.9 million are non cash:

- Acquisition costs of £2.0 million include legal and professional fees and stamp duty, incurred on the purchase of Geronimo, the Lass O'Richmond Hill, White Hart in Witley and the Lion and Unicorn in Kentish Town. These have been written off as operating exceptional items in the current year due to the adoption of IFRS 3: Business combinations (Revised).
- Integration costs of £1.1 million which are one off items of expenditure incurred in order to combine the Geronimo business with that of Young's.
- Hotel project fees of £0.2 million that related to extensive work carried out to identify opportunities at selected pubs. We have been successful in identifying specific opportunities and obtained planning permission to develop them; where this was not the case, a decision to write off the research costs was taken. These are the last of such costs.
- The capital gains tax provision of £0.2 million for the shares held in the Employee Share Ownership Scheme. A liability is recognised at each balance sheet date for the potential capital gains tax that could arise on the disposal of shares to the members of the scheme on retirement.
- A non cash £1.9 million impairment in pub values and a £0.5 million profit on sales of the Parrot in Canterbury, Cock Inn in Boughton Monchelsea, Shakespeare in Richmond and the Wheatsheaf in Wandsworth.

As a result of deficit reduction contributions from the company, good investment performance and favourable membership movements, our pension deficit improved during the course of the year by £6.5 million. At the year end, the deficit was £7.6 million (2010: £14.1 million).

The acquisition of Geronimo was financed with a new £100 million five year bank facility with the Royal Bank of Scotland and Barclays. These new facilities comprise a new £50 million term loan and a £50 million revolving credit facility that replaces our existing £40 million one. These new facilities sit alongside our existing longer dated £50 million term loan. We have entered into some additional interest rate swaps; together, our swaps effectively fix our interest rates at just below 5.0% on £100 million of our debt. With gearing of 67.6% and our interest costs covered 5.2 times by our operating profit before exceptional items and with our net debt equal to 3.6 times our EBITDA, Young's has a robust balance sheet following the acquisition and a sound long term financing package in place.

## Corporate and social responsibility

As ever, Young's corporate and social responsibilities are taken very seriously.

We encourage regular dialogue between our pub managers and their local residents as part of our determination to be at the heart of each community we trade in and we openly support initiatives aimed at promoting the responsible management and operation of alcohol licensed premises.



In order to encourage responsible consumption of alcohol, we are working towards all of our managed houses operating the Challenge 21 scheme. This scheme requires customers to provide proof that they are 18 or over if they wish to purchase alcohol. In addition, where appropriate, most promotional material we use within our pubs carries clear and concise messages about sensible drinking. The vast majority of our pub managers attend conflict management courses so that they are able to handle any difficult situations with professionalism and diligence.

In March this year, as part of the Government's Public Health Responsibility Deal, we signed up to various alcohol and health at work measures designed to help improve public health. We recognise the role that the alcohol industry has to play here and look forward to playing our part.

We are continually looking to reduce the impact our operations can have on the environment. Particular focus this year has been on recycling where we have once again increased the number of managed houses that actively recycle food, glass and mixed waste. We have continued to work on reducing our carbon footprint and have now replaced ordinary light bulbs with low-energy ones in the majority of our managed pubs and half-hour electricity meters have been installed in all of them.

A positive safety culture exists within the group. With help from an accredited outside consultant, regular health and safety checks are performed in our managed estate, leading to a safe and secure environment for our customers and staff.

### **Current trading and outlook**

The current year, our 180th, will bring a full year's benefit from last year's investments, in particular the acquisition of Geronimo, offset by the related extra

interest costs. The managed trade for the first seven weeks has been very strong, benefiting from the spring weather, up 34.2% in total (including Geronimo) and up 8.8% on a like for like basis.

We have three new sites expected to open in the current year. The Cow in the new Westfield shopping centre in Stratford is due to open as a Geronimo pub in September and is well located to take full advantage of the following year's Olympics. The Plough at Clapham Junction and the Wheatsheaf in Borough Market are due to re-open as Young's managed houses in the second half of the year.

Overall, we believe that the quality and growth potential of our estate will help us to mitigate the effect of what remains a very fragile economic recovery.

I would like to finish by recognising the outstanding contribution made to Young's over four decades by Chris Sandland, our Chairman who retires this summer. Chris took on the role of Chairman in 2006 at a pivotal time in our development, and has led us very successfully into a new era. I know that shareholders, my fellow board members, and colleagues from across the company will want to join me in thanking him for everything he has done for Young's over the past 37 years, and to wish him a very long and happy retirement. Looking ahead, I am delighted that Nick Bryan has agreed to succeed Chris as Chairman. He is extremely experienced, has played a hugely valuable role as a non-executive director over the past five years, and I am very much looking forward to continuing to work with him in the future.



**Stephen Goodyear**  
Chief Executive  
25 May 2011



# The board of directors



**Christopher Sandland, A.C.M.A., M.Sc.**  
*Non-executive Chairman*

Joined 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. Retired as an executive director in April 2006. Appointed non-executive director in July 2006 and non-executive chairman in October 2006. Aged 62.



**Stephen Goodyear**  
*Chief Executive*

Joined in 1995 as sales director. Appointed to the board in 1996 as sales and marketing director. Appointed chief executive in 2003. On the board of Wells & Young's Brewing Company Limited. Previously worked for Courage Ltd (1974-95) in a number of senior roles, most recently business unit director. Aged 55.



**Torquil Sligo-Young**  
*Human and Information Resources*

Joined 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 51.



**Peter Whitehead, F.C.A.**  
*Finance*

Joined the company and the board as finance director in 1997. 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 49.



**Patrick Dardis**  
*Retail*

Joined in 2002 and appointed to the board in 2003. Has overall responsibility for the operation of the Young's managed estate as well as Young's managed house 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 52.



**Rupert Clevely**  
*Managing Director Geronimo Inns*

Joined the company and the board in 2010. Has overall responsibility for the management and development strategy of Geronimo Inns which he co-founded and where he has driven the business for the past 10 years. Previously worked at Veuve Clicquot Champagne where he held the position of worldwide marketing director and managing director UK (1990-2000). Aged 53.



**Nicholas Bryan, B.A., F.C.A.**  
*Non-executive and Senior Independent Director*

Appointed to the board in 2006. Member and chairman of the company's audit and remuneration committees. Co-founder and chief executive 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)). 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 58.



**Roger Lambert, M.A.**  
*Non-executive*

Appointed to the board in 2008. Member of the company's audit and remuneration committees. Chairman of Corporate Broking, Collins Stewart since January 2010. Previously worked for 26 years in corporate finance at JPMorgan Cazenove where he was a senior managing director with responsibilities for corporate client coverage of the consumer sector. Has a wealth of relevant expertise in brewing, drinks and hospitality, having acted for over 25 companies in the sector. Was involved in many of the major transactions that changed the industry in recent years and developed considerable advisory expertise in the area of small, family and medium sized companies. Aged 52.



**David Page**  
*Non-executive*

Appointed to the board in 2008. Member of the company's audit and remuneration committees. Co-founder of The Clapham House Group, owner of Gourmet Burger Kitchen and other restaurant brands. Prior to founding Clapham House, spent 27 years with Pizza Express plc; initially as managing director of the largest franchisee group, becoming chief executive of the holding company in 1993, chairman in 1998 and returning to the post of chief executive in 2002. Non-executive director of Victory VCT plc. Aged 58.

# Directors' report

The directors present their annual report, and the audited financial statements, for the financial period ended 4 April 2011.

In this report, reference to the "company" or to "Young's" is to Young & Co.'s Brewery, P.L.C., and reference to the "group" is to the group of companies of which Young's is the parent company.

The Chairman's statement (on pages 2 and 3) and the Chief Executive's report (on pages 5 to 10) both form part of this report.

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## Principal activities

The group's principal activities are described in the Chief Executive's report.

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## Business review

A review of the group's business is contained in the Chairman's statement and in the Chief Executive's report. No important events affecting the group have occurred since the end of the period.

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## Key performance indicators

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

- **Adjusted profit before tax:** this is the profit before tax on continuing operations only, adjusted to exclude any exceptional items for the group and its associate. See note 14.
- **Adjusted earnings per share:** this is the adjusted profit before tax detailed above, but after tax has been deducted, divided by the weighted average number of ordinary shares in issue. It provides a useful statistic to compare with a share price or dividend, for instance.
- **Like for like revenue:** this is same outlet like for like revenue growth for this period (adjusted from 371 to 366 days) compared with the last period (366 days) for the pubs that traded throughout both periods.
- **RevPar:** this is the group's revenue per available bedroom. It is the average room rate achieved multiplied by the occupancy percentage.
- **EBITDA (Earnings before interest, taxes, depreciation and amortisation) by business segment:** this provides useful information in determining the value of the underlying assets.
- **Interest cover:** this is the group's operating profit before exceptional items, divided by the finance costs.
- **Gearing:** this is the group's net debt, divided by the group's net assets.

Both interest cover and gearing are useful tools in determining whether the business can maintain its current level of debt or its capacity to increase that level.

The performance of the business, measured by reference to these factors, is shown in the Chief Executive's report and in the financial highlights on page 1.

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## Profit and dividends

The profit for the period attributable to shareholders was £17.8 million. The directors recommend a final dividend for the period of 6.90p per share. Subject to approval at the AGM, this is expected to be paid on 14 July 2011 to shareholders on the register at the close of business on 10 June 2011. When added to the interim dividend of 6.36p per share, this will produce a total dividend for the period of 13.26p per share.

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## Annual general meeting

Notice convening the AGM and an explanation of the resolutions being proposed are set out on pages 56 to 61.

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## Likely future developments

An indication of likely future developments in the group's business is contained in the Chief Executive's report.

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## Principal risks and uncertainties

The principal risks and uncertainties facing the group 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 group's revenue is largely dependent on consumer spending which can be affected in numerous ways; examples include the general economic environment and terrorist activity. Attitudes to various social factors are relevant too, as is consumers' heightened awareness of a healthy lifestyle and the potential 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 group's pubs and hotels, at those of its competitors or at off licences, supermarkets and takeaways, or at competing leisure attractions such as cinemas. Focusing on the individuality of each of the group's outlets and being located throughout London and southern England helps mitigate this risk to a degree; the group also seeks to minimise this risk further with its customer focused designs, high service standards and quality food and market leading drinks. Spending in the group's pubs and hotels 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, the group 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*

The group relies on a number of suppliers for drink, food and other services to its pubs and hotels. Part of the group has an exclusive agreement with its associate, Wells & Young's, for the supply of drinks to its pub estate. The group also has a number of arrangements with food suppliers, including its own majority owned subsidiary, Sticky Fingers Food Limited. In terms of both drink and food, the group 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 entering into fixed price arrangements, 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 group uses a large amount of electricity and gas and is therefore particularly subject to fluctuations in their cost. To help counter this, the group'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.

#### *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 if 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. The group has training programmes in place which have been designed to achieve compliance with these laws and have the group's pubs and hotels run in a responsible manner, thereby minimising some of these risks.

#### *Localism bill*

The Government is looking to introduce legislation that will allow communities to seek "protected status" for locally important community assets, which could include the group's pubs and hotels. So, if a pub or hotel becomes "protected" and the group wants to dispose of it on the open market, the sale could be delayed while community

groups are given a chance to raise funds to bid for it. The timetable and process for this will be set by local authorities. At this stage, it is not possible to predict the likely impact of this on the group.

#### *Other regulation*

Changes in regulation can have a significant impact upon the group's business. In addition to those already mentioned, other examples include increases in the minimum wage and the proposed move to plastic glasses. The group 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 and Pub Association ("BBPA"), 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 the group, including business taxes, duty on alcoholic beverages and property rates. Again, as a member of the BBPA, the group 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*

The group operates a defined benefit scheme: the Young & Co.'s Brewery, P.L.C. Pension Scheme. Its operation gives rise to various funding risks, the main one of which is the variability of the amount of contributions required to be paid to it by the group 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 scheme has been closed to new entrants for a number of years and the group makes additional contributions over and above regular service contributions in order to address previous funding deficits. The group also maintains a close dialogue with the scheme's trustee.

#### *People*

People play a key part in helping the group maintain its premium position within the pub sector. This, and the group's ability to achieve its strategic and operational objectives, could therefore be affected if the group is unable to attract, retain, develop and motivate the best people with the right capabilities throughout the organisation,

## Directors' report (continued)

whether that be in the pubs, hotels or head office. Therefore, significant investment is made in recruitment, remuneration packages are competitive, reward policies are in place and comprehensive training is provided to ensure that the group's people have the right skills to perform their jobs successfully and achieve their full potential.

### *IT and telecoms*

The group, 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 the company has arrangements with third party providers to assist with data recovery and business continuity. It also regularly monitors the needs of the business and invests in new technology and services as necessary.

### *Finance*

Note 23 on page 47 contains an indication of the group's exposure to certain financial risks.

### *Regulation of tied pubs*

In 2010, the Business, Innovation and Skills Committee announced that it would recommend the introduction of regulatory legislation if certain problems discussed in its 2004 and 2009 reports (including the perceived "unhealthy and unbalanced" relationship between pub companies and their lessees) persisted beyond June 2011. As a result, the BBPA introduced a Framework Code of Practice, implementing comprehensive reforms on how tied agreements operate in the pub trade, and the Royal Institution of Chartered Surveyors issued revised guidance clarifying the procedures relating to rent assessments. Despite the company's tenancy agreements already addressing a number of the perceived issues, it created its own code, built on the Framework Code; this was accredited in June 2010 by the Benchmarking and Accreditation Services of the British Institute of InnKeeping. At this stage, it is not possible to predict whether further regulation will be introduced and, if so, its effect on the company's tenanted division.

### **Financial instruments**

The group's financial risk management objectives and policies are set out in note 23 on page 47.

### **Payment of suppliers**

The company's policy is to pay those persons who are or may become its 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 4 April 2011, the aggregate amount owing to trade creditors (see note 22 on page 46) was equivalent to 59 days' average purchases from suppliers (2010: 42 days).

### **Going concern**

This report contains a review of the group's business, together with a list of principal risks and uncertainties facing the group. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described within the financial statements. Note 23 on page 47 summarises the group's capital management and principal treasury objectives and some tools it uses to monitor and manage its exposure to certain financial risks (including credit risk and liquidity and cash flow risk). The group has a predominantly freehold backed balance sheet and committed facilities of £150 million in place, none of which need to be renewed until December 2015. The directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook and they have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.



## Directors

### *Names and brief biographical details*

The names and brief biographical details of the current directors are on page 11. Apart from Rupert Clevely (who joined the board on 16 December 2010), all of them were directors throughout the period; no other person was a director during the period.

### *Length of appointments*

Each of the executive directors has been appointed for an indefinite period and the period of notice required to be given to terminate his appointment is as follows:

<b>Name</b>	<b>Minimum period of notice from Young's</b>	<b>Minimum period of notice from the executive</b>
Stephen Goodyear	one year	six months
Torquil Sligo-Young	one year	six months
Peter Whitehead	one year	six months if given on or after 22 February 2012, otherwise one year
Patrick Dardis	one year	one year
Rupert Clevely	one year to be given on or after 16 December 2012	one year to be given on or after 16 December 2012

No compensation is payable by Young's for early termination.

Each of the non-executive directors is part way through a three year term: Christopher Sandland's expires on 4 July 2012, Nicholas Bryan's on 17 July 2012 and both Roger Lambert's and David Page's on 31 July 2011.

### *Re-appointment*

Under the company's articles of association, at every AGM the following automatically retire from office but may offer themselves for re-appointment:

- any director who held office at the time of the two preceding AGMs but did not retire at either of them – this does not apply to any director at this year's AGM; and
- any director appointed by the board since the last AGM – this applies to Rupert Clevely at this year's AGM.

Rupert Clevely is seeking re-appointment and his brief biographical details are on page 11.

### *Remuneration*

Details of each director's remuneration appear in note 8(c) on page 35. 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 company's articles of association contains an indemnity provision in favour of the directors; this provision, which is a qualifying third party indemnity provision, was in force throughout the period and is in force at the date of this report. Additional indemnity provisions in favour of Rupert Clevely are described in note 28; those provisions, which are qualifying third party indemnity provisions, were in force with effect from 16 December 2010 and are in force at the date of this report.

## Directors' report (continued)

### Directors' holdings and interests

The interests of the directors who held office at the period end (and their immediate families) in the share capital of the company are shown in the table below. Any accrued entitlement to A shares under the company's profit sharing scheme is shown separately in note 8(e) on page 36.

		As at	A shares	Non-voting shares
Christopher Sandland (i) - (iv)	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>165,340</b> 165,340	– –
Stephen Goodyear (i) - (iv)	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>111,004</b> 111,004	– –
Torquil Sligo-Young (i) - (iv)	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>240,971</b> 240,971	<b>14,000</b> 14,000
	Trustee	<b>4 April 2011</b> 29 March 2010	<b>3,317,972</b> 3,317,972	<b>111,436</b> 111,436
Peter Whitehead (i) - (iv)	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>50,000</b> 60,000	– –
Patrick Dardis (i) - (iv)	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>12,280</b> 19,558	– –
Rupert Clevely (iii)	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>80,756</b> –	– –
Nicholas Bryan	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>8,505</b> –	– –
Roger Lambert	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>1,000</b> 1,000	<b>1,000</b> 1,000
David Page	Beneficial and family	<b>4 April 2011</b> 29 March 2010	<b>3,278</b> –	– –

Also interested in:

- (i) Nil (2010: 706,800) A shares held in trust by Ram Brewery Trustees Limited
- (ii) 869,412 (2010: 930,560) A shares held in trust by RBT II Trustees Limited
- (iii) Nil (2010: 286,800) A shares held in trust by Torquil Sligo-Young and two other trustees
- (iv) 726,906 (2010: nil) A shares held in trust by Young's Pension Trustees Limited.

### Corporate governance

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

#### The board

The business and management of the group is the collective responsibility of the board. At each meeting, the board considers and reviews the group'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; it met nine times during the period. 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 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).

#### Independence

The board regards all four 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.

##### • Executive committee

The executive committee comprises the 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 group 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 Nicholas Bryan, who chairs it, Roger Lambert and David Page. It assists the board in fulfilling its oversight responsibilities; its primary functions are to monitor the integrity of the company's financial

statements and internal control systems (including risk management), to oversee the company's relationship with its external auditor and to review the effectiveness of the audit process. The committee's terms of reference, which set out in full its responsibilities, can be found in the investor relations section of [www.youngs.co.uk](http://www.youngs.co.uk).

- **Remuneration committee**

The remuneration committee comprises Nicholas Bryan, who chairs it, Roger Lambert and David Page. Its primary function is to determine, on behalf of the board, the remuneration packages of the executive directors. The committee's terms of reference, which set out its other responsibilities, can be found in the investor relations section of [www.youngs.co.uk](http://www.youngs.co.uk).

- **Disclosure committee**

This comprises the executive directors and is chaired by Peter Whitehead, the 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, which set out its other responsibilities, can be found in the investor relations section of [www.youngs.co.uk](http://www.youngs.co.uk).

- **Nomination committee**

In practice, the Chairman and the Chief Executive 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 a number of 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 internal control system 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 by monitoring the system's integrity. The system of control has been designed to manage risk; it cannot eliminate it and therefore provides reasonable, not absolute, assurance against material misstatement or loss.

#### *Relations with shareholders and investors*

Copies of the annual report and the financial statements and the interim report are sent to all shareholders and copies are available at [www.youngs.co.uk](http://www.youngs.co.uk). The company's website also provides other information for shareholders and interested parties. Written or emailed enquiries are handled by the Company Secretary. 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 after it. The Chief Executive

and the 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**

Considerable importance is placed on communications with employees and so, within the limitation of commercial confidentiality and security, Young's provided them with information concerning trading, development and other appropriate matters. It did this at many levels throughout the business on both a formal and informal level, including through management presentations. It also consulted regularly with employees and their representatives, thereby enabling the board to have regard to their views when making decisions likely to affect their interests; in connection with this, Young's continued to operate an information and consultation committee, with its members being drawn from departments based at its head office in Wandsworth. 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 bonus scheme for eligible employees. Young's maintained its policy of giving full and fair consideration to all applications for employment, including those made by disabled people, taking account of the applicant's particular aptitude and ability; of seeking to continue to employ anyone who becomes disabled while employed by the company and arranging training in a role appropriate to the person's changed circumstances; and of giving all employees, including disabled employees, equal opportunities for training, career development and promotion.

### **Donations**

The group made £2,177 of charitable donations and also supplied £1,084 of goods. In addition, throughout the year, the group's customers, pub managers and other members of staff were involved in a variety of initiatives and fundraising activities. No political donations were made.

### **Notification of major holdings of voting rights**

As at 24 May 2011, the company had been notified of the following holdings of 3% or more of the voting rights in the company:

Guinness Peat Group plc	15.05%
Thomas Young	14.31%
James Young	13.81%
Torquil Sligo-Young	11.99%
Lindsell Train Limited	5.28%
El Oro and Exploration Company plc	3.10%

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## Directors' report (continued)

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### Market value of land and buildings

The group's properties were last revalued in 1997. A valuation was undertaken by Fleuret's Chartered Surveyors in November 2006. At that date the valuation was £173.8 million higher than that recorded as book value. Based on their own judgement, the directors are of the opinion that the market value of the group's properties is substantially higher than that recorded as book value.

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

For each financial period, the directors are required to prepare an annual report and financial statements. The latter 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. The directors have elected to also prepare the company's financial statements under IFRS. In preparing the statements, the directors must: select suitable accounting policies and then apply them consistently, state that the group has complied with IFRS (subject to any material departures disclosed and explained in the financial statements) and present information, including accounting policies, in a manner that provides relevant, reliable and comparable information. The directors are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the group at that time and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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### Disclosure of information to auditor

Each of Christopher Sandland, Stephen Goodyear, Torquil Sligo-Young, Peter Whitehead, Patrick Dardis, Rupert Clevely, Nicholas Bryan, Roger Lambert and David Page, being the persons who were directors at the time when this report was approved, has confirmed that, so far as he was aware, there was no information needed by the company's auditor in connection with preparing its report of which the company's auditor was unaware. Each of those individuals has also confirmed that he took all the steps that he ought to have taken as a director to make himself aware of any such information and to establish that the company's auditor was aware of it. This paragraph is to be interpreted in accordance with section 418 of the Companies Act 2006.

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### Preparation and disclaimer

This annual report and the financial statements for the year ended 4 April 2011 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

25 May 2011



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

We have audited the financial statements of Young & Co.'s Brewery, P.L.C. for the year ended 4 April 2011 which comprise the Group Income Statement, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 4 April 2011 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

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

Iain Wilkie (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
25 May 2011

### Notes:

1. The maintenance and integrity of the Young & Co.'s Brewery, P.L.C. web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Group income statement

For the 53 weeks ended 4 April 2011

	Notes	2011 53 weeks £000	2010 52 weeks £000
<b>Revenue</b>	6	<b>142,597</b>	127,539
Operating costs before exceptional items	7	<b>(120,851)</b>	(107,232)
Operating profit before exceptional items		<b>21,746</b>	20,307
Operating exceptional items	9	<b>(4,883)</b>	(234)
<b>Operating profit</b>		<b>16,863</b>	20,073
Share of associate's profit before exceptional items and tax		<b>2,642</b>	1,960
Share of associate's exceptional items	9	<b>(141)</b>	(529)
Share of associate's tax expense		<b>(537)</b>	(284)
Share of associate's post tax profit		<b>1,964</b>	1,147
<b>Profit before interest</b>		<b>18,827</b>	21,220
Finance costs	10	<b>(4,015)</b>	(2,675)
Finance revenue	10	<b>9</b>	1
Other finance income/(charge)	25	<b>437</b>	(170)
<b>Profit before tax</b>		<b>15,258</b>	18,376
Taxation	11	<b>(2,390)</b>	(5,858)
Recognition of rollover claim	11	<b>4,945</b>	–
<b>Profit for the period</b>		<b>17,813</b>	12,518
<b>Attributable to</b>			
Shareholders of the parent		<b>17,827</b>	12,518
Non controlling interest		<b>(14)</b>	–
		<b>17,813</b>	12,518
		<b>Pence</b>	Pence
<b>Earnings per 12.5p ordinary share</b>			
Basic and diluted	15	<b>36.97</b>	26.00

All of the results above are from continuing operations.

## Statements of comprehensive income

For the 53 weeks ended 4 April 2011

	Notes	Group		Company	
		2011 53 weeks £000	2010 52 weeks £000	2011 53 weeks £000	2010 52 weeks £000
<b>Profit for the period</b>		<b>17,813</b>	12,518	<b>9,916</b>	11,254
<b>Other comprehensive income</b>					
Actuarial gain/(loss) on retirement benefit schemes	25	<b>3,228</b>	(3,990)	<b>3,228</b>	(3,990)
Hedging reserve fair value movement of interest rate swap	23	<b>282</b>	508	<b>282</b>	508
Tax on above components of other comprehensive income	11	<b>(1,455)</b>	1,408	<b>(1,455)</b>	1,408
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		<b>(678)</b>	(334)	–	–
		<b>1,377</b>	(2,408)	<b>2,055</b>	(2,074)
<b>Total comprehensive income</b>		<b>19,190</b>	10,110	<b>11,971</b>	9,180
<b>Attributable to</b>					
Shareholders of the parent		<b>19,204</b>	10,110	<b>11,971</b>	9,180
Non controlling interest		<b>(14)</b>	–	–	–
		<b>19,190</b>	10,110	<b>11,971</b>	9,180

The notes on pages 27 to 55 form part of these financial statements.

The independent auditor's report is set out on page 19.

## Group balance sheet

At 4 April 2011

	Notes	2011 £000	Restated 2010 £000	Restated 2009 £000
<b>Non current assets</b>				
Goodwill	16	20,426	–	–
Property and equipment	17	320,204	262,964	263,298
Investment in associate	18	15,273	13,942	13,094
Other financial asset		600	600	600
		<b>356,503</b>	277,506	276,992
<b>Current assets</b>				
Inventories	19	2,143	1,705	1,702
Trade and other receivables	20	4,887	4,321	4,742
Cash		2,332	1,575	1,519
		<b>9,362</b>	7,601	7,963
<b>Non current assets classified as held for sale</b>	21	–	2,573	797
<b>Total assets</b>		<b>365,865</b>	287,680	285,752
<b>Current liabilities</b>				
Borrowings	23	(2,672)	(2)	(2)
Trade and other payables	22	(26,181)	(17,695)	(18,798)
Income tax payable		(1,758)	(2,037)	(1,705)
		<b>(30,611)</b>	(19,734)	(20,505)
<b>Non current liabilities</b>				
Borrowings	23	(122,275)	(64,205)	(67,207)
Derivative financial instruments	23	(4,008)	(4,290)	(4,798)
Deferred tax	24	(19,862)	(16,716)	(17,278)
Retirement benefit schemes	25	(7,592)	(14,121)	(11,753)
		<b>(153,737)</b>	(99,332)	(101,036)
<b>Total liabilities</b>		<b>(184,348)</b>	(119,066)	(121,541)
<b>Net assets</b>		<b>181,517</b>	168,614	164,211
<b>Capital and reserves</b>				
Share capital	26	6,028	6,028	6,028
Share premium		1,274	1,274	1,274
Other reserves	26	1,808	1,808	1,946
Hedging reserve		(2,966)	(3,089)	(3,455)
Investment in own shares		–	–	(38)
Retained earnings		175,388	162,593	158,456
<b>Equity attributable to equity shareholders of the parent</b>		<b>181,532</b>	168,614	164,211
Non controlling interest		(15)	–	–
<b>Total equity</b>		<b>181,517</b>	168,614	164,211

The comparative figures for 2010 and 2009 have been restated as detailed in note 2.

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

**Christopher Sandland**

Chairman

**Peter Whitehead**

Finance Director

25 May 2011

The notes on pages 27 to 55 form part of these financial statements.

The independent auditor's report is set out on page 19.



## Parent company balance sheet

At 4 April 2011

	Notes	2011 £000	Restated 2010 £000	Restated 2009 £000
<b>Non current assets</b>				
Property and equipment	17	267,137	262,964	263,298
Investment in subsidiary	18	25,620	20	20
Investment in associate	18	11,303	11,303	11,303
Other financial asset		600	600	600
		<b>304,660</b>	274,887	275,221
<b>Current assets</b>				
Inventories	19	1,824	1,781	1,785
Trade and other receivables	20	37,220	4,321	4,742
Cash		112	1,575	1,519
		<b>39,156</b>	7,677	8,046
<b>Non current assets classified as held for sale</b>	21	–	2,573	797
<b>Total assets</b>		<b>343,816</b>	285,137	284,064
<b>Current liabilities</b>				
Borrowings	23	(2,672)	(2)	(2)
Trade and other payables	22	(22,528)	(17,985)	(21,297)
Income tax payable		(1,758)	(2,037)	(1,705)
		<b>(26,958)</b>	(20,024)	(23,004)
<b>Non current liabilities</b>				
Borrowings	23	(122,275)	(64,205)	(67,207)
Derivative financial instruments	23	(4,008)	(4,290)	(4,798)
Deferred tax	24	(11,558)	(16,716)	(17,278)
Retirement benefit schemes	25	(7,592)	(14,121)	(11,753)
		<b>(145,433)</b>	(99,332)	(101,036)
<b>Total liabilities</b>		<b>(172,391)</b>	(119,356)	(124,040)
<b>Net assets</b>		<b>171,425</b>	165,781	160,024
<b>Capital and reserves</b>				
Share capital	26	6,028	6,028	6,028
Share premium		1,274	1,274	1,274
Other reserves	26	1,808	1,808	1,946
Hedging reserve		(2,966)	(3,089)	(3,455)
Retained earnings		165,281	159,760	154,231
<b>Total equity</b>		<b>171,425</b>	165,781	160,024

The comparative figures for 2010 and 2009 have been restated as detailed in note 2.

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

**Christopher Sandland**

Chairman

**Peter Whitehead**

Finance Director

25 May 2011

## Group statement of changes in equity

At 4 April 2011

	Notes	Share capital <sup>(1)</sup> £000	Other reserves £000	Hedging reserve £000	Investment in own shares £000	Retained earnings £000	Total equity attributable to equity shareholders £000	Non controlling interest £000	Total equity £000
<b>At 29 March 2009 as previously stated</b>		<b>7,302</b>	<b>1,946</b>	<b>(3,455)</b>	<b>(38)</b>	<b>158,456</b>	<b>164,211</b>	<b>–</b>	<b>164,211</b>
Prior period adjustment to deferred tax liability, relating to capital allowances		–	–	–	–	1,190	1,190	–	1,190
Prior period adjustment to deferred tax liability, relating to associate		–	–	–	–	(1,190)	(1,190)	–	(1,190)
<b>At 29 March 2009 as restated</b>		<b>7,302</b>	<b>1,946</b>	<b>(3,455)</b>	<b>(38)</b>	<b>158,456</b>	<b>164,211</b>	<b>–</b>	<b>164,211</b>
<b>Total comprehensive income</b>									
Profit for the period		–	–	–	–	12,518	12,518	–	12,518
<b>Other comprehensive income</b>									
Actuarial loss on retirement benefit schemes	25	–	–	–	–	(3,990)	(3,990)	–	(3,990)
Fair value movement of interest rate swap	23	–	–	508	–	–	508	–	508
Tax on above components of other comprehensive income	11	–	–	(142)	–	1,550	1,408	–	1,408
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		–	–	–	–	(334)	(334)	–	(334)
		–	–	366	–	(2,774)	(2,408)	–	(2,408)
<b>Total comprehensive income</b>		–	–	366	–	9,744	10,110	–	10,110
<b>Transactions with owners recorded directly in equity</b>									
Dividends paid on equity shares	13	–	–	–	–	(6,206)	(6,206)	–	(6,206)
Allocation of shares to employees		–	–	–	38	419	457	–	457
Transfer of share based payment reserve		–	(138)	–	–	138	–	–	–
Share based payments by associate		–	–	–	–	42	42	–	42
		–	(138)	–	38	(5,607)	(5,707)	–	(5,707)
<b>At 29 March 2010</b>		<b>7,302</b>	<b>1,808</b>	<b>(3,089)</b>	<b>–</b>	<b>162,593</b>	<b>168,614</b>	<b>–</b>	<b>168,614</b>
<b>Total comprehensive income</b>									
Profit for the period		–	–	–	–	17,827	17,827	(14)	17,813
<b>Other comprehensive income</b>									
Actuarial gain on retirement benefit schemes	25	–	–	–	–	3,228	3,228	–	3,228
Hedging reserve fair value movement of interest rate swap	23	–	–	282	–	–	282	–	282
Tax on above components of other comprehensive income	11	–	–	(159)	–	(1,296)	(1,455)	–	(1,455)
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		–	–	–	–	(678)	(678)	–	(678)
		–	–	123	–	1,254	1,377	–	1,377
<b>Total comprehensive income</b>		–	–	123	–	19,081	19,204	(14)	19,190
<b>Transactions with owners recorded directly in equity</b>									
Dividends paid on equity shares	13	–	–	–	–	(6,327)	(6,327)	–	(6,327)
Share based payments by associate		–	–	–	–	41	41	–	41
Acquisition of businesses		–	–	–	–	–	–	(1)	(1)
		–	–	–	–	(6,286)	(6,286)	(1)	(6,287)
<b>At 4 April 2011</b>		<b>7,302</b>	<b>1,808</b>	<b>(2,966)</b>	<b>–</b>	<b>175,388</b>	<b>181,532</b>	<b>(15)</b>	<b>181,517</b>

<sup>(1)</sup> Total share capital comprises the share capital issued and fully paid of £6,028,000 (2010: £6,028,000) and the share premium account of £1,274,000 (2010: £1,274,000).

The comparative figures for 2010 and 2009 have been restated as detailed in note 2.

The notes on pages 27 to 55 form part of these financial statements.

The independent auditor's report is set out on page 19.

## Parent company statement of changes in equity

At 4 April 2011

	Notes	Share capital <sup>(1)</sup> £000	Other reserves £000	Hedging reserve £000	Retained earnings £000	Total equity £000
<b>At 29 March 2009 as previously stated</b>		<b>7,302</b>	<b>1,946</b>	<b>(3,455)</b>	<b>153,041</b>	<b>158,834</b>
Prior period adjustment to deferred tax liability, relating to capital allowances		–	–	–	1,190	1,190
<b>At 29 March 2009 as restated</b>		<b>7,302</b>	<b>1,946</b>	<b>(3,455)</b>	<b>154,231</b>	<b>160,024</b>
Ram Brewery Trust correction of classification		–	–	–	2,326	2,326
<b>Total comprehensive income</b>						
Profit for the period		–	–	–	11,254	11,254
<b>Other comprehensive income</b>						
Actuarial loss on retirement benefit schemes	25	–	–	–	(3,990)	(3,990)
Hedging reserve fair value movement of interest rate swap	23	–	–	508	–	508
Tax on above components of other comprehensive income	11	–	–	(142)	1,550	1,408
		–	–	366	(2,440)	(2,074)
<b>Total comprehensive income</b>		–	–	366	8,814	9,180
<b>Transactions with owners recorded directly in equity</b>						
Dividends paid on equity shares	13	–	–	–	(6,206)	(6,206)
Allocation of shares to employees		–	–	–	457	457
Transfer of share based payment reserve		–	(138)	–	138	–
		–	(138)	–	(5,611)	(5,749)
<b>At 29 March 2010</b>		<b>7,302</b>	<b>1,808</b>	<b>(3,089)</b>	<b>159,760</b>	<b>165,781</b>
<b>Total comprehensive income</b>						
Profit for the period		–	–	–	9,916	9,916
<b>Other comprehensive income</b>						
Actuarial gain on retirement benefit schemes	25	–	–	–	3,228	3,228
Hedging reserve fair value movement of interest rate swap	23	–	–	282	–	282
Tax on above components of other comprehensive income	11	–	–	(159)	(1,296)	(1,455)
		–	–	123	1,932	2,055
<b>Total comprehensive income</b>		–	–	123	11,848	11,971
<b>Transactions with owners recorded directly in equity</b>						
Dividends paid on equity shares	13	–	–	–	(6,327)	(6,327)
<b>At 4 April 2011</b>		<b>7,302</b>	<b>1,808</b>	<b>(2,966)</b>	<b>165,281</b>	<b>171,425</b>

<sup>(1)</sup> Total share capital comprises the share capital issued and fully paid of £6,028,000 (2010: £6,028,000) and the share premium account of £1,274,000 (2010: £1,274,000).

The comparative figures for 2010 and 2009 have been restated as detailed in note 2.

The notes on pages 27 to 55 form part of these financial statements.

The independent auditor's report is set out on page 19.

## Statements of cash flow

For the 53 weeks ended 4 April 2011

		Group		Company	
		2011 53 weeks £000	Restated 2010 52 weeks £000	2011 53 weeks £000	Restated 2010 52 weeks £000
	Notes				
<b>Operating activities</b>					
Net cash generated from operations	27	<b>29,743</b>	26,940	<b>25,832</b>	26,940
Interest received		<b>9</b>	1	<b>419</b>	1
Tax paid		<b>(4,357)</b>	(4,680)	<b>(4,357)</b>	(4,680)
<b>Net cash flow from operating activities</b>		<b>25,395</b>	22,261	<b>21,894</b>	22,261
<b>Investing activities</b>					
Sales of property and equipment		<b>3,316</b>	1,005	<b>3,316</b>	1,005
Purchases of property and equipment	17	<b>(18,614)</b>	(10,819)	<b>(15,193)</b>	(10,819)
Business combinations, net of cash acquired	12	<b>(60,000)</b>	–	<b>(62,140)</b>	–
<b>Net cash used in investing activities</b>		<b>(75,298)</b>	(9,814)	<b>(74,017)</b>	(9,814)
<b>Financing activities</b>					
Interest paid		<b>(3,753)</b>	(3,185)	<b>(3,753)</b>	(3,185)
Equity dividends paid	13	<b>(6,327)</b>	(6,206)	<b>(6,327)</b>	(6,206)
Increase/(decrease) in borrowings		<b>58,073</b>	(3,000)	<b>58,073</b>	(3,000)
Increase in short term borrowings		<b>2,667</b>	–	<b>2,667</b>	–
<b>Net cash flow from/(used in) financing activities</b>		<b>50,660</b>	(12,391)	<b>50,660</b>	(12,391)
Increase/(decrease) in cash		<b>757</b>	56	<b>(1,463)</b>	56
Cash at the beginning of the period		<b>1,575</b>	1,519	<b>1,575</b>	1,519
<b>Cash at the end of the period</b>		<b>2,332</b>	1,575	<b>112</b>	1,575

The comparative figures for 2010 have been restated as detailed in note 2.



## Notes to the financial statements

For the period ended 4 April 2011

### 1. General information

The group and parent company financial statements of Young & Co.'s Brewery, P.L.C. for the period ended 4 April 2011 were authorised for issue by the board of directors on 25 May 2011. 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 nature of the group's operations and its principal activities are set out in note 5 and in the directors' report on pages 12 to 18.

The current period relates to the 371 days ended 4 April 2011, the prior period relates to the 366 days ended 29 March 2010.

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

### 2. Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. IFRS includes the application of International Financial Reporting Standards including International Accounting Standards (IAS) and related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). During the period, new IFRS, amendments to existing IFRS and new Interpretations were issued by the International Accounting Standards Board (IASB). The impact and, if applicable, the adoption of these policies is described in "New Accounting Standards and Interpretations".

No separate income statement is presented for the company, as permitted by section 408(3) of the Companies Act 2006. The company's profit after tax for the period was £9,916,000 (2010: £11,254,000).

#### Restatement

The group balance sheet and statement of changes in equity at 29 March 2010 and 29 March 2009 have been restated in respect of the following adjustments:

- i. Deferred tax relating to the group's investment in its associate, Wells & Young's Brewing Company Limited, has been reassessed. The deferred tax liability of £2,320,000 has been reclassified from deferred tax liabilities to the investment in associate, and increased to £3,510,000.
- ii. Following reassessment, the deferred tax liability relating to capital allowances has been reduced, and retained earnings increased, by £1,190,000.

The parent company balance sheet and statement of changes in equity at 29 March 2010 and 29 March 2009 have been restated in respect of ii above.

The adjustments relate to periods prior to 29 March 2009 and do not impact the income statements in any of the periods presented.

#### New Accounting Standards and Interpretations

**IFRS 3 (Revised): Business Combinations:** In January 2008, the IASB revised IFRS 3 which has widened the definition of a "business" so the number of acquisition transactions that fall under IFRS 3 is expected to increase. The standard was effective for accounting periods beginning on or after 1 July 2009. The group interprets pub acquisitions, where the pub is fully operational at the acquisition date with an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return to shareholders, to now fall under the scope of IFRS 3.

The main impact of this is transaction costs such as fees for lawyers, investment bankers, accountants, and valuation experts are no longer considered to be part of the fair value exchange between buyer and seller for the acquired business. They are considered as a separate transaction and therefore expensed (as part of operating exceptional costs) in the period in which the services were received.

The revised standard is to be applied prospectively thus no adjustment is required for business combinations taking place before this financial year. The impact of revised IFRS 3 has therefore only affected the group's purchase of Geronimo Group Limited, and the individual pub purchases of the Lass O'Richmond Hill, the White Hart in Witley, and the Lion and Unicorn in Kentish Town.

**IAS 27 (revised): Consolidated and Separate Financial Statements:** The standard was effective for accounting periods beginning on or after 1 July 2009. The group's interest in its subsidiaries did not change during the period and therefore the adoption of this revised standard did not have an impact on the group during the period.

**IAS 17: Amendments to IAS 17 Leases:** The standard was effective for accounting periods beginning on or after 1 January 2010. The amendment makes it possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17. In particular, if, at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, it is possible that a lease of land will be a finance lease.

The impact of retrospectively adopting the amendments to IAS 17 was the reclassification of land previously classified as prepaid operating lease premiums, both non current and current, of £6,336,000 at 29 March 2010 and £6,002,000 at 29 March 2009 to finance leased assets within property and equipment in the group and parent company balance sheets. In addition, a finance lease asset and liability relating to the present value of minimum lease payments of £388,000 at 29 March 2010 and at 29 March 2009 was recorded within property and equipment and borrowings respectively. This also impacted the group and parent company statements of cash flow in that prepayments of operating lease premiums have been reclassified within purchases of property and equipment. Although the restatement had no effect on the group's income statement or statement of comprehensive income, certain notes have been restated to reflect the reclassification of these leases as finance leases.

**IAS 39: Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items:** The standard was effective for accounting periods beginning on or after 1 July 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The group has concluded that the amendment did not have an impact on the financial position or performance of the group. The group enters into interest rate swaps that are classified as cash flow hedges and are expected at inception to be highly effective.

## Notes to the financial statements (continued)

IAS 32: Classification of Rights Issues: The standard was effective for accounting periods beginning on or after 1 February 2010. The definition of a financial liability was amended in order to classify rights issues as equity instruments in certain cases. No rights issues were performed in the period. Therefore there was no impact on the group's financial position or performance.

IFRS 2: Amendments to IFRS 2: Group Cash settled Share based payment transactions: The standard was effective for accounting periods beginning on or after 1 January 2010. The amendment clarifies the accounting for group cash settled share based payment transactions. The group does not operate a share based payment scheme and therefore this amendment is not applicable to the group.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

		Effective date
IAS 24 (Revised)	Related Party Disclosures	1 January 2011
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
IFRIC 14	Amendment: Prepayments of Minimum Funding Requirements	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the group.

### 3. Summary of significant accounting policies

The significant accounting policies adopted are set out below and, except as noted above, have been applied consistently in presenting the group and parent company financial information.

#### (a) Basis of consolidation

The group's financial statements consolidate the financial statements of Young & Co.'s Brewery, P.L.C. with the entities it controls (its subsidiaries) and a special purpose entity, drawn up to the period end. Control exists where the company has the power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities. The special purpose entity is an Employee Share Ownership Plan (ESOP) Trust.

The results of subsidiaries acquired or disposed of during the period are included in the group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries and special purpose entity are consolidated on a comparable period basis, using consistent accounting policies. All inter company balances and transactions, including unrealised profits arising on them, are eliminated.

For non wholly owned subsidiaries, a share of the profit for the financial period and the net assets is attributed to the non controlling interests as shown in the group income statement, the group other comprehensive income statement and the group balance sheet.

#### (b) Investment 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 (net of deferred tax) plus post acquisition changes in the group's share of net assets, less distributions received and any impairment in value of the investment. The group's income statement reflects the share of the associate's results after tax. The group's statement of comprehensive income reflects the group's share of any income or expense recognised by the associate outside the income statement. The group's statement of changes in equity reflects the group's share of any transactions not included in the group's income statement or the group's statement of comprehensive income.

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

Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the group. The associate prepares its accounts to a September period end, but the consolidation is made on a comparable period basis.

#### (c) The parent company's investments in subsidiaries and associate

In its separate financial statements, the parent company recognises its investments in its subsidiaries and associate on the basis of the direct equity interest. Income is recognised from these investments in relation to distributions received.

#### (d) 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.

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.

**(e) Exceptional items**

Exceptional items, as disclosed on the face of the income statement, are items which due to their material and non recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements. They are included in the adjustments that, in management's judgement, are required in order to show more accurately the business performance of the group in a consistent manner and to reflect how the business is managed and measured on a day to day basis.

**(f) Business combinations and goodwill**

Following the adoption of IFRS 3 (Revised) from 30 March 2010 as described in note 2, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interest in the acquiree. The non controlling interest is measured as the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating exceptional items.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units (or groups of cash generating units) that are expected to benefit from the combination. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**(g) Property and equipment**

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.

Property acquired after 1997 and all equipment are measured at cost on recognition and are stated as such less any accumulated depreciation and accumulated impairment losses.

The cost of the asset, less any residual value, is depreciated on a straight line basis over the asset's useful life. The residual value, useful life and depreciation method applied to each asset are reviewed annually. Freehold land is not depreciated.

Useful lives:

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

Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note h).

The gain arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the income statement. Pub fixtures and fittings are treated as disposals in the period following completion of their write down.

**(h) Impairment of assets**

The carrying values of investments, property and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 are recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the group income statement unless the impairment loss related to goodwill in which case it is not reversed.

For property assets, impairment is assessed on the basis of each individual pub. The fair value of the asset is assumed to be the market value of the property.

For goodwill, impairment is assessed annually on the group's cash generating units associated with it.

**(i) Leases****(1) 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.

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.

**(2) Where the group is the lessor**

Assets leased out under operating leases are included in property 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.

## Notes to the financial statements (continued)

### (j) Non current assets held for sale

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.

### (k) 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.

### (l) 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.

### (m) Trade and other payables

Trade payables are recognised initially at fair value and subsequently at amortised 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 crystallise.

### (n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value. Directly attributable transaction costs are capitalised and amortised, using the effective interest method 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) Taxation

The tax expense or credit for the period comprises current and deferred tax. The current tax expense is recognised in the income statement unless it relates to items that are credited or charged to equity, in which case it is charged or credited directly to equity.

The current tax payable is measured at the amount expected to be paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- 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 profits 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 the tax that may be due on this amount at a future date.

Where there has been an upward revaluation of an asset, a deferred tax liability is recorded based on the difference between the indexed cost of the asset and the revalued amount.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply on reversal of the underlying temporary differences, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### (p) 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.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect is material, the present value of those cash flows are discounted using a pre tax rate that reflects, where appropriate, the risks specific to the liability.

### (q) Accounting for the ESOP Trust

In 2009 the unallocated shares of the Ram Brewery Trust General Fund, investment in own shares, were treated as a deduction from capital and reserves in the group balance sheet. No such shares were held at the end of the current period. Allocations of shares to employees under the profit sharing scheme are treated as disposals.

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

**(r) 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 re-measured 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 its effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Where cash flow hedge accounting is not applied the movement in the fair value of the derivative is recognised immediately in the income statement. Where cash flow hedge accounting is applied as in the case of the interest rate swaps held by the group, the effective portion of the gain or loss on the hedging instrument is recognised in the statement of comprehensive income, while the ineffective portion is recognised in 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 at which point they are transferred to the income statement. If the related transaction is not expected to occur, the amount is recognised in the income statement.

**(s) Pensions and other post retirement benefits**

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

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

For the defined benefit scheme, the cost of providing benefits is determined using the projected unit credit method, which attributes entitlements to benefits to the current period (to determine current service cost) and to the current and prior periods (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 scheme assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period 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 period. The expected return on scheme assets is based on an assessment made at the beginning of the period of long term market returns on scheme assets, adjusted for the effect on the fair value of scheme assets of contributions received and benefits paid during the period. The difference between the expected return on scheme 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 comprehensive income in the period in which they occur.

The defined benefit pension liability in the balance sheet comprises 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 scheme 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 scheme 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 IAS 19 assumptions. The liability for new entrants is recognised through the income statement in the period 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 the statement of comprehensive income.

**(t) Use of estimates**

The preparation of financial information in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The areas involving a higher degree of judgement or complexity, or where the most sensitive estimates and assumptions are significant to the financial statements, are set out in note 4.

**(u) Trade and other receivables**

Trade receivables are recognised and carried at the lower of their original invoice value and recoverable amount. 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.



## Notes to the financial statements (continued)

### 4. Key accounting estimates and judgements

The following are the key judgements that management have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### (a) Estimated impairment of property and equipment

The group is required to review property 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 or the fair value (market value) which are prepared on the basis of management's assumptions and estimates. See notes 3(h) and 17.

#### (b) Estimated impairment of goodwill

The group considers annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in note 3(f). The recoverable amounts of cash generating units have been determined based on value in use calculations. This calculation requires the use of estimates including growth rates, capital maintenance expenditure, terminal value and pre tax discount rates. See note 16.

#### (c) Business combinations

When assets are acquired management determines whether the assets form a business combination. A fair value exercise of both the consideration and the net assets acquired is performed once it is determined that a business combination has taken place. If the fair value of the consideration is in excess of the fair value of the net assets acquired, the difference is recognised as goodwill. If the opposite occurs, the difference is recognised in the income statement. The group makes judgements and estimates in relation to the fair value of the consideration and of the net assets acquired. See notes 3(f) and 12.

#### (d) Depreciation

Depreciation is provided so as to write down the assets to their residual values over the estimated useful lives. The selection of these residual values and estimated lives requires the exercise of management's judgement. See notes 3(g) and 17.

#### (e) Defined benefit pension obligations

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. See notes 3(s) and 25.

#### (f) Taxation

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 they will be obtained. Tax provisions are made if it is probable that a liability will arise. The group reviews each significant tax liability or benefit to assess the appropriate accounting treatment. See notes 3(o), 11 and 24.

#### (g) Provisions and accruals

Provisions and accruals are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires judgements to be made on existing facts and circumstances which can be subject to change.

Estimates of the amounts of provisions and accruals recognised can differ from actuals. The carrying amounts of provisions and accruals are regularly reviewed and adjusted to take account of such events.

A change in estimate of a recognised provision or accrual would result in a charge or credit to income in the period in which the change occurs. See note 3(p).

### 5. Segmental reporting

The group is organised into the reporting segments referred to below. These segments are based on the different resources and risks involved in the running of the group. The executive board of the group internally reviews each reporting segment's operating profit or loss before exceptional items for the purpose of deciding on the allocation of resources and assessing performance. The segments shown below are the group's operating segments.

Managed houses – operate pubs. Revenue is derived from sales of drink, food and accommodation.

Tenanted houses – pubs owned or leased by the company and leased or sub leased to third parties. Revenue is derived from rents payable by, and sales of drink made to, tenants.

There were inter segment revenues of £95,000 between the segments in the current year (2010: £nil) which has been eliminated on consolidation. Inter segment sales are charged at current market prices. The group's revenue is derived entirely from the UK.

**Income statement**

	Managed houses £000	Tenanted houses £000	Segment total £000	Unallocated £000	Total £000
<b>2011 – 53 weeks</b>					
<b>Segment revenue</b>	<b>127,836</b>	<b>14,392</b>	<b>142,228</b>	<b>369</b>	<b>142,597</b>
Depreciation and amortisation	(8,353)	(1,223)	(9,576)	(455)	(10,031)
<b>Operating profit before exceptional items</b>	<b>29,228</b>	<b>5,387</b>	<b>34,615</b>	<b>(12,869)</b>	<b>21,746</b>

## 2010 – 52 weeks

Segment revenue	112,915	14,282	127,197	342	127,539
Depreciation and amortisation (restated)	(6,814)	(1,185)	(7,999)	(700)	(8,699)
Operating profit before exceptional items	26,314	5,354	31,668	(11,361)	20,307

The following is a reconciliation of the operating profit before exceptional items, to the profit before tax:

	<b>2011 £000</b>	2010 £000
<b>Operating profit before exceptional items</b>	<b>21,746</b>	20,307
Operating exceptional items	(4,883)	(234)
Share of associate's post tax profit	1,964	1,147
Finance costs	(4,015)	(2,675)
Finance revenue	9	1
Other finance income/(charge)	437	(170)
<b>Profit before tax</b>	<b>15,258</b>	18,376

**Balance sheet**

	Managed houses £000	Tenanted houses £000	Segment total £000	Unallocated £000	Total £000
<b>2011</b>					
<b>Segment assets</b>	<b>292,008</b>	<b>51,584</b>	<b>343,592</b>	<b>4,068</b>	<b>347,660</b>
Investment in associate	–	–	–	15,273	15,273
Other financial asset	–	–	–	600	600
Cash	–	–	–	2,332	2,332
<b>Total assets</b>	<b>292,008</b>	<b>51,584</b>	<b>343,592</b>	<b>22,273</b>	<b>365,865</b>
<b>Other segmental information</b>					
Additions to non current assets	87,227	2,329	89,556	220	89,776
Impairment of properties	1,642	240	1,882	–	1,882

## 2010 (restated)

Segment assets	214,746	53,219	267,965	3,598	271,563
Investment in associate	–	–	–	13,942	13,942
Other financial asset	–	–	–	600	600
Cash	–	–	–	1,575	1,575
Total assets	214,746	53,219	267,965	19,715	287,680
Other segmental information					
Additions to non current assets	8,187	2,504	10,691	128	10,819

The comparative figures for 2010 have been restated as detailed in note 2.

## Notes to the financial statements (continued)

### 6. Revenue

	2011 53 weeks £000	2010 52 weeks £000
Sale of goods	132,203	118,234
Rental income	10,394	9,305
Revenue	142,597	127,539
Finance revenue	9	1
	<b>142,606</b>	127,540

Revenue shown above is all continuing.

### 7. Operating costs before exceptional items

	2011 53 weeks £000	Restated 2010 52 weeks £000
Changes in inventories of finished goods and raw materials	(438)	(4)
Raw materials, consumables and finished goods used	39,734	35,008
Employment costs (note 8)	43,221	37,805
Depreciation	10,031	8,699
Other operating costs	28,303	25,724
	<b>120,851</b>	107,232

Other operating costs include:

Operating lease rentals:	minimum lease payments	3,092	2,437
	sublease payments	404	329
		<b>3,496</b>	2,766
Auditor's remuneration to main group auditor:	audit of the group financial statements	145	110
	other audit services	45	25
	taxation services	38	34
	corporate finance services	205	–
		<b>433</b>	169
Auditor's remuneration to other auditor:	other audit services	49	5
	taxation services	14	9
	all other services	12	10
		<b>75</b>	24

The comparative figures for 2010 have been restated as detailed in note 2.

## 8. Employment

### (a) Costs

	2011 53 weeks £000	2010 52 weeks £000
Wages and salaries	38,765	33,753
Social security	3,223	2,832
Pension and healthcare schemes	1,233	1,220
Employment costs before exceptional items	43,221	37,805
Employment costs in exceptional items: capital gains tax on ESOP allocated shares	166	(12)
	43,387	37,793

### (b) Average number of employees

	2011 53 weeks	2010 52 weeks
Full time	1,485	1,474
Part time	850	585
	2,335	2,059

### (c) Directors' emoluments

	Basic salary and fees £	Profit sharing £	Benefits £	Bonus £	Total excluding pension costs 2011 53 weeks £	Total excluding pension costs 2010 52 weeks £
Christopher Sandland	79,324	–	5,427	–	84,751	84,106
Stephen Goodyear	304,231	–	21,199	58,870	384,300	361,341
Torquil Sligo-Young	117,939	–	23,878	30,922	172,739	189,479
Peter Whitehead	208,093	–	19,043	39,341	266,477	264,377
Patrick Dardis	210,791	–	17,635	39,341	267,767	265,957
Rupert Clevely	63,731	–	3,518	–	67,249	–
Nicholas Bryan	38,000	–	–	–	38,000	35,000
Roger Lambert	35,000	–	–	–	35,000	35,000
David Page	35,000	–	–	–	35,000	35,000
<b>Total 2011</b>	<b>1,092,109</b>	<b>–</b>	<b>90,700</b>	<b>168,474</b>	<b>1,351,283</b>	
Total 2010	1,031,423	175,040	63,797	–		1,270,260

#### Notes:

The 2010 "Profit sharing" total related to amounts (in money and money's worth) received by Stephen Goodyear, Torquil Sligo-Young, Peter Whitehead and Patrick Dardis in connection with them giving up their rights to receive an annual profit share allocation under the company's profit sharing scheme for the period ended 29 March 2010 and future periods.

The amounts shown in the "Benefits" column relate primarily to the provision of private medical insurance and car related benefits.

## Notes to the financial statements (continued)

### (d) Retirement benefits

The company operates one pension scheme, namely the Young & Co.'s Brewery, P.L.C. Pension Scheme. All individuals in the pension scheme contribute to it, with contributions being at the rate of 5.0% of pensionable earnings. The pension scheme is a defined benefit scheme investing largely in managed funds. As at 4 April 2011, three directors were accruing benefits under the pension scheme in respect of qualifying service.

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 25.

	1 Increase in accrued pension during the period (excluding inflation) £	2 Transfer value of increase (net of member contributions) £	3 Accumulated total accrued pension as at 4 April 2011 £	4 Transfer value of accrued pension benefits as at 29 March 2010 £	5 Transfer value of accrued pension benefits as at 4 April 2011 £	6 Increase in transfer value during the period (net of member contributions) £
Stephen Goodyear	1,327	27,151	64,890	1,524,315	1,629,927	99,432
Peter Whitehead	1,301	14,329	46,693	664,101	735,839	65,559
Patrick Dardis	3,189	36,462	24,377	266,604	325,960	53,176

Notes:

- (i) The pension entitlement shown in column 3 is that which would be paid annually on retirement under the terms of each of the executive director's service agreement based on service to 4 April 2011. 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.
- (ii) Christopher Sandland began to draw his pension during the period ended 31 March 2007 and Torquil Sligo-Young began to draw his pension during the period ended 29 March 2010. They therefore have no further defined benefit accrual and have not therefore been included in the above table.

### (e) Profit sharing scheme

This scheme was abandoned during the company's financial period ended 29 March 2010.

Share allocations made up to and including those for the company's financial period that ended in 2 April 2005, which were based on a member's individual entitlement after deductions of income tax and national insurance, are held in the Ram Brewery Trust II. On retirement, the member receives their accrued entitlement to shares. If a member leaves the company's employment before reaching normal retirement age, they continue to receive the income accruing to them by virtue of their membership of the scheme prior to them leaving the company's employment, and their allocation to the date of leaving is held on their behalf until normal retirement age.

The compensation associated with the abandonment was made in part cash and part shares. The shares, 95,308 unallocated A shares, were held, with no restrictions, by the Ram Brewery Trust General Fund at their aggregate carrying value of £38,000, as an investment in own shares. The company recognised total expenses of £nil related to equity settled share based payment transactions in the current period (2010: £457,000).

The accrued entitlement to A shares under the scheme of each of the directors who served during the period is as follows: Stephen Goodyear (22,680), Torquil Sligo-Young (31,412), Peter Whitehead (20,816) and Patrick Dardis (6,696). Christopher Sandland reached his normal retirement age during 2009 and received his accrued entitlement. Rupert Clevely, Nicholas Bryan, Roger Lambert and David Page are not members of the scheme.

## 9. Exceptional items

### (a) Operating exceptional items

	2011 53 weeks £000	2010 52 weeks £000
<b>Amounts included in operating profits:</b>		
Acquisition costs	(2,040)	–
Integration costs	(1,142)	–
Impairment of properties (note 17)	(1,882)	–
Hotel project fees written off	(195)	–
Capital gains tax on ESOP allocated shares	(166)	12
Profit on sales of properties	542	421
Profit sharing scheme compensation	–	(1,350)
Pension scheme settlement gain	–	900
Pension schemes merger costs	–	(217)
	<b>(4,883)</b>	<b>(234)</b>



	2011 53 weeks £000	2010 52 weeks £000
<b>Exceptional tax:</b>		
Tax attributable to above adjustments	729	(691)
Recognition of rollover claim	4,945	–
Change in corporate tax rate	1,394	–
	<b>7,068</b>	<b>(691)</b>
<b>Total exceptional items</b>	<b>2,185</b>	<b>(925)</b>

#### Amounts included in operating profits

Acquisition costs include legal and professional fees and stamp duty incurred on the purchase of Geronimo Group Limited, Lass O'Richmond Hill, White Hart in Witley and the Lion and Unicorn in Kentish Town. These have been written off as operating exceptional items in the current year due to the adoption of IFRS 3: Business Combinations (Revised).

Integration costs are one off items of expenditure incurred in order to combine the Geronimo business with that of Young's. It includes severance pay, outplacement and training costs for employees' whose positions became redundant, compensation for terminated contracts, the write off of obsolete equipment and the related professional fees on all of the above.

Hotel project fees relate to extensive work carried out to identify opportunities at selected pubs. The group has been successful in identifying specific opportunities and obtained planning permission to develop them; where this had not been the case, the research costs have been written off.

The capital gains tax on ESOP allocated shares relates to the shares held within the Ram Brewery Trust II on behalf of the now closed profit sharing scheme. A liability is recognised at each balance sheet date for the potential capital gains tax that could arise on the disposal of shares to the members of the scheme on retirement.

The profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the Parrot in Canterbury, Cock Inn in Boughton Monchelsea, Shakespeare in Richmond and the Wheatsheaf in Wandsworth and the carrying value of the assets on the date of sale.

In the prior period, the profit sharing scheme compensation relates to a payment, part cash and part shares, made to members in connection with them giving up their rights to receive an annual profit share allocation under the scheme for the period ended 29 March 2010 and for future periods. The pension scheme settlement gain in the prior period relates to the members who have left the scheme. Pension scheme merger costs in the prior period relate to the legal and actuarial fees relating to the merger of the three defined benefit schemes into one, the Young & Co.'s Brewery, P.L.C. Pension Scheme.

#### (b) Share of associate's exceptional items

	2011 53 weeks £000	2010 52 weeks £000
<b>Amounts included in operating profits:</b>		
Product recall	(113)	–
Corona exit costs	(52)	–
Reorganisation costs	(22)	(121)
Fair value movement on foreign exchange forward contracts	23	(564)
Fair value movement on interest rate swaps	23	156
	<b>(141)</b>	<b>(529)</b>
<b>Exceptional tax:</b>		
Tax attributable to above adjustments	40	149
<b>Total exceptional items</b>	<b>(101)</b>	<b>(380)</b>

## Notes to the financial statements (continued)

### 9. Exceptional items (continued)

Wells & Young's Brewing Company Limited experienced unusually high numbers of bottle breakages arising from faulty bottles. The affected products were recalled and destroyed. It has insurance cover in place which is expected to cover such events but subject to an excess. Young's share of this excess is £113,000.

As a result of the termination of the Corona distribution contract and subsequent restructuring, Wells & Young's Brewing Company Limited incurred legal, redundancy and other contract exit costs. This period, reorganisation costs consist mainly of redundancy payments relating to IT restructuring.

In addition, with such volatility in the foreign exchange and financial markets, there have been movements in the fair value of foreign exchange and interest rate contracts this period. These have been recorded as exceptional.

### 10. Finance costs and revenue

	2011 53 weeks £000	2010 52 weeks £000
Bank loans and overdrafts	4,005	2,656
Finance lease interest	10	19
Finance costs	4,015	2,675
Interest receivable	(9)	(1)
<b>Net finance cost</b>	<b>4,006</b>	<b>2,674</b>

### 11. Taxation

	2011 53 weeks £000	2010 52 weeks £000
<b>Group income statement</b>		
Current tax		
Current tax expense (excluding associate)	(4,631)	(4,827)
Adjustment in respect of current tax of prior periods	553	(185)
	<b>(4,078)</b>	<b>(5,012)</b>
Deferred tax		
Recognition of rollover claim	4,945	–
Origination and reversal of temporary differences	555	(287)
Adjustment in deferred tax rate from 28% to 26%	1,394	–
Adjustment in respect of prior periods	(261)	(559)
	<b>6,633</b>	<b>(846)</b>
<b>Tax credit/(expense)</b>	<b>2,555</b>	<b>(5,858)</b>
Presented in the income statement as follows:		
Taxation	(2,390)	(5,858)
Recognition of rollover claim	4,945	–
<b>Tax credit/(expense)</b>	<b>2,555</b>	<b>(5,858)</b>

All operations are continuing.

	2011 53 weeks £000	2010 52 weeks £000
<b>Group and company statement of comprehensive income</b>		
Deferred tax		
Retirement benefit schemes	(904)	1,117
Property revaluation – movement due to indexation	–	433
Interest rate swaps	(79)	(142)
Adjustment in deferred tax rate from 28% to 26%	(472)	–
<b>Tax (expense)/credit</b>	<b>(1,455)</b>	<b>1,408</b>

	2011 53 weeks £000	2010 52 weeks £000
<b>Group income statement – deferred tax</b>		
Capital allowances	265	57
Impairment of properties	189	–
Property revaluation and disposals	6,754	(816)
Other tax provisions	23	174
Utilisation of tax losses	(154)	–
Retirement benefit schemes	(444)	(261)
<b>Total tax credit/(expense)</b>	<b>6,633</b>	<b>(846)</b>

For the period ended 4 April 2011, property revaluation and disposals included the reduction in the deferred tax liability by £4,945,000 arising from the allocation of rolled over capital gains to specific assets in August 2010 and the subsequent claim to HMRC.

A reconciliation of the tax charge applicable to profit from operating activities before tax at the statutory rate to the actual tax (credit)/expense at the group's effective tax rate for the periods ended 29 March 2010 and 4 April 2011 respectively is as follows:

	2011 53 weeks £000	2010 52 weeks £000
<b>Profit before tax as reported in the group income statement</b>	<b>15,258</b>	<b>18,376</b>
Total profit before tax at corporation tax rate of 28% (2010: 28%)	<b>4,272</b>	5,145
Tax effects of:		
Associate's results reported net of tax	(550)	(321)
Expenses not deductible for tax purposes	1,511	264
Recognition of rollover claim and other property movements	(5,764)	–
Non assessable income	(153)	–
Utilisation of previously unrecognised tax losses	(185)	–
Re-measurement of deferred tax – change in the UK tax rate	(1,394)	–
Prior period adjustment – current tax	(553)	185
Prior period adjustment – deferred tax	261	559
Other adjustments	–	26
<b>Total tax (credit)/expense</b>	<b>(2,555)</b>	<b>5,858</b>

During the period, as a result of the change in the UK corporation tax rate from 28% to 26%, that was substantially enacted in two parts on 21 July 2010 and on 29 March 2011, and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured. Deferred tax expected to reverse in the period ended 2 April 2012 and thereafter has been measured using the effective rate that will apply in the UK for the period.

Further reductions to the UK tax rate have been announced. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantially enacted at the balance sheet date, and therefore, are not recognised in these financial statements.

Reductions to the rates of capital allowances have also been announced. The rate of annual writing down allowances on qualifying plant and machinery will reduce by 2%, to 18% for the general capital allowance pool and to 8% for the integral features pool, with effect from 1 April 2012. As this legislation was not substantially enacted by the balance sheet date, the figures within these financial statements are calculated in accordance with the existing capital allowance rates.

## Notes to the financial statements (continued)

### 12. Business combinations

#### Geronimo

On 16 December 2010 the group acquired the entire issued share capital of Geronimo Group Limited for a total cash payment of £60.0 million. Geronimo Group Limited operates a high quality estate of 26 individually designed, food-led managed pubs. The estate has exceptional locations with 22 pubs based in London, three at Heathrow and one in Surrey. The transaction achieved an important step change in the size of the Young's managed estate, which has increased by more than 20% to 149 pubs, taking the total estate to 246 pubs.

The fair value of the identifiable assets and liabilities of the acquired business at the date of acquisition:

	Fair value £000
<b>Assets and liabilities acquired:</b>	
Property and equipment ( <i>note 17</i> )	50,736
Inventories	467
Cash	2,140
Trade and other receivables	823
Overdrafts and loans	(32,850)
Trade and other payables	(4,128)
Deferred tax asset	279
Deferred taxation on fair value adjustments ( <i>note 24</i> )	(8,603)
<b>Net assets</b>	8,864
Goodwill arising on acquisition ( <i>note 16</i> )	20,426
<b>Total consideration</b>	29,290
<b>Cash flow on acquisition:</b>	
Cash acquired	2,140
Overdrafts and loans acquired and repaid	(32,850)
Cash paid	(29,290)
<b>Net cash outflow</b>	(60,000)

In addition, the group incurred £1.9 million of costs associated with the acquisition, paid in cash, which have been recorded as operating exceptional items.

The goodwill arising on the acquisition of Geronimo Group Limited includes deferred taxation of £8.6 million, which arises on the fair value adjustment of property and equipment. In addition, goodwill arising on acquisition also includes intangible assets that cannot be individually separated. These items include the expected value of synergies from the business combination together with the benefits and experience of the Geronimo Group Limited management team, which has been retained. None of the goodwill is expected to be deductible for income tax purposes.

Geronimo Group Limited contributed £10.3 million of revenue and £0.7 million of operating profit for the period between the date of acquisition and the balance sheet date.

If the acquisition of Geronimo Group Limited had been completed on the first day of the financial year, group revenues for the period would have increased by £24.0 million and group operating profit would have increased by £1.9 million.

#### Other business combinations

In addition, the group acquired the Lass O'Richmond Hill, White Hart in Witley and the Lion and Unicorn in Kentish Town. The aggregated fair value of the identifiable assets and liabilities of the acquired businesses was property and equipment of £3.8 million and inventories of £nil. The group incurred £182,000 of costs associated with the acquisitions, which have been recorded as operating exceptional items.

### 13. Dividends on equity shares

	<b>2011</b> <b>53 weeks</b> <b>Pence</b>	2010 52 weeks Pence	<b>2011</b> <b>53 weeks</b> <b>£000</b>	2010 52 weeks £000
Final dividend (previous period)	<b>6.76</b>	6.63	<b>3,260</b>	3,197
Interim dividend (current period)	<b>6.36</b>	6.24	<b>3,067</b>	3,009
	<b>13.12</b>	12.87	<b>6,327</b>	6,206

In addition, the board is proposing a final dividend in respect of the period ended 4 April 2011 of 6.90p per share at a cost of £3,327,000. If approved, it is expected to be paid on 14 July 2011 to shareholders who are on the register of members at the close of business on 10 June 2011.

### 14. Adjusted profit before tax

The table below shows how adjusted group profit before tax has been arrived at. This alternative performance measure has been provided as the board believes that it gives a useful additional indication of the group's underlying performance.

	<b>2011</b> <b>53 weeks</b> <b>£000</b>	2010 52 weeks £000
Profit before tax	<b>15,258</b>	18,376
Operating exceptional items – group	<b>4,883</b>	234
Share of associate's exceptional items	<b>141</b>	529
Share of associate's tax expense	<b>537</b>	284
	<b>20,819</b>	19,423

### 15. Earnings per 12.5p ordinary share

<b>(a) Earnings</b>	<b>2011</b> <b>53 weeks</b> <b>£000</b>	2010 52 weeks £000
Profit attributable to equity holders of the parent company	<b>17,827</b>	12,518
Operating exceptional items	<b>4,883</b>	234
Share of associate's operating exceptional items	<b>141</b>	529
Tax attributable to above adjustments	<b>(769)</b>	542
Recognition of rollover relief claim	<b>(4,945)</b>	–
Change in corporation tax rate	<b>(1,394)</b>	–
<b>Adjusted earnings after tax</b>	<b>15,743</b>	13,823
	<b>Number</b>	Number
Basic and diluted weighted average number of ordinary shares in issue	<b>48,224,000</b>	48,140,410

#### **(b) Basic and diluted earnings per share**

	<b>Pence</b>	Pence
Basic and diluted	<b>36.97</b>	26.00
Effect of exceptional items and other adjustments listed above	<b>(4.32)</b>	2.71
<b>Adjusted basic and diluted</b>	<b>32.65</b>	28.71

The basic earnings per share figure is calculated by dividing the net profit before the non controlling interest for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

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



## Notes to the financial statements (continued)

### 16. Goodwill

**Goodwill**  
**£000**

#### Cost

At 29 March 2010	–
Businesses acquired*	<b>20,426</b>

**At 4 April 2011** **20,426**

\*includes £8.6 million due to the deferred tax recognised on fair value adjustments.

Goodwill of £11.8 million (net of deferred tax) arose on the acquisition of Geronimo Group Limited and has been allocated for impairment testing purposes to the Geronimo group of cash generating units. The Geronimo group of cash generating units is the pubs trading under the Geronimo name and falls within the managed houses segment.

The group tests the goodwill annually for impairment or more frequently if there are indicators that goodwill may have been impaired.

The recoverable amount is value in use. This is calculated using the three year business plans approved by senior management.

The calculation is most sensitive to revenue assumptions, however senior management believe that the assumptions used are reasonable. Cash flows beyond this period assume no further growth.

The pre-tax discount rate applied to cash flow projections is 8.4% (2010: n/a).

### 17. Property and equipment

	Group			Company		
	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000
<b>Cost</b>						
At 29 March 2009 restated	245,563	64,387	309,950	245,563	64,387	309,950
Additions	4,048	6,771	10,819	4,048	6,771	10,819
Disposals	(165)	(543)	(708)	(165)	(543)	(708)
Transfer to assets held for sale	(2,812)	–	(2,812)	(2,812)	–	(2,812)
Transfer from assets held for sale	184	–	184	184	–	184
Fully depreciated assets	–	(4,627)	(4,627)	–	(4,627)	(4,627)
At 29 March 2010 restated	246,818	65,988	312,806	246,818	65,988	312,806
Additions	8,919	9,695	18,614	6,025	9,168	15,193
Business combination additions	47,776	2,960	50,736	–	–	–
Disposals	(191)	(750)	(941)	(191)	(750)	(941)
Fully depreciated assets	–	(4,918)	(4,918)	–	(4,918)	(4,918)
<b>At 4 April 2011</b>	<b>303,322</b>	<b>72,975</b>	<b>376,297</b>	<b>252,652</b>	<b>69,488</b>	<b>322,140</b>

**17. Property and equipment (continued)**

	Group			Company		
	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000
<b>Depreciation and impairment</b>						
At 29 March 2009 restated	15,535	31,117	46,652	15,535	31,117	46,652
Depreciation charge restated	661	8,038	8,699	661	8,038	8,699
Reclassifications	(41)	41	–	(41)	41	–
Disposals	(165)	(357)	(522)	(165)	(357)	(522)
Transfer to assets held for sale	(360)	–	(360)	(360)	–	(360)
Fully depreciated assets	–	(4,627)	(4,627)	–	(4,627)	(4,627)
At 29 March 2010 restated	15,630	34,212	49,842	15,630	34,212	49,842
Depreciation charge	1,485	8,546	10,031	862	8,079	8,941
Impairment charge	1,171	711	1,882	1,171	711	1,882
Disposals	(191)	(553)	(744)	(191)	(553)	(744)
Fully depreciated assets	–	(4,918)	(4,918)	–	(4,918)	(4,918)
<b>At 4 April 2011</b>	<b>18,095</b>	<b>37,998</b>	<b>56,093</b>	<b>17,472</b>	<b>37,531</b>	<b>55,003</b>
<b>Net book value</b>						
At 29 March 2009 restated	230,028	33,270	263,298	230,028	33,270	263,298
At 29 March 2010 restated	231,188	31,776	262,964	231,188	31,776	262,964
<b>At 4 April 2011</b>	<b>285,227</b>	<b>34,977</b>	<b>320,204</b>	<b>235,180</b>	<b>31,957</b>	<b>267,137</b>

The comparative figures for 2010 and 2009 have been restated as detailed in note 2.

**(a) Assets held under finance leases**

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

	<b>2011 £000</b>	Restated 2010 £000	Restated 2009 £000
Land and buildings assets held under finance leases	<b>13,101</b>	13,354	12,812

**(b) Capital commitments**

	<b>2011 £000</b>	2010 £000
Capital commitments not provided for in these financial statements and for which contracts have been placed amounted to:	<b>1,880</b>	5,146

**(c) Impairment**

Due to the weak UK economy, recent falls in property values and the deterioration in consumer confidence, an impairment charge was made in the period of £1,882,000 (2010: nil).

Impairment is assessed at the cash generating unit level, which is considered to be 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 (net of disposal costs) or its value in use.

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 the current period review was 8.4% (2010: 9.7%).

## Notes to the financial statements (continued)

### 18. Investments

#### (a) Investment in subsidiaries

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Shares at cost	–	–	25,620	20

Group subsidiary undertakings (*held indirectly)	Country of incorporation or registration	Country of principal operations	% of equity and votes held
Geronimo Group Limited	England	England	100
Wigwam Holdings Limited*	England	England	100
Geronimo Inns Limited*	England	England	100
Geronimo Airports Limited*	England	England	100
Geronimo Inns VCT I Limited*	England	England	100
Geronimo Inns VCT II Limited*	England	England	100
Geronimo Inns VCT LLP*	England	England	100
Sticky Fingers Food Limited*	England	England	51
Bill Bentley's (Bishopsgate) Limited	England	England	100

#### (b) Investment in associate

	Group			Company		
	2011 £000	Restated 2010 £000	Restated 2009 £000	2011 £000	2010 £000	2009 £000
Opening balance	13,942	13,094	16,241	11,303	11,303	11,303
Items charged directly to equity	(637)	(292)	(632)	–	–	–
Share of profit/(loss) of associate	1,968	1,140	(2,515)	–	–	–
	15,273	13,942	13,094	11,303	11,303	11,303

The comparative figures for 2010 and 2009 have been restated as detailed in note 2.

The investment in associate comprises the group's unlisted investment in Wells & Young's Brewing Company Limited. This company 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 the associate's profit included above, the group has recorded an expense of £4,000 (2010: £7,000 credit) in the group income statement. This relates to unrealised profit on closing stock purchased from the associate and held at period end.

The associate's total revenue for the period is £205.3 million including excise duty (2010: £210.5 million).

The group's share of summarised financial information of the associate is as follows:

	Group		
	2011 £000	Restated 2010 £000	Restated 2009 £000
Non current assets	26,939	26,806	27,934
Current assets	15,860	20,509	18,592
Share of total assets	42,799	47,315	46,526
Current liabilities	(12,763)	(18,346)	(18,260)
Non current liabilities	(14,763)	(15,027)	(15,172)
Share of total liabilities	(27,526)	(33,373)	(33,432)
Share of net assets	15,273	13,942	13,094

## 19. Inventories

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Finished goods and goods for resale	2,143	1,705	1,824	1,781

## 20. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade receivables:				
From associate	–	35	–	35
From other parties	1,019	1,664	999	1,664
Total trade receivables	1,019	1,699	999	1,699
Other receivables	1,453	733	1,129	733
Prepayments and accrued income	2,415	1,889	1,810	1,889
Amounts due from subsidiaries	–	–	33,282	–
	4,887	4,321	37,220	4,321

Trade receivables are denominated in sterling, are non interest bearing and are generally on 14-30 days' terms. The above carrying values are shown net of a provision for impairment and equate to fair value.

At 4 April 2011, trade receivables with a nominal value of £1,112,000 (2010: £993,000) were impaired and fully provided for.

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

	2011	2010
	£000	£000
Opening balance	993	667
Charge for period	210	616
Amounts written off	(91)	(290)
	1,112	993

The amounts written off in the period were specific debts which proved irrecoverable.

At 4 April 2011, the analysis of trade receivables that were past due, but not impaired, is as follows:

	Total	Neither past due nor impaired	<31 days	31-60 days	61-90 days	91-120 days	121 days +
	£000	£000	£000	£000	£000	£000	£000
2011	1,019	234	509	171	–	15	90
2010	1,699	609	640	184	33	81	152

Of the trade receivables that are neither past due nor impaired, by value 2.7% (2010: 9.6%) reflect new customers with no previous history of default, 86.1% (2010: 83.9%) represent existing customers with no history of default and 11.2% (2010: 6.5%) represent existing customers with some history of default.

## Notes to the financial statements (continued)

### 21. Non current assets classified as held for sale

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
	-	2,573	-	2,573

No public houses were held for sale in the current period (2010: four). Where necessary, the carrying value of these properties was reduced to fair value less costs to sell.

Movements during the period:

- four properties were sold (2010: two)
- no properties were transferred from property and equipment (2010: three)
- no properties were transferred to property and equipment as sale within one year was no longer highly probable (2010: one).

### 22. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade payables	5,107	2,914	3,385	2,914
Amounts owed to subsidiaries	-	-	565	20
Other related parties:				
Associate	6,662	4,628	6,662	4,628
Ram Brewery Trust General Fund	-	-	295	296
Other tax and social security	4,375	3,524	3,876	3,523
Other creditors	5,462	2,392	3,959	2,367
Accruals and deferred income	4,575	4,237	3,786	4,237
	26,181	17,695	22,528	17,985

All trade payables are payable on demand and the carrying values above equate to fair value.



### 23. 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. 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 27) and equity (note 26).

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 cash flows of the underlying debt. These swaps are designated as cash flow 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
<b>2011</b>	<b>+100</b> <b>-50</b>	<b>(232)</b> <b>116</b>
2010	+100 -50	(272) 136

#### 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 follows 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. The company is not considered to have any exposure to credit risk from amounts due from subsidiaries.

#### Liquidity and cash flow 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.

#### (a) Derivative financial instruments: interest rate swaps

	Group and company	
	<b>2011</b>	2010
	<b>£000</b>	£000
Financial liability – interest rate swaps	<b>(4,008)</b>	(4,290)
Profit on cash flow hedge taken to equity	<b>282</b>	508

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

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

## Notes to the financial statements (continued)

### (b) Loans, borrowing, interest rates and fair values

	Group and company						
	Term	Effective interest rate	Period rate fixed	Fair value 2011 £000	Fair value 2010 £000	Book value 2011 £000	Book value 2010 £000
<b>Secured</b>							
£20 million loan swapped into fixed rate	March 2018	4.58%	7 years	20,672	20,728	19,891	20,000
£30 million loan swapped into fixed rate	March 2023	5.97%	12 years	33,577	33,562	29,837	30,000
£50 million loan swapped into fixed rate	December 2013 to 2015	4.51%	3 to 5 years	49,759	–	49,673	–
£50 million revolving credit facility	December 2015	Variable	None	24,842	13,500	24,842	13,500
				128,850	67,790	124,243	63,500
<b>Unsecured</b>							
Finance leases (restated)						704	707
<b>Financial liabilities</b>						124,947	64,207
Current financial liabilities						(2,672)	(2)
<b>Non current financial liabilities</b>						122,275	64,205

The comparative figures for 2010 have been restated as detailed in note 2.

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

The fair values of borrowings and interest rates derivatives are estimates based on prevailing market rates of interest and expected future cash flows arising from those instruments.

#### Bank overdrafts

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

#### Bank loan

The group has a bilateral £50 million term loan with the Royal Bank of Scotland and a £50 million syndicated facility with the Royal Bank of Scotland and Barclays. The bilateral is repayable as to £20 million on 28 March 2018 and as to £30 million on 28 March 2023. The syndicated loan is repayable in two instalments of £10 million on 15 December 2013 and 15 December 2014 with a final £30 million repayment on 15 December 2015. An interest rate swap has been entered into in respect of all these bank loans which results in the effective interest charge being fixed at the rates disclosed above.

#### Revolving credit facility

The group has a £50 million revolving credit facility with the Royal Bank of Scotland and Barclays of which £25.2 million was drawn at the period end. Final repayment of the total drawn down balance is due as one payment on 15 December 2015. This is a committed facility which permits drawings of different amounts and periods. These drawings carry interest at a margin above LIBOR, with a commitment payment on the undrawn portions. Interest is payable at each renewal date.

### (c) Maturity of the group's financial liabilities and expiry of facilities

	Maturity of financial liabilities				
	2011	Within one year £000	Between one and two years £000	Between two and five years £000	After five years £000
Borrowings		2,754	2,754	79,074	56,575
Trade and other payables		16,344	–	–	–
Derivative financial instruments		3,362	3,362	10,086	14,226
		22,460	6,116	89,160	70,801
					188,537
	Maturity of financial liabilities				
	2010 restated	Within one year £000	Between one and two years £000	Between two and five years £000	After five years £000
Borrowings		2,942	2,975	24,184	69,524
Trade and other payables		11,779	–	–	–
Derivative financial instruments		500	500	1,499	3,645
		15,221	3,475	25,683	73,169
					117,548

The above maturity table includes contractual gross undiscounted cash flows of the borrowings, related interest, net derivatives, finance leases, trade payables and contractual accruals.

**(d) Fair value hierarchy for instruments measured at fair value**

	Group and company			
	Fair value 2011 £000	Level 1 2011 £000	Level 2 2011 £000	Level 3 2011 £000
<b>Financial liabilities at fair value through profit or loss</b>				
Interest rate swaps	(4,008)	–	(4,008)	–
	(4,008)	–	(4,008)	–
	Fair value 2010 £000	Level 1 2010 £000	Level 2 2010 £000	Level 3 2010 £000
<b>Financial liabilities at fair value through profit or loss</b>				
Interest rate swaps	(4,290)	–	(4,290)	–
	(4,290)	–	(4,290)	–

**Level 1**

Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2**

Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly.

Interest rate swaps are accounted for at their fair value based on market prices.

**Level 3**

Fair values measured using inputs for the asset or liability that are not based on observable market data.

**(e) Financial assets**

Financial assets of the group and company are not included in this note because their book value approximates their carrying value.

**24. Deferred tax**

	Group			Company		
	2011 £000	Restated 2010 £000	Restated 2009 £000	2011 £000	Restated 2010 £000	Restated 2009 £000
Accelerated depreciation for tax purposes	1,734	1,672	1,729	1,423	1,672	1,729
Other provisions	(250)	(227)	(53)	(250)	(227)	(53)
Tax losses	(453)	–	–	–	–	–
Fair value gains on acquisition of subsidiaries	8,446	–	–	–	–	–
Rolled over gains and property revaluations	13,832	20,617	20,234	13,832	20,617	20,234
Retirement benefit scheme	(2,405)	(4,145)	(3,289)	(2,405)	(4,145)	(3,289)
Interest rate swap	(1,042)	(1,201)	(1,343)	(1,042)	(1,201)	(1,343)
<b>Net deferred tax liabilities</b>	<b>19,862</b>	<b>16,716</b>	<b>17,278</b>	<b>11,558</b>	<b>16,716</b>	<b>17,278</b>

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 26%. Whilst detailed calculations have not been prepared at this stage, it is estimated that the impact of the remaining annual corporation tax rate reductions from 26% to 23% would be to reduce the value of the group's net deferred tax liabilities at the balance sheet date by approximately £ 2,292,000 and to reduce the value of the company's net deferred tax liabilities by approximately £ 1,334,000.

Note 2 includes an explanation of the restatements that have been made to the group and company's deferred tax balances.

The group has realised capital losses of £3,694,000 (2010: £2,454,000) which are available indefinitely to offset against future capital gains. Deferred tax assets have not been recognised in respect of £1,344,000 (2010: £2,454,000) of these losses because at present it is unclear whether suitable gains will arise in the foreseeable future to utilise these losses. During the period the company recognised and offset deferred tax assets relating to its brought forward realised capital losses of £2,350,000 (2010: £2,454,000) against the rolled over gains and property revaluations deferred tax liabilities.

In addition, the group has unrealised capital losses of £9,978,000, and the company has unrealised capital losses of £5,981,000, which have not been recognised at present because it is uncertain whether these unrealised losses may be utilised.

## Notes to the financial statements (continued)

### 25. Retirement benefit schemes

The company operates one defined benefit pension scheme, namely the Young & Co.'s Brewery, P.L.C. Pension Scheme. During the prior period, the company merged its three previous defined benefits pension schemes, namely the staff scheme, the works scheme and the Ram Brewery Trust Pension Fund into one scheme. This was subsequently renamed the Young & Co.'s Brewery, P.L.C. Pension Scheme.

The group also operates a defined contribution pension scheme and a post retirement health care scheme.

The contribution to the defined contribution scheme was £225,000 (2010: £217,000).

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

An independent qualified actuary has updated the most recent actuarial valuations at 5 April 2008 to take account of the requirements of IAS 19 in order to assess the liabilities of the schemes as at 4 April 2011.

The employer contribution to the defined benefit scheme for the period ended 4 April 2011 was £3,640,000 (2010: £1,651,000) plus premiums of £232,000 (2010: £244,000) to the post retirement health care scheme. The current arrangement as regards to contribution rates is described in the appropriate Schedules of Contributions.

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

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

A settlement gain of £900,000 was recorded in the prior period within the pension scheme in relation to the members who have left the scheme. No such settlement gain arose in the current period.

Future employee contribution rates are projected to be 5% of pensionable earnings. Future employer contribution rates are projected to be 18% of pensionable earnings. The total contributions to the defined benefit scheme in the 2012 financial period are expected to be £1,700,000. The total contributions to the post retirement health care scheme in the 2012 financial period are expected to be £250,000.

The pension scheme assets includes the company's A shares with a fair value of £4,074,000 (2010: £5,656,000). There are no property assets of the scheme occupied by the company.

#### Assumptions

	Pension		Health care	
	2011 %	2010 %	2011 %	2010 %
Rate of increase in salaries	<b>4.60</b>	3.60	<b>N/A</b>	N/A
Discretionary pension increases	<b>3.60</b>	3.60	<b>N/A</b>	N/A
Rate of revaluation of deferred pensions	<b>3.00</b>	3.60	<b>N/A</b>	N/A
Discount rate	<b>5.55</b>	5.55	<b>5.55</b>	5.55
Inflation	<b>3.60</b>	3.60	<b>3.60</b>	3.60
General medical expenses inflation	<b>N/A</b>	N/A	<b>9.00</b>	9.00

#### Mortality assumptions

The life expectancies underlying the valuation are as follows:

	2011 Years	2010 Years
Current pensioners (at age 65) – males	<b>21.9</b>	21.9
Current pensioners (at age 65) – females	<b>24.2</b>	24.1
Future pensioners (at age 65) – males	<b>23.0</b>	23.0
Future pensioners (at age 65) – females	<b>25.1</b>	25.1

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	24	(21)
Effect on defined benefit obligation	413	(357)

**Movement in scheme deficits in the period**

	Group and company					
	Pension scheme £000	2011 Health care scheme £000	Total £000	Pension scheme £000	2010 Health care scheme £000	Total £000
<b>(a) Changes in the present value of the pension schemes are as follows:</b>						
Opening deficit	(9,947)	(4,174)	(14,121)	(7,973)	(3,780)	(11,753)
Current service cost	(999)	(9)	(1,008)	(996)	(7)	(1,003)
Contributions	3,640	232	3,872	1,651	244	1,895
Other finance income/(cost)	662	(225)	437	68	(238)	(170)
Settlement gain	–	–	–	900	–	900
Actuarial gains/(losses)	3,072	156	3,228	(3,597)	(393)	(3,990)
<b>Closing deficit</b>	<b>(3,572)</b>	<b>(4,020)</b>	<b>(7,592)</b>	<b>(9,947)</b>	<b>(4,174)</b>	<b>(14,121)</b>
<b>(b) Recognised in the income statement</b>						
Current service cost	(999)	(9)	(1,008)	(996)	(7)	(1,003)
Settlement gain	–	–	–	900	–	900
<b>Recognised in arriving at operating profit</b>	<b>(999)</b>	<b>(9)</b>	<b>(1,008)</b>	<b>(96)</b>	<b>(7)</b>	<b>(103)</b>
Expected return on pension scheme assets	5,661	–	5,661	4,694	–	4,694
Interest on pension liabilities	(4,999)	(225)	(5,224)	(4,626)	(238)	(4,864)
<b>Other finance income/(charge)</b>	<b>662</b>	<b>(225)</b>	<b>437</b>	<b>68</b>	<b>(238)</b>	<b>(170)</b>
<b>(c) Recognised in statement of comprehensive income</b>						
Actual return less expected return on scheme assets	(262)	–	(262)	13,869	–	13,869
Experience gains/(losses) arising on the scheme liabilities	2,806	156	2,962	(155)	(210)	(365)
Changes in assumptions underlying the scheme liabilities	528	–	528	(17,311)	(183)	(17,494)
<b>Actuarial gains/(losses) recognised</b>	<b>3,072</b>	<b>156</b>	<b>3,228</b>	<b>(3,597)</b>	<b>(393)</b>	<b>(3,990)</b>
<b>(d) Movements in the present value of defined benefit obligations during the period</b>						
Opening defined benefit obligations	91,379	4,174	95,553	73,043	3,780	76,823
Current service cost	999	9	1,008	996	7	1,003
Interest on obligation	4,999	225	5,224	4,626	238	4,864
Contributions by scheme members	145	–	145	142	–	142
Actuarial (gains)/losses on obligations	(3,334)	(156)	(3,490)	17,466	393	17,859
Settlement gain	–	–	–	(900)	–	(900)
Benefits paid	(3,743)	(232)	(3,975)	(3,994)	(244)	(4,238)
<b>Present value of scheme liabilities</b>	<b>90,445</b>	<b>4,020</b>	<b>94,465</b>	<b>91,379</b>	<b>4,174</b>	<b>95,553</b>
<b>(e) Change in fair value of scheme assets</b>						
Opening fair value of scheme assets	81,432	–	81,432	65,070	–	65,070
Expected return on scheme assets	5,661	–	5,661	4,694	–	4,694
Actuarial (losses)/gains on scheme assets	(262)	–	(262)	13,869	–	13,869
Contributions by employer	3,640	232	3,872	1,651	244	1,895
Contributions by scheme members	145	–	145	142	–	142
Benefits paid	(3,743)	(232)	(3,975)	(3,994)	(244)	(4,238)
<b>Fair value of scheme assets</b>	<b>86,873</b>	<b>–</b>	<b>86,873</b>	<b>81,432</b>	<b>–</b>	<b>81,432</b>

## Notes to the financial statements (continued)

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

	Expected rates of return		Assets and liabilities	
	2011 %	2010 %	2011 £000	2010 £000
Equities	8.25	8.25	21,869	20,900
Diversified growth fund	8.25	8.25	18,894	17,173
Corporate bonds	5.75	5.75	31,241	29,496
Insured pensions	5.55	5.55	13,747	15,378
Other	2.00	2.00	1,122	(1,515)
Total fair value of assets			86,873	81,432
Present value of retirement benefit liabilities			(94,465)	(95,553)
Scheme deficit			(7,592)	(14,121)

The long term weighted average rate of return on scheme assets at 4 April 2011 is 6.84% (2010: 6.95%).

### History of experience gains and losses

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of scheme assets	86,873	81,432	65,070	79,261	85,614
Present value of defined benefit obligations	(94,465)	(95,553)	(76,823)	(84,349)	(84,659)
(Deficit)/surplus in the schemes	(7,592)	(14,121)	(11,753)	(5,088)	955
Experience gains/(losses) arising on scheme liabilities	2,962	(365)	5,883	(613)	(48)
Experience (losses)/gains arising on scheme assets	(262)	13,869	(16,973)	(10,413)	1,451

The cumulative amount of actuarial gains and losses recognised since 2 April 2006 in the statement of comprehensive income is a £12,768,000 loss (2010: £15,996,000 loss). The directors are unable to determine how much of the pension scheme deficit of £5,898,000 recognised on transition to IFRS and taken directly to equity is attributable to actuarial gains and losses since inception of those pension scheme. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the statement of comprehensive income before 2 April 2006.

The sensitivities regarding the principal assumptions used to measure the scheme's liabilities are set out below. The illustrations consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption. Changes in market values may also occur at the same time as the changes in assumptions and may or may not offset them.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 8.3%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 7.3%
Life expectations	Increase by 1 year	Increase by 3.1%

## 26. Share capital and reserves

	2011 and 2010 Shares	2011 and 2010 £000
<b>Issued and fully paid shares</b>		
A shares of 12.5p each	29,064,000	3,633
Non voting shares of 12.5p each	19,160,000	2,395
	48,224,000	6,028

The two classes of shares are equal in all respects, except that the non voting shares do not carry the right to receive notices of general meetings or to attend, speak or vote at them.

### Other reserves

Following the transfer of the remaining balance on the share based payment reserve to retained earnings during the period ended 29 March 2010, the credit balance on other reserves of £1,808,000 at 29 March 2010 and 4 April 2011 represents the capital redemption reserve.



**27. Net cash generated from operations and analysis of net debt**

	Group		Company	
	2011 53 weeks £000	Restated 2010 52 weeks £000	2011 53 weeks £000	Restated 2010 52 weeks £000
<b>Profit before tax on continuing operations</b>	<b>15,258</b>	18,376	<b>7,380</b>	17,112
Net finance cost	<b>4,006</b>	2,674	<b>3,597</b>	2,674
Other finance (income)/charge	<b>(437)</b>	170	<b>(437)</b>	170
Share of associate's post tax result	<b>(1,964)</b>	(1,147)	–	–
<b>Operating profit on continuing operations</b>	<b>16,863</b>	20,073	<b>10,540</b>	19,956
Depreciation	<b>10,031</b>	8,699	<b>8,941</b>	8,699
Impairment of property	<b>1,882</b>	–	<b>1,882</b>	–
Profit on sales of properties	<b>(542)</b>	(421)	<b>(542)</b>	(421)
Pension scheme settlement gain	–	(900)	–	(900)
Difference between pension service cost and cash contributions paid	<b>(2,864)</b>	(892)	<b>(2,864)</b>	(892)
Amounts due from subsidiaries waived	–	–	<b>5,643</b>	–
Allocation of shares to employees	–	457	–	457
Provision for capital gains tax on ESOP allocated shares	<b>166</b>	(12)	<b>166</b>	34
Movements in working capital				
Inventories	<b>25</b>	4	<b>(43)</b>	4
Receivables	<b>257</b>	507	<b>(2,002)</b>	507
Payables	<b>3,925</b>	(575)	<b>4,111</b>	(504)
<b>Net cash generated from operations</b>	<b>29,743</b>	26,940	<b>25,832</b>	26,940

	Group		Company	
	2011 £000	Restated 2010 £000	2011 £000	Restated 2010 £000
Cash	<b>2,332</b>	1,575	<b>112</b>	1,575
Loan capital and finance leases	<b>(124,947)</b>	(64,207)	<b>(124,947)</b>	(64,207)
<b>Net debt</b>	<b>(122,615)</b>	(62,632)	<b>(124,835)</b>	(62,632)

The comparative figures for 2010 have been restated as detailed in note 2.

**28. Related party transactions**

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associate are disclosed below.

**Directors**

Directors' emoluments and retirement benefits are disclosed in notes 8(c) and 8(d). Directors' shareholdings and interests are disclosed or referred to on page 16 and in note 8(e).

Rupert Clevely and his wife, Jo Clevely:

1. reside from time to time, free of charge, in accommodation above one of the group's pubs in London. The value of the benefit was £2,870. This benefit is included in the "Benefits" column for Rupert Clevely in note 8(c).
2. are lessees of a property in London from which the group operates one of its pubs. They hold the property on trust for two companies within the group jointly and, as part of that arrangement, those companies have agreed to indemnify Rupert and Jo Clevely in respect of certain liabilities relating to the property and the lease under which it is held.
3. are entitled to be reimbursed for certain liabilities, costs and expenses that may be incurred by them pursuant to or in connection with certain pub related guarantees given by them. The guarantees are not expected to be called on.

Jo Clevely Design Limited, a company owned and controlled by Jo Clevely, has been engaged to provide interior design services for some of the group's pubs. That company has received £34,813 from the group for these services and no amounts were outstanding at 4 April 2011.

## Notes to the financial statements (continued)

Roy Summers, a former non-executive director, retired in July 2008. Following his retirement, Dr Summers agreed to advise on the quality of the company's own-brand beers brewed by Wells & Young's in Bedford, and also to assist with quality monitoring. He received £16,242 (2010: £16,784) from the company for these services, and no amounts were outstanding at 4 April 2011.

In 1959, the Ram Brewery Trust was established. It has two parts, namely:

- the General Fund. This holds assets and makes payments to or for the benefit of employees. It is managed by a corporate trustee, Ram Brewery Trustees Limited, none of the directors of which is a director of the company. As at 4 April 2011, the General Fund held nil A shares (2010: nil); and
- the Pension Fund (now renamed and known as the Young & Co.'s Brewery, P.L.C. Pension Scheme). This provides pensions and other benefits to employees of the group and certain other individuals. It is managed by a corporate trustee, Young's Pension Trustees Limited ("YPTL"). Torquil Sligo-Young, a director of the company, and two other individuals, neither of whom is a director of the company, are the directors of YPTL. As at 4 April 2011, the Young & Co.'s Brewery, P.L.C. Pension Scheme held 726,906 A shares (2010: 706,800), being 2.5% of the class.

In 2008, the Ram Brewery Trust II was established. It holds assets for the benefit of employees and former employees, principally reflecting their accrued entitlement to A shares under the group's now closed profit sharing scheme. The shares are all fully vested and are not therefore disclosed as an investment in own shares in the group's financial statements. The Ram Brewery Trust II is managed by a corporate trustee, RBT II Trustees Limited ("RBT II"). Torquil Sligo-Young, a current director of the company, and Roy Summers, a former non-executive director of the company, are the directors of RBT II. As at 4 April 2011, the trust held 869,412 A shares (2010: 930,560), being 2.99% of the class.

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

### Key management

The group considers key management personnel to be solely the directors of the company, as they are the only people with authority and responsibility for planning, directing and controlling the activities of the group. The compensation provided to the directors is detailed in note 8.

### Associate

The group has a rolling three year agreement to purchase the majority of its drinks for its pub estate from its associate, Wells & Young's, at commercial market prices.

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

	2011 £000	2010 £000
Purchase of beer, wines and spirits for resale by the group	(26,761)	(25,782)
Other charges made to the group	(336)	(345)

All transactions arise in the normal course of business on an arm's length basis.

The outstanding balances between the group and Wells & Young's at the period end can be found in note 22. All balances are expected to be received or settled in cash. None of the balances are secured.

## 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		Company	
	2011 £000	Restated 2010 £000	2011 £000	Restated 2010 £000
Future minimum lease payments due:				
Not later than one year	47	21	47	21
Later than one year and not later than five years	190	217	190	217
Later than five years	2,802	2,849	2,802	2,849
	3,039	3,087	3,039	3,087
Less: finance charges allocated to future years	(2,335)	(2,380)	(2,335)	(2,380)
	704	707	704	707

The comparative figures for 2010 have been restated as detailed in note 2.

	Group		Company	
		Restated		Restated
	2011	2010	2011	2010
	£000	£000	£000	£000
The present value of minimum lease payments is analysed as follows:				
Not later than one year	5	2	5	2
Later than one year and not later than five years	24	23	24	23
Later than five years	675	682	675	682
	<b>704</b>	707	<b>704</b>	707

Future minimum rentals receivable from non cancellable subleases on the above properties as at 4 April 2011 were £432,000 (2010: £547,000).

#### (b) Operating lease agreements where the group is lessee

Operating leases for property are for terms ranging from seven 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:

Not later than one year	5,603	2,349	2,276	2,349
Later than one year and not later than five years	18,508	7,980	8,054	7,980
Later than five years	35,535	21,628	19,304	21,628
	<b>59,646</b>	31,957	<b>29,634</b>	31,957

The comparative figures for 2010 have been restated as detailed in note 2.

Future minimum rentals receivable from non cancellable subleases on the above properties as at 4 April 2011 were £2,134,000 (2010: £2,340,000).

#### (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:

Not later than one year	3,805	3,611	3,805	3,611
Later than one year and not later than five years	5,633	5,331	5,633	5,331
Later than five years	8,337	7,301	8,337	7,301
	<b>17,775</b>	16,243	<b>17,775</b>	16,243

### 30. Post balance sheet events

There were no post balance sheet events.

### 31. Contingent asset

Following the House of Lords ruling in the Condé Nast/Fleming cases removing the three year limit on VAT reclaims, the company has lodged a claim for repayment of VAT on gaming machine receipts on the basis that application of the VAT rules was not consistent and breached fiscal neutrality.

The claim is based on management's best estimates from the information available and the company expects the valuation of the claim to be reviewed by HMRC before settlement. The outcome of the review by HMRC is uncertain.

The group and company have not recognised any revenue from the claim in the financial statements for the period ended 4 April 2011.

### 32. Contingent liabilities

There were no contingent liabilities at the current or prior period balance sheet date.

## Notice of meeting

**If you hold any A shares, this notice is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this notice or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser. If you have sold or otherwise transferred all of your shares, please pass this copy of the annual report, and any proxy form that came with it, to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass it or them to the person who now holds the shares**

If you hold any A shares, you should have received a proxy form for use at the meeting. Guidance notes on how to complete it, and on other matters, are given on the form itself and in the notes to this notice. Whether or not you propose to attend the meeting, please complete and submit the proxy form. It must be received by Computershare Investor Services PLC by 11.30am on Sunday, 10 July 2011. Appointing a proxy does not stop you from attending the meeting and voting. An admission card is attached to the proxy form; please bring this with you to the meeting.

**If you do not hold any A shares, this notice is for information purposes only.**

Notice is hereby given that the 122nd annual general meeting of Young & Co.'s Brewery, P.L.C. (the "Company") will be held in the Civic Suite in Wandsworth Town Hall, Wandsworth High Street, Wandsworth, London SW18 2PU on Tuesday, 12 July 2011 at 11.30am for the following purposes:

### Ordinary resolutions

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Company's annual accounts for the financial year ended 4 April 2011, together with the directors' report and the auditor's report on those accounts and that directors' report.
2. To declare a final dividend of 6.90p per share for the financial year ended 4 April 2011.
3. That Ernst & Young LLP be, and is hereby, re-appointed as the Company's auditor for the financial year starting 5 April 2011.
4. That the directors be, and are hereby, authorised to fix the remuneration of the Company's auditor.
5. That Rupert Clevely be, and is hereby, re-appointed as a director.
6. That the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be, and are hereby, authorised to:
  - (a) make political donations to political parties, not exceeding £50,000 in total;
  - (b) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
  - (c) incur political expenditure, not exceeding £50,000 in total;
 in each case at any time during the period starting with the date this resolution is passed and ending at the end of next year's annual general meeting (or, if earlier, at the close of business on 30 September 2012) but the aggregate amount of political donations and political expenditure that may be made and incurred by the Company and its subsidiaries pursuant to this authority must not exceed £50,000.

*Note: for the purposes of this resolution, "political donation" has the meaning given in section 364 of the Companies Act 2006, "political expenditure" has the meaning given in section 365 of the Companies Act 2006 and reference to a "political party" or to a "political organisation" is to a party or to an organisation to which Part 14 of the Companies Act 2006 applies.*

7. That the directors be, and are hereby, authorised to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
  - (a) up to a nominal amount of £2,009,333 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and
  - (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £4,018,666 (such amount to be reduced by the nominal amount allotted or granted under paragraph (a) above) in connection with an offer by way of a rights issue:
    - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,
 such authorities to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 30 September 2012) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for, or to convert securities into, shares to be granted after the authority ends and the directors may allot shares or grant rights to subscribe for, or to convert securities into, shares under any such offer or agreement as if the authority had not ended.

**Special resolutions**

To consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions:

8. That if resolution 7 is passed, the directors be, and are hereby, given power to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authorities given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:
- (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 7, by way of a rights issue only):
    - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
  - (b) in the case of the authority granted under paragraph (a) of resolution 7 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of £301,400,
- such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 30 September 2012) but during this period the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.
9. That the Company be, and is hereby, authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 12.5p each ("Ordinary Shares"), such power to be limited:
- (a) to a maximum number of 4,822,400 Ordinary Shares (which may be all A shares, all non-voting shares or a mix); and
  - (b) by the condition that, in each case exclusive of expenses, the minimum price which may be paid for an Ordinary Share is the nominal amount of that share and the maximum price which may be paid for an Ordinary Share is an amount equal to five per cent. above the average of the middle market quotations for that share as derived from the AIM appendix to the London Stock Exchange's Daily Official List for the five business days immediately preceding the day on which that share is contracted to be purchased;
- such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 30 September 2012) but during this period the Company may enter into a contract to purchase Ordinary Shares which would, or might, be executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended.

By order of the board

**Anthony Schroeder**  
Company Secretary  
25 May 2011

Young & Co.'s Brewery, P.L.C.  
Registered office:  
Riverside House,  
26 Osiers Road,  
Wandsworth,  
London SW18 1NH

## Notice of meeting (continued)

### Notes

#### Entitlement to attend, speak and vote at the meeting

To be entitled to attend, speak and vote at the meeting (and for the purpose of determining the number of votes you may cast), your name must be entered in that part of the register of members relating to holders of A shares at 7.00am on Monday, 11 July 2011 (or, in the event of any adjournment, at 7.00am on the day before the day of the adjourned meeting).

#### What you need to bring

If you come to the meeting, please bring with you the admission card attached to the proxy form.

#### Appointment of proxies

If you hold any A shares, you may appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the meeting. You can do this by completing the proxy form which came with this document. If you did not receive a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars. To be valid, your proxy form must be received by the Company's registrars no later than 11.30am on Sunday, 10 July 2011.

#### Who to appoint as a proxy

A proxy does not have to be a member of the Company but must attend the meeting for your vote to be counted and to otherwise represent you. Your proxy could be the chairman of the meeting, a director of the Company or someone you know personally who has agreed to attend and represent you. If you appoint a proxy, you may still attend the meeting.

#### Multiple proxies

You may appoint more than one proxy in relation to the meeting provided each proxy is appointed to exercise the rights attached to a different A share or different A shares held by you. A space has been included in the proxy form to allow you to specify the number of A shares in respect of which that proxy is appointed. If you return the proxy form duly executed but leave this space blank, you will be deemed to have appointed the proxy in respect of all of your holding of A shares. If you wish to appoint more than one proxy in respect of your A shares, you should contact the Company for further proxy forms or photocopy the form as required; you should also read the notes on the proxy form relating to the appointment of multiple proxies.

The following principles apply in relation to the appointment of multiple proxies:

- (a) The Company will give effect to your intentions and include votes wherever and to the fullest extent possible.
- (b) Where a proxy does not state the number of A shares to which it applies (a "blank proxy") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of A shares registered in your name ("your entire holding"). If there is a conflict between a blank proxy and a proxy which does state the number of A shares to which it applies (a "specific proxy"), the specific proxy will be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different A shares) and remaining A shares will be apportioned to the blank proxy (pro rata if there is more than one).
- (c) Where there is more than one proxy appointed and the total number of A shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different A shares, rather than that conflicting appointments have been made in relation to the same A shares; that is, there is only assumed to be a conflict where the aggregate number of A shares in respect of which proxies have been appointed exceeds your entire holding.
- (d) When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time to minimise the number of conflicting proxies.
- (e) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them will be treated as valid.
- (f) Where the aggregate number of A shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the Company's registrars or the Company will take steps to try to clarify the situation with you should time permit. If this is not possible, none of your proxies will be treated as valid.
- (g) If you appoint a proxy or proxies and then decide to attend the meeting in person and vote in person, then the vote in person will override any proxy vote. If the vote in person is on a poll and is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting on a poll in respect of less than your entire holding, then if you indicate on your poll card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.



- (h) In relation to paragraph (g), if you do not specifically revoke proxies, it will not be possible for the Company to determine the intentions of you in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.

#### Changing proxy instructions

To change your proxy instructions, you need to submit a new proxy appointment – further copies can be obtained from the Company. However, in doing so, you should be aware of the principles that apply to multiple proxies – see the note headed *Multiple proxies*. If you are in any doubt as to what to do where you wish to change your proxy instruction, please contact the Company's registrars or your stockbroker, solicitor, accountant or other professional adviser.

#### Termination of proxy appointments

If you wish to revoke your proxy instruction, you must send to the Company's registrars a signed hard copy notice clearly stating your intention to revoke your proxy appointment. If you are a corporation, the revocation notice must be executed under your common seal or signed on your behalf by an officer of you or an attorney for you. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars before the start of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject as follows, your proxy appointment will remain valid. Appointing a proxy does not stop you from attending the meeting and voting. If you appoint a proxy and attend the meeting, your proxy appointment will automatically be terminated.

#### Multiple corporate representatives

If you are a corporation, you may appoint one or more corporate representatives who may exercise on your behalf all your powers as a member provided they do not do so in relation to the same A shares.

#### Name and address of the Company's registrars

The Company's registrars are Computershare Investor Services PLC. They can be contacted at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

#### Display documents

The following will be available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until 10.00am on the day of the meeting:

- copies of the executive directors' service contracts; and
- copies of the memoranda or letters of appointment of the non-executive directors.

After 10.00am on the day of the meeting, these documents will be available for inspection in the Civic Suite in Wandsworth Town Hall, Wandsworth High Street, Wandsworth, London SW18 2PU until the end of the meeting.

#### Communication

Any address or number used for the purpose of sending or receiving documents or information by electronic means that is referred to in the Company's annual report 2011 or any proxy form for the Company's 122nd annual general meeting may not be used to communicate with the Company for any purpose other than any expressly stated.

## Explanatory notes to the notice of meeting

**Notice of the 122nd annual general meeting of Young & Co.'s Brewery, P.L.C. (the "Company") to be held on Tuesday, 12 July 2011 is set out on pages 56 to 59. The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole; accordingly, the Company's board of directors will be voting in favour of them and unanimously recommends that all A shareholders do so as well.**

**Resolutions 1 to 7 are ordinary resolutions; this means that for each of those resolutions to be passed, more than half of the votes cast must be in favour.**

Resolution 1: annual accounts and reports

The directors have to lay copies of the Company's annual accounts, the directors' report and the auditors' report on those accounts and that directors' report before you at a general meeting; this is a legal requirement.

Resolution 2: final dividend

An interim dividend of 6.36p per share was paid in December 2010. The directors are recommending a final dividend of 6.90p per share for the year ended 4 April 2011, bringing the total dividend for the year to 13.26p per share. Subject to approval being given, the final dividend is expected to be paid on 14 July 2011 to shareholders on the register at the close of business on 10 June 2011.

Resolution 3: re-appointment of auditor

An auditor is required to be appointed for each financial year of the Company. Ernst & Young LLP, the Company's current auditor, has agreed to serve for the current financial year and its re-appointment is therefore being proposed.

Resolution 4: auditor's remuneration

In accordance with normal practice, the directors are asking for your authority to determine the auditor's remuneration.

Resolution 5: re-appointment of a director

Rupert Clevely will be retiring automatically from the office of director at the meeting; this is because he was appointed by the board since the last annual general meeting. He is seeking re-appointment and his brief biographical details are on page 11.

Resolution 6: political donations etc.

This resolution seeks renewal of the existing authority for the Company and its subsidiaries to make or incur certain political donations and political expenditure. Although there is no intention to make or incur such donations or expenditure, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited and supporting certain bodies involved in policy review and law reform. The authority given by this resolution will be capped at £50,000 in total.

Resolution 7: general power to allot

This resolution effectively seeks renewal of the directors' existing authority to allot shares and grant rights. Paragraph (a) of this resolution would give the directors the authority to allot shares or grant rights to subscribe for, or to convert any securities into, shares up to an aggregate nominal amount equal to £2,009,333 – this amount represents approximately one-third of the Company's issued share capital as at 24 May 2011 (but would be reduced by the nominal amount of any shares allotted or rights granted under paragraph (b) of this resolution in excess of £2,009,333). In line with guidance issued by the Association of British Insurers, paragraph (b) of this resolution would give the directors authority to allot shares or grant rights to subscribe for, or to convert any securities into, shares in connection with a rights issue in favour of shareholders up to an aggregate nominal amount equal to £4,018,666, as reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution – this amount (before any reduction) represents approximately two-thirds of the Company's issued share capital as at 24 May 2011. Therefore the maximum nominal amount of shares and rights that may be allotted or granted under this resolution is £4,018,666. The authorities sought under paragraphs (a) and (b) of this resolution will expire at the end of next year's annual general meeting (or, if earlier, the close of business on 30 September 2012). The directors have no present intention to exercise either of the authorities sought under this resolution. As at the date of the notice, no shares are held by the Company in treasury.

**Resolutions 8 and 9 are special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.**

Resolution 8: general power to disapply

This resolution effectively seeks renewal of the directors' existing power to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This authority would be, similar to previous years, limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the directors otherwise consider necessary, or otherwise up to an aggregate nominal amount of £301,400. This aggregate nominal amount represents five per cent. of the Company's issued share capital as at 24 May 2011. The power sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, the close of business on 30 September 2012).

Resolution 9: authority to undertake market purchases of own shares

This resolution effectively seeks renewal of the Company's existing authority to make market purchases of not more than 4,822,400 of its shares, being no more than ten per cent. of its issued share capital as at 24 May 2011. The authority sought under this resolution will expire at the end of next year's annual general meeting (or, if earlier, the close of business on 30 September 2012). The directors have no present intention of exercising the authority to make market purchases, however the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to be earnings enhancing. Any shares purchased pursuant to this authority will be held in treasury or be cancelled. The minimum price, exclusive of expenses, which may be paid for a share is its nominal value. The maximum price, exclusive of expenses, which may be paid for a share is an amount equal to 105% of the average of the middle market quotations for that share for the five business days immediately preceding the date of the purchase. No warrants or options to subscribe for share capital are outstanding.

## Five year review

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
<b>Revenue</b>	<b>142,597</b>	127,539	126,091	122,124	114,602
<b>Operating profit before exceptional items</b>	<b>21,746</b>	20,307	20,546	20,858	15,388
Share of associate's post tax results	<b>1,964</b>	1,147	(2,533)	(1,322)	104
Operating exceptional items and discount of site proceeds	<b>(4,883)</b>	(234)	(10,519)	2,889	(3,314)
Debenture redemption	–	–	–	(6,817)	–
Net finance costs and other finance (charge)/income	<b>(3,569)</b>	(2,844)	(3,281)	(3,988)	(3,453)
<b>Profit before tax</b>	<b>15,258</b>	18,376	4,213	11,620	8,725
Taxation	<b>2,555</b>	(5,858)	(2,988)	(4,023)	(3,919)
<b>Profit from continuing operations</b>	<b>17,813</b>	12,518	1,225	7,597	4,806
<b>Profit from discontinued operation</b>	<b>–</b>	–	849	3,105	34,717
<b>Profit for the period</b>	<b>17,813</b>	12,518	2,074	10,702	39,523
<b>Adjusted profit before tax</b>	<b>20,819</b>	19,423	19,157	18,588	12,018
<b>Net assets employed</b>					
Non current assets	<b>356,503</b>	277,506	276,992	277,631	252,935
Current assets and assets held for sale	<b>9,362</b>	10,174	8,760	10,461	74,406
Current liabilities	<b>(30,611)</b>	(19,734)	(20,505)	(30,543)	(81,568)
Non current liabilities	<b>(153,737)</b>	(99,332)	(101,036)	(81,278)	(73,364)
	<b>181,517</b>	168,614	164,211	176,271	172,409
<b>Financed by</b>					
Equity share capital	<b>6,028</b>	6,028	6,028	6,028	6,028
Reserves	<b>175,504</b>	162,586	158,183	170,243	166,381
Non controlling interest	<b>(15)</b>	–	–	–	–
	<b>181,517</b>	168,614	164,211	176,271	172,409
<b>Purchase of fixed assets and investment in associate and business combinations</b>	<b>78,614</b>	10,819	24,487	38,055	56,755
<b>Net debt</b>	<b>(122,615)</b>	(62,632)	(65,690)	(49,967)	(101,481)
<b>Per 12.5p ordinary share</b>					
Adjusted basic and diluted earnings	<b>32.65p</b>	28.71p	27.77p	26.28p	17.49p
Basic and diluted earnings	<b>36.97p</b>	26.00p	2.55p	16.04p	10.35p
Dividends – paid in period	<b>13.12p</b>	12.87p	12.62p	10.84p	7.73p
<b>Gearing</b>	<b>67.6%</b>	37.1%	40.0%	28.3%	58.9%
<b>Average number of employees</b>	<b>2,335</b>	2,059	2,084	2,261	2,281

The figures for 2010 and 2009, but not earlier periods, have been restated in respect of deferred tax relating to the group's investment in its associate, Wells & Young's Brewing Company Limited, a deferred tax liability relating to capital allowances, and the adoption of amendments to IAS 17 Leases. These adjustments are detailed in note 2.

The figures for 2008, but not earlier periods, have been restated for the release of deferred tax liabilities on the impairment of property and brands and for the adjustment to the deferred tax liability on industrial buildings allowances.

The comparatives have been restated to reflect the four for one share split in 2008.

## 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

Rupert Clevely  
Managing Director Geronimo Inns

Nicholas Bryan, B.A., F.C.A.  
Non-executive Senior Independent Director

Roger Lambert, M.A.  
Non-executive

David Page  
Non-executive

**Company Secretary**  
Anthony Schroeder

### Audit committee

Nicholas Bryan (Chairman)  
Roger Lambert  
David Page

### Remuneration committee

Nicholas Bryan (Chairman)  
Roger Lambert  
David Page

### Auditor

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

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

### Nominated adviser and stockbroker

J.P. Morgan Securities Limited  
10 Aldermanbury  
London EC2V 7RF

### Solicitors

Slaughter and May  
One Bunhill Row  
London EC1Y 8YY

Wragge & Co  
55 Colmore Row  
Birmingham  
B3 2AS

## 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  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ

You can also contact Computershare  
by telephone: 0870 707 1420

Registrar's investor centre  
Shareholders can manage their  
Young's shareholding online at:  
[www.investorcentre.co.uk](http://www.investorcentre.co.uk)

### Share dealing service

J.P. Morgan Cazenove  
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  
Young's please visit  
[www.youngs.co.uk](http://www.youngs.co.uk)

### Proposed financial diary 2011

8 June 2011  
Ex-dividend date for final dividend  
  
10 June 2011  
Record date for final dividend  
  
12 July 2011  
Annual general meeting  
  
14 July 2011  
Payment of final dividend  
  
24 November 2011  
Interim results announcement  
  
30 December 2011  
Ex-dividend date for interim dividend  
  
2 December 2011  
Record date for interim dividend  
  
16 December 2011  
Payment of interim dividend

## Young's pubs and hotels

### Key

Young's managed house unless marked

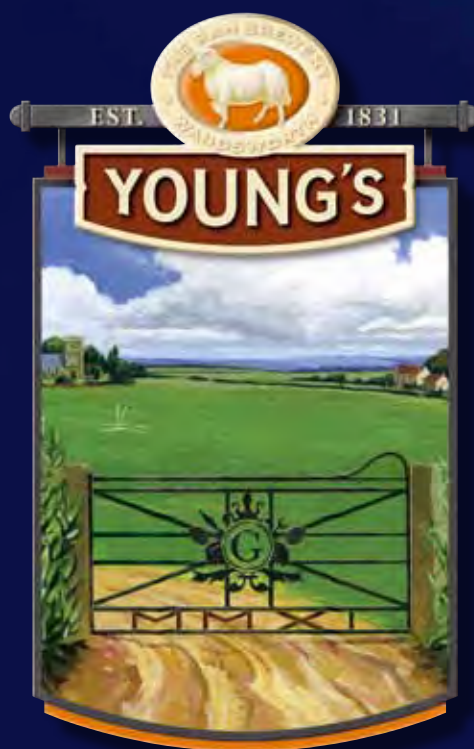
Tenanted pub **T**  
Geronimo pub **G**  
Hotel **H**

<b>Balham</b> Devonshire Grove Nightingale		<b>Bromley</b> Two Doves <b>T</b>	<b>Clapton</b> Princess of Wales <b>T</b>	<b>Farnborough</b> Rose & Crown
<b>Barnes</b> Bull's Head <b>T</b> Coach & Horses White Hart <b>T</b>		<b>Burnham-on-Sea</b> Dunstan House Inn <b>H</b>	<b>Claygate</b> Foley Arms	<b>Fetcham</b> Bell
<b>Barnet</b> Lord Nelson <b>T</b>		<b>Camberwell</b> Grand Union <b>T</b>	<b>Clerkenwell</b> Sekforde Arms <b>T</b>	<b>Fitzrovia</b> Adam & Eve <b>G</b> One Tun
<b>Battersea</b> Castle <b>T</b> Duke of Cambridge Northcote <b>G</b> Prince Albert <b>G</b>		<b>Camden</b> Spread Eagle	<b>Congresbury</b> Old Inn <b>T</b>	<b>Fulham</b> Cock & Hen Duke on the Green George
<b>Bayswater</b> Mitre		<b>Carshalton</b> Greyhound <b>H</b>	<b>Covent Garden</b> Marquess of Anglesey	<b>Greenford</b> Bridge Hotel <b>H</b>
<b>Beddington</b> Plough		<b>Cassington</b> Chequers <b>T</b>	<b>Croydon</b> Dog & Bull Tamworth Arms <b>T</b>	<b>Greenwich</b> Richard the First
<b>Betchworth</b> Dolphin		<b>Castle Cary</b> Horse Pond <b>T</b>	<b>Dartford</b> Court House Malt Shovel <b>T</b>	<b>Hammersmith</b> Brook Green Hotel <b>H</b> Hammersmith Ram Old Ship Thatched House
<b>Blindley Heath</b> Red Barn <b>G</b>		<b>Catford</b> Catford Ram <b>T</b>	<b>Dorking</b> Falkland Arms <b>T</b> Old House at Home <b>T</b>	<b>Hampstead</b> Flask Roebuck
<b>Bloomsbury</b> Calthorpe Arms <b>T</b> Lamb		<b>Chelmsford</b> Riverside Inn <b>H</b> O'Connor's <b>T</b>	<b>Dulwich</b> Dulwich Wood House	<b>Harlesden</b> Grand Junction Arms <b>T</b>
<b>Bognor Regis</b> Waverley		<b>Chelsea</b> Builder's Arms <b>G</b> Chelsea Ram <b>T</b> Cooper's Arms Hollywood Arms King's Arms Phoenix <b>G</b> Surprise <b>G</b> Waterside	<b>Ealing</b> Grange	<b>Heathrow Airport</b> Five Tuns <b>G</b> Three Bells <b>G</b> Tin Goose <b>G</b>
<b>Borough</b> Bunch of Grapes		<b>Chertsey</b> Crown Hotel <b>H</b>	<b>East Grinstead</b> Ship <b>T</b>	<b>Hendon</b> Beaufort Greyhound <b>T</b>
<b>Bow</b> Coborn Arms Crown <b>G</b>		<b>Chichester</b> Crown & Anchor	<b>East Sheen</b> Hare & Hounds	<b>Hindon</b> Lamb Inn <b>T</b>
<b>Bradford-on-Avon</b> Bunch of Grapes <b>T</b>		<b>Chislehurst</b> Bull's Head Hotel <b>H</b>	<b>Effingham</b> Plough <b>T</b>	<b>Isleworth</b> Castle <b>T</b> Coach & Horses
<b>Brighton</b> Seven Stars		<b>City of London</b> Albion Boisdales <b>T</b> City Retreat <b>T</b> Dirty Dick's Elephant Lamb Tavern Master Gunner Paternoster Three Lords <b>T</b> White Horse <b>G</b>	<b>Emsworth</b> Sussex Brewery <b>T</b>	<b>Islington</b> Castle <b>G</b> Duchess of Kent <b>G</b> Marquess Tavern <b>T</b>
<b>Bristol</b> Bristol Ram <b>T</b> Highbury Vaults Horts Rope Walk <b>T</b>		<b>Clapham Common</b> Windmill on the Common	<b>Epsom</b> King's Arms <b>T</b> Rising Sun <b>T</b>	<b>Kensington</b> Britannia Britannia Tap <b>T</b> Curtains Up <b>G</b> Duke of Clarence <b>G</b>
<b>Brixton</b> Grand Union <b>T</b>			<b>Esher</b> Bear Inn <b>H</b>	<b>Kentish Town</b> Lion and Unicorn <b>G</b>
<b>Broadway, Nr Ilminster</b> Bell Inn <b>T</b>			<b>Euston</b> Square Tavern <b>T</b>	
			<b>Exeter</b> City Gate Double Locks <b>H</b>	
			<b>Exmouth</b> Grove	



## Young's pubs and hotels

<b>Kew</b> Coach & Horses	H	<b>Oxshott</b> Bear		<b>Sidmouth</b> Swan	T	<b>Vauxhall</b> Riverside	
<b>Keynsham</b> Lock Keeper		<b>Paddington</b> Porchester		<b>Somerton</b> Unicorn	T	<b>Wallington</b> Duke's Head	H
<b>Kilburn</b> Queen's Arms	T	<b>Peckham Rye</b> Clock House		<b>Southampton</b> Mavericks	T	<b>Walton-on-Thames</b> Royal George Swan	T
<b>Kingston</b> Albert Arms Bishop out of Residence Grey Horse Spring Grove	T	<b>Pimlico</b> Fox & Hounds Rising Sun	T T	<b>Southwark</b> Founders' Arms Mulberry Bush Prince William Henry	T	<b>Walton-on-the-Hill</b> Chequers	
<b>Lambeth</b> Plough Surprise	T T	<b>Primrose Hill</b> Queens		<b>Staines</b> Bells	T	<b>Wandsworth</b> Alma Armoury Brewers Inn County Arms East Hill Gardeners' Arms Grand Union Grapes Old Sergeant Pig & Whistle Queen Adelaide Ship Spread Eagle Waterfront	H T H  G T T T T
<b>Leatherhead</b> Penny Black		<b>Putney</b> Boathouse Coat and Badge Duke's Head Green Man Half Moon Spotted Horse	G   T	<b>Stepney</b> Queen's Head	T		
<b>Lee</b> Crown		<b>Radlett</b> Red Lion Hotel	H	<b>Stockwell</b> Fentiman Arms Trinity Arms	G		
<b>Plumpton Green</b> Fountain Inn	T	<b>Redhill</b> Home Cottage William IV	T	<b>Stonebridge</b> Royal Oak	T		
<b>Lingfield</b> Greyhound	T	<b>Richmond</b> Lass O'Richmond Hill Marlborough Mitre Old Ship Orange Tree Red Cow Shaftesbury Arms Waterman's Arms White Cross	   T  T T T	<b>Streatham</b> Pied Bull		<b>Westminster</b> Buckingham Arms Clarence Morpeth Arms Phoenix Royal Oak	 G  G T
<b>Littleton-on-Severn</b> White Hart				<b>Surbiton</b> Black Lion Victoria Waggon & Horses	T  T	<b>Weybridge</b> Hand & Spear	
<b>Maida Vale</b> Prince Alfred				<b>Sutton</b> Lord Nelson New Town Robin Hood	T T T	<b>Wimbledon</b> Alexandra Bayee Village Crooked Billet Dog & Fox Fire Stables Hand in Hand Rose & Crown	   T  H
<b>Marylebone</b> Wargrave Arms	T	<b>Roehampton</b> Angel	T	<b>Sydenham</b> Bricklayers' Arms	T		
<b>Mayfair</b> Guinea Windmill		<b>Rotherhithe</b> Ship	T	<b>Teddington</b> Abercorn Arms Queen Dowager	T T		
<b>Merton</b> Prince of Wales	T	<b>St Pancras Station</b> Betjeman Arms	G	<b>Thornton Heath</b> Lord Napier Railway Telegraph	T T	<b>Winchmore Hill</b> Kings Head	G
<b>Mitcham</b> King's Arms	T	<b>Shaftesbury</b> Mitre		<b>Tooting</b> Castle Gorringe Park Prince of Wales	 T T	<b>Witley</b> White Hart	T
<b>Mortlake</b> Charlie Butler Jolly Gardeners	T T	<b>Shepherd's Bush</b> Bull (Westfields) Eagle Stinging Nettle	G G	<b>Tufnell Park</b> Lord Palmerston	G	<b>Woolwich</b> Dial Arch	
<b>Norwood</b> Hope Railway Bell	T T	<b>Sherfield-on-Loddon</b> White Hart		<b>Twickenham</b> Alexander Pope Marble Hill Old Anchor	H T T	<b>Wroughton</b> Plough Inn	T
<b>Notting Hill</b> Duke of Wellington Elgin	G	<b>Sherston</b> Rattlebone	T				
<b>Oxford</b> Angel & Greyhound King's Arms							



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