

Financial calendar

Annual General Meeting	6 November 1997
Final dividend for 1997	11 November 1997
Interim report for 1998	March 1998
Interim dividend for 1998	May 1998
Year end	2 August 1998
Preliminary announcement for 1998	September 1998
Report and accounts for 1998	September 1998

Contents

Chairman's statement	3
Finance Director's report	8
Directors, officers and advisers	11
Public houses nationwide	13
Directors' report	14
Report of the Remuneration Committee	17
Report of the auditors	18
Profit and loss account	19
Statement of total recognised gains and losses	19
Cash flow statement	20
Balance sheet	21
Notes to the financial statements	22
Financial record	33
Information for shareholders	34
Public Houses directory	35





J D Wetherspoon plc develops, owns and manages pubs, and aims to have them in strategic positions throughout the UK. They are excellently maintained, and the Company's priorities are to provide its customers with a clean, safe and attractive environment in which to enjoy good value, high quality food and drink served by friendly and well trained staff.

Highlights of the year

Turnover up 39% to £139.4m

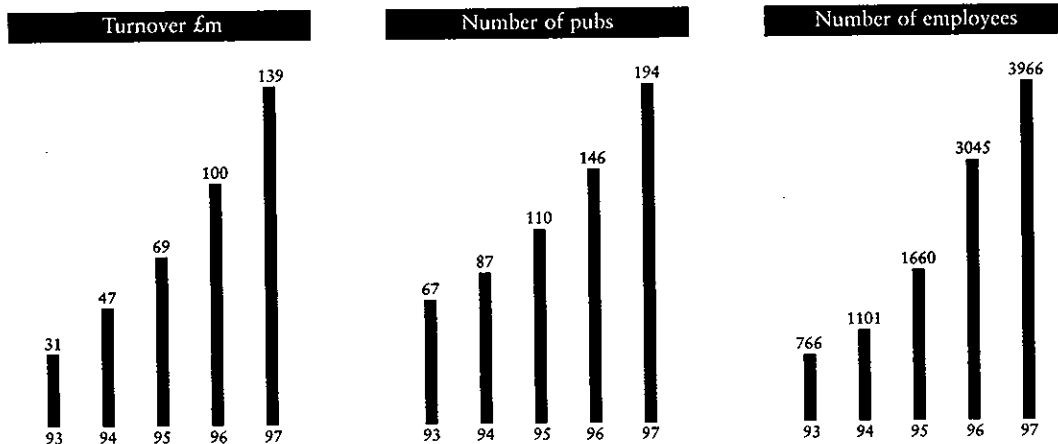
Profits before tax up 34% to £17.6m

Earnings per share up 29% to 43.3p

48 new pubs opened

Capital investment of £69.1m

Creation of a further 921 jobs





The Opera House, Tunbridge Wells

Restored to its former glory, after recent times as a bingo hall, the Opera House has a stunning theatrical interior, which has earned the praise of local residents in winning a Civic Society Conservation Award for the sympathetic conversion.

Sitting on the stage in the spotlight are managers Chris Haigh and Angela Postle, with two members of their team Donna Porritt and Ian Anderson behind.

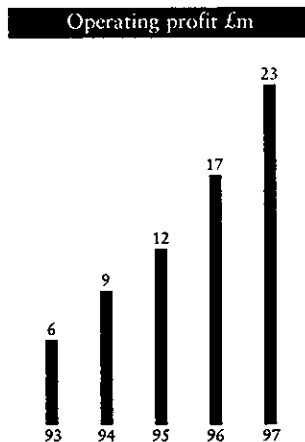
Chairman's statement

Results

I am pleased to report a further year of strong progress for Wetherspoon. Sales increased by 39% to £139.4 million. Profit before tax was up 34% to £17.6 million and earnings per share rose by 29% to 43.3p.

Capital investment for the year was £69.1 million and net gearing at the year end was 71%. Interest was covered 4.3 times by operating profits. Operating margins before depreciation, interest and tax were 22.5%, the same as last year, a combination of a planned increase in labour costs at our pubs offset by lower head office costs.

The Company's free cash flow, after capital investment of £4.2 million in existing pubs, and payments of tax, interest and dividends improved by 33% to £25.4 million, resulting in cash flow per share of 65.5p before investment in new pubs and loan repayments.



Dividends

The Board proposes, subject to shareholders' consent, to pay a final dividend of 6.6p net, bringing the total dividend for the year to 10.0p, an 11% increase on the previous year. At this level, the dividend will be covered 4.3 times compared to 3.7 times in 1996. A scrip alternative will again be offered to shareholders.

Loan Agreement

The Company has agreed, in principle, new term loan facilities providing further funding of £100 million in addition to our existing undrawn facilities at the year end of approximately £29 million. These funds, combined with our strong cashflow and good interest cover, mean that we are well positioned to finance future growth.

Further Progress

We opened 48 pubs during the year, compared with 36 in the previous year, bringing the total number to 194. 14 of the new openings occurred in July, a record for the Company. 88 of the pubs open at the year end were outside the London area, and they now account for over 50% of our sales, a proportion which will continue to grow as we expand. An encouraging feature of the year was the strong performance

of our new pubs in small and medium sized towns as well as those opened in larger conurbations such as Glasgow, Sunderland, Reading and Taunton.

Our existing pubs performed well, with like-for-like sales increasing by 3.6%, helped by a particularly strong performance in food in the second half.

The Company continues to review and upgrade all areas of the business. For example, a successful new menu was introduced last spring, our wine range was upgraded with promising results and we continue to increase our range of micro-brewery beers.

The Board

I am pleased to announce a number of Board appointments, which have been made to reflect the increasing size and geographical coverage of the Company. John Hutson, previously Operations Director, becomes Managing Director. Mark Davies, who has been a General Manager responsible for a large number of pubs, becomes Operations Director. Suzanne Baker, responsible for Catering and Marketing, and Rosalyn Schofield, head of our legal department and Company Secretary, are also appointed to the Board. The new Board members have all worked for the Company for over five years and their experience of the business will be of great benefit. As announced in May, John Herring has also joined the Board in the year as a non-executive Director following the retirement of Ray Martin at our last Annual General Meeting. John is a Chartered Accountant and until recently was a director of Kleinwort Benson Securities Limited. He is now Managing Director of G de Z Capital Limited, a venture capital organisation.

People

The developments in the last year reflect great efforts from everyone working for and with J D Wetherspoon, suppliers as well as employees. I sincerely thank them all for their dedication and hard work.

Future success depends, above all, on high standards of training and communication combined with strong incentives. In the last year, we have greatly increased the number of employees covered by the Company's share option schemes, so that over 2,000 people now



The Moon Under Water,
Charing Cross Road, London

This site started as a pub in 1759, changing to a cinema in the early part of this century, at one stage complete with full orchestra and pipe organ. It remained much the same until finishing up recently as the famous Marquee Club, hosting top rock bands. Its avant garde design reflects the golden age of cinema architecture of the 1930's. Pictured here are managers Tadgh and Jane O'Shea sitting comfortably.

benefit. We have also implemented improvements to the bonus schemes for all employees. We have reviewed our training and communications programmes and are doubling our investment in these areas in the current year.

Share split

In view of the performance of our share price since flotation 5 years ago, the Board has decided, subject to shareholders' consent, to effect a five for one share split following the Company's Annual General Meeting in November. A separate circular will be sent to shareholders outlining this proposal in more detail.

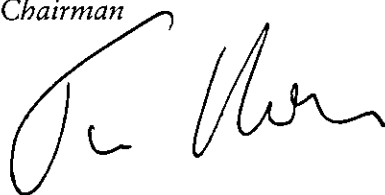
Prospects

Like-for-like sales in August increased by 7%, in line with the levels achieved in the last few months of the year under review and reflecting, we believe, the benefits of a number of management and marketing initiatives. Newly opened pubs have also continued to show encouraging levels of trade. The Company now has licensing permission for 37 new pubs, 16 of which are currently in the course of construction, and we have agreed terms in addition for approximately 120 sites.

As a result of the dedicated efforts of our team, the current sales performance and the promising number of new sites in the pipeline, I remain confident of our future prospects.

Tim Martin

Chairman

A handwritten signature in black ink, appearing to read 'Tim Martin', written in a cursive style.

4 September 1997



The Commercial Rooms, Bristol

The winner of the 1996 English Heritage Conservation and Conversion to Pub Award. Designed in the Greek Revival Style in 1809 by 21 year old Charles Augustus Busby, who intended to rival Lloyds Coffee House in London. Gentleman coffee merchants met here to discuss business and take part in auctions for the thriving Bristol coffee trade. In its new guise former members would not find it much changed. Still preserved are gaslights and the list of past presidents. Featured here, in the middle of the picture, are managers Andy and Heather Harvey with their shift managers Victoria and Andrew Hendery.

Finance Director's report

for the year ended 31 July 1997

Shareholder returns

Earnings per share increased from 33.6p in 1996 to 43.3p, a rise of 29%. The Board has proposed a final dividend of 6.6p giving a total for the year of 10.0p, an increase of 11%. Dividend cover increased to 4.3 times, reflecting the Company's wish to preserve cash for future expansion, and this was aided in the year by a scrip dividend take-up of 28%.

Cash flow and investments

The Company's cash flow from operations but before financing costs, tax and investments in existing pubs, continued to strengthen, and at £38.6 million for the year represented 168% of operating profit. The strength of this ratio underlined the cash generative nature of the business. After payments to providers of debt and equity finance, by way of interest and dividends, of tax, by way of advanced corporation tax on dividends and investment in the ongoing refurbishment and enhancement of existing pubs, the Company generated free cash flow of £25.4 million, an increase of 33% on the previous year.

As shown in the cash flow statement the Company's cash investment in new pubs and extensions to existing properties in the year totalled £63.0 million, an increase of £17.6 million on 1996 which reflects the higher rate of pub openings in the year, up from 36 to 48. The proportion of new pub investment funded from free cash flow was 40%, compared with 42% in the prior year and 31% in 1995. The balance of this investment was funded through further external financing.

Average depreciation per pub was £51,000, compared with average capital investment for refurbishment and improvements, including major refurbishments, of £26,000.

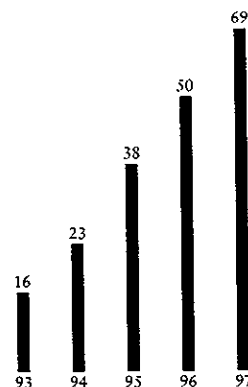
Liquidity and funding

At 1 August 1996, net borrowings amounted to £52.0 million, and rose by £36.6 million during the year to close at £88.6 million.

With the increased level of capital investment, net gearing rose from 48% to 71%, with shareholders' funds at year end of £124.7 million. Interest payable, net of interest receivable, was £5.4 million, an increase of 38% on 1996, reflecting the use of debt in the funding of new pubs.

Subsequent to the year end, the Company agreed, in principle, terms for a further loan facility of £100 million which, combined with existing loans and facilities of £125 million, will provide substantial funding for future growth. Had the facility been in place at the year

Capital Expenditure





The Counting House, Glasgow

J D Wetherspoon's first pub in Scotland was a former Bank of Scotland main branch designed in 1870 by J. T. Ruchead in the Italian Renaissance style. Situated on St. Vincents Place, Glasgow, the major features of the Banking Hall are the magnificent domed atrium along with the original plaster ceiling, which has been completely restored. Pictured here are managers Phil and Andrea Annett.

end, the total undrawn amount would have been £129.2 million which, coupled with the year end cash balance of £7.2 million would have provided a total committed level of funding of £136.4 million for the Company's continuing expansion. The new facility is expected to be repayable over 11 years, 60% by instalments over the term and 40% by payments in the final two years of the term.

The Company will continue to use debt for the funding of a proportion of the new pub development programme, and in view of this the Board considers it appropriate to obtain fixed interest rates on a high proportion of the Company's outstanding borrowings in order to limit the risk of interest rate changes in the short term. All bank loans carried interest at rates fixed for between 3 and 5 years.

Taxation

The effective rate of tax for the year was 4.4%. As in previous years, no mainstream corporation tax charge arose due to the availability of high levels of capital allowances generated by the Company's substantial capital investment programme. Without the benefit of brought forward allowances the Company would have generated a mainstream corporation tax charge in the year, but this was offset by allowances brought forward that are subject to negotiation and agreement by the Inland Revenue. At 31 July 1997, approximately £2.4 million of unutilised advance corporation tax, previously written off in the accounts, was available for offset against future mainstream tax liabilities.

Accounting policies and standards

There were no pronouncements by the Accounting Standards Board during the year that affected the Company's reported results. FRS1 (Revised), dealing with cash flow statements, has been adopted in these accounts, resulting in minor presentational changes to this statement. We continue to provide additional cash flow information, not required by FRS1 (Revised), to aid readers of the accounts in their understanding of our investment activity.

Richard Pennycook
Finance Director



4 September 1997

Directors, officers and advisers



Tim Martin
Chairman
Aged 42

A law graduate of Nottingham University, he was called to the bar in 1980.

He founded the business in 1979 and became Chairman in 1983.



John Hutson
Managing Director
Aged 32

Appointed 1996. A politics graduate from Exeter University, he joined the Company in 1991 and became Operations Director in 1996. He has previously worked with Allied Domecq plc.



Richard Pennycook
Finance Director
Aged 33

Appointed 1995. An economics and accounting graduate from Bristol University, he qualified as a Chartered Accountant with Arthur Andersen and has previously worked with Allders plc.



Rosalyn Schofield
Legal Director and Company Secretary
Aged 41

Appointed 1997. A law graduate from Hull University, she joined the Company as an assistant solicitor in 1991 and became head of the department and Company Secretary in 1994.



Mark Davies
Operations Director
Aged 38

Appointed 1997. A graduate in management science, from Kent University, he joined the Company in 1991 as an area manager, becoming Director of Retail in 1996.



Suzanne Baker
Commercial Director
Aged 34

Appointed 1997, having joined the Company in 1992 as Catering Development Manager and been appointed Director of Marketing in 1995. She has previously worked with Grand Metropolitan plc.



Brian Jervis
Non-Executive
Aged 62

Appointed 1991. Member of the Audit Committee and Chairman of the Remuneration Committee.

Brian Jervis, a Chartered Secretary, is a consultant and a former Director of John Govett & Co. Limited.



Tony Lowrie
Non-Executive
Aged 55

Appointed 1987. Chairman of the Audit Committee and member of the Remuneration Committee.

Tony Lowrie is Chairman of H G Asia Securities Limited.



John Herring
Non-Executive
Aged 39

Appointed 1997. Member of the Audit Committee and member of the Remuneration Committee.

John Herring, a Chartered Accountant, is managing director of G de Z Capital Limited, a venture capital organisation, and was previously a director of Kleinwort Benson Securities Limited.

Registered Office
Wetherspoon House
Central Park
Reeds Crescent
Watford WD1 1QH

Company Number
1709784

Registrars
Royal Bank of Scotland

Registered Auditors
Coopers & Lybrand

Valuers
Christie & Co.

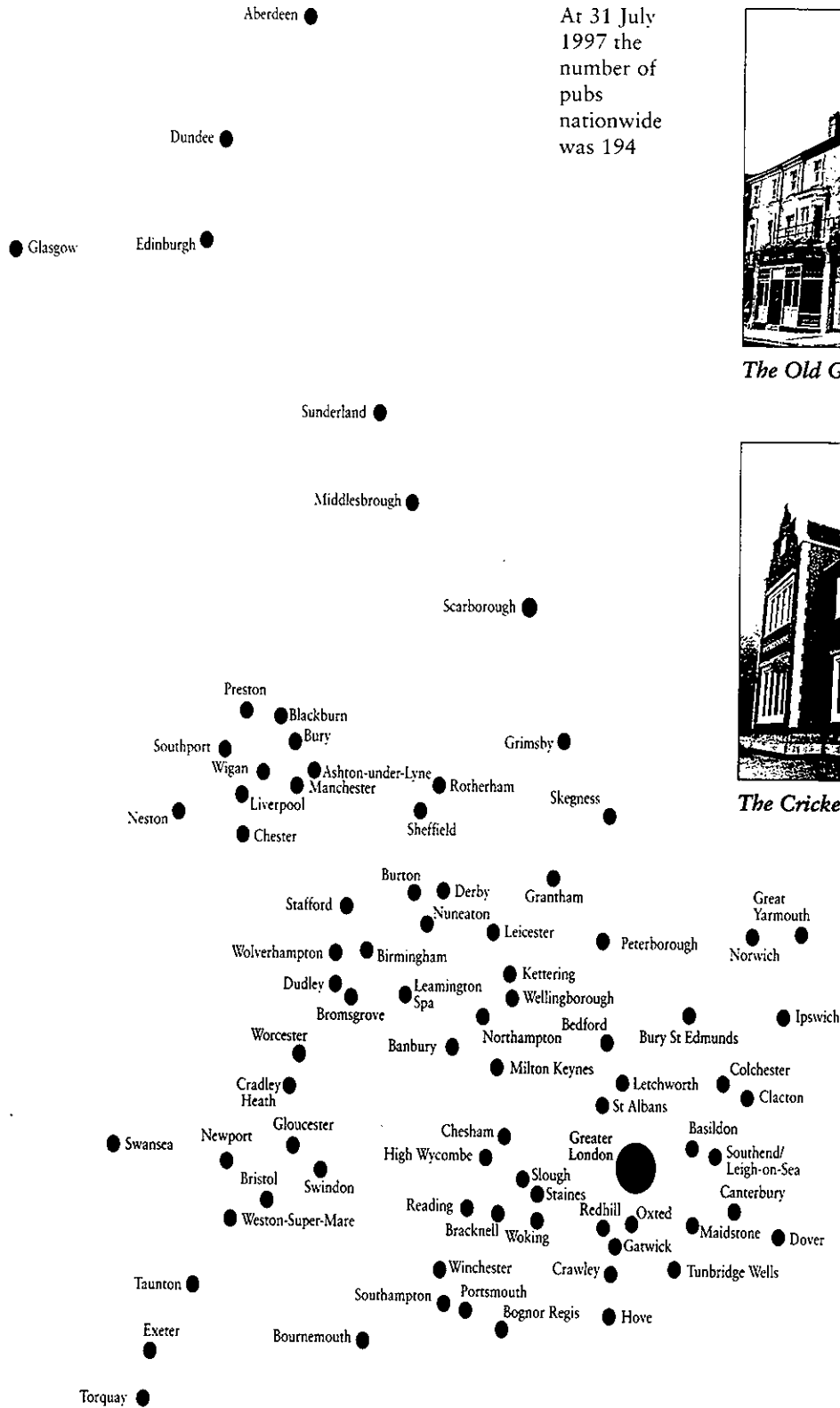
Bankers
The Royal Bank of
Scotland plc

Bank of Scotland
National Westminster Bank plc

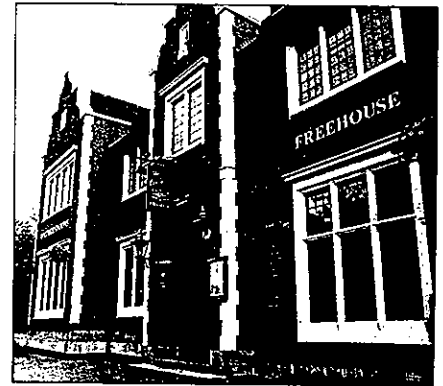
Financial Advisers
Kleinwort Benson Limited

Stockbrokers
Kleinwort Benson Securities Limited

Public houses nationwide



The Old Gaolhouse, Winchester



The Cricketers, Ipswich

A list of all our pubs can be found on pages 35 to 39.

Directors' report

for the year ended 31 July 1997

The Directors present their report and the audited financial statements for the year ended 31 July 1997.

Principal activities and business review

The principal activities of the Company are the development and management of public houses. Details of progress are given on pages 3 to 10.

Results and dividends

The profit on ordinary activities for the year after taxation amounted to £16,796,000, an increase of 34% on the 1996 result of £12,541,000. The Directors recommend that a final dividend of 6.6 pence per share be paid in cash or by way of scrip dividend to all shareholders on the Register of Members on 19 September 1997, bringing the total dividend for the year to 10.0 pence per share compared with a 1996 total of 9.0 pence per share. The final dividend will be paid on 11 November 1997. Profit retained for the financial year amounted to £12,902,000 and will be transferred to reserves.

Directors

The Directors listed on pages 11 and 12 served throughout the financial year, with the exception of Mr Herring, who was appointed on 16 May 1997 and Ms Baker, Mr Davies and Ms Schofield each of whom were appointed on 4 September 1997. Mr Martin will retire by rotation and Mr Herring, Ms Baker, Mr Davies and Ms Schofield, having been appointed by the Directors since the last Annual General Meeting, will retire. Each will offer themselves for re-election. Details of the terms under which the Directors who were in office during the year serve, their remuneration, and their interests in shares of the Company are given in the Report of the Remuneration Committee on page 17 and in note 3 to the financial statements.

Insurance against the liabilities of Directors and Officers of the Company was in place throughout the year.

Company's shareholders

Details of the Company's shareholders, including those interests notified to the Company as accounting for over 3% of the issued share capital, are given on page 34.

Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made. They also confirm that applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis. The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

Corporate governance

The Board supports the Code of Best Practice issued by the Cadbury Committee (the Code) and complied with it throughout the year, other than the fact that, until the appointment of Mr Herring, the Audit Committee comprised two and not the recommended three non-executive Directors.

Our auditors have reported to the Company that in their opinion the Directors' comments below provide the disclosures required by the Listing Rules. They have reported to the Company that in their opinion the statements made below are not inconsistent with the information of which they are aware from their audit work on the financial statements and the above statement appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the London Stock Exchange for their review. They have not carried out the additional work necessary to, nor do they express any opinion on, the effectiveness of either the Company's system of internal financial control or its corporate governance procedures, nor the ability of the Company to continue in operational existence.

Going concern

In compliance with corporate governance requirements, the Directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium term financial plan, which includes capital expenditure plans and cash flow forecasts, and have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

Internal financial control

The Directors are responsible for the Company's system of internal financial control, which is designed to provide reasonable but not absolute assurance against material misstatement or loss. The Company has an established framework of internal financial controls, including:

- a comprehensive budgeting process, with a detailed operating plan for twelve months and a mid-term financial plan having been approved by the Board. Business results are reported weekly for key items and monthly in full, and compared to budget. Forecasts are prepared regularly throughout the year, for review by the Board.
- clearly defined authority limits and controls are in place over cash handling, purchasing commitments and capital expenditures. An internal audit function monitors the control of cash and stock in operating units.
- complex treasury instruments are not used. Decisions on treasury matters are reserved for the Board.

As required by paragraph 4.5 of the Code, the Audit Committee has reviewed the effectiveness of these, and other, key financial controls in operation, and will continue to do so in the current year.

Employment policies

Only through the skill and commitment of the Company's employees will its objectives be met. All staff are encouraged to make a real commitment to the Company's success, and to progress to more senior roles as they themselves develop.

A heavy emphasis is placed on training programmes for all levels of staff, which highlights the importance placed by the Company on providing service to its customers.

In selecting, training and promoting staff, the Company has to take into account the physically demanding nature of much of its work. In this context, all decisions are based on merit and without reference to gender, marital status, race, age or disability.

Internal communications seek to ensure that staff are well informed about the Company's progress, through the use of regular newsletters, monthly videos and briefings at staff meetings.

All staff participate in incentive bonus schemes related to profitability and/or service standards, and qualify to receive share options after six months' service with the Company.

Policy on payment of suppliers

The Company agrees terms and conditions with suppliers before business takes place, and has a policy of paying agreed invoices in accordance with the terms of payment. On average, trade creditors at the year end represented 49 days' purchases.

Political and charitable contributions

Contributions made by the Company during the year for charitable purposes were £382 (1996:£485). No political contributions were made.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

Special Business at the Annual General Meeting

Enclosed with this document is a notice convening an Annual General Meeting of the Company for 6 November 1997, at which shareholders will be asked, as items of special business, to approve resolutions to authorise the Directors to allot shares, to give power to the Directors to disapply the pre-emption requirements of Section 89 of the Companies Act 1985 and to give the Directors authority to put in place a scrip dividend alternative.

Authority to allot

The general authority previously given to the Directors to allot "relevant securities" will expire at the end of the Annual General Meeting convened for 6 November 1997.

Accordingly Resolution 9 as set out in the Notice of Meeting will be proposed to authorise the Directors (pursuant to Section 80 of the

Companies Act 1985) to allot Ordinary shares in the capital of the Company up to a maximum nominal amount of £483,900, being approximately 12.4% of the nominal value of the Ordinary shares currently in issue. The authority (unless previously varied, revoked or renewed) will expire on the earlier of 15 months from the date of passing of the resolution or the conclusion of the Annual General Meeting held to approve the Report and Accounts for the year ending 2 August 1998.

The Directors will exercise such authority to allot only when satisfied that it is in the interests of the Company to do so. They have no present intention, however, of exercising the authority, except in connection with the issue of shares under the Company's share option schemes and scrip dividend scheme.

Disapplication of pre-emption rights

The provisions of Section 89 of the Companies Act 1985 (which, to the extent not disapplied, confer on shareholders rights of pre-emption in respect of the allotment of "equity securities" which are or are to be paid up in cash other than by way of allotment to employees under an employees' share scheme) apply to the authorised but unissued Ordinary shares of the Company to the extent that they are not disapplied pursuant to Section 95 of the Companies Act 1985.

The existing disapplication of these statutory pre-emption rights will expire at the end of the Annual General Meeting convened by the Notice of Meeting. Accordingly, Resolution 10 as set out in the Notice of Meeting will be proposed as a special resolution to permit the Directors to allot shares without the application of these statutory pre-emption rights, first, in relation to rights issues and, secondly, in relation to the issue of Ordinary shares in the capital of the Company for cash up to a maximum aggregate nominal amount of £194,907 (representing approximately 5% of the nominal value of the Ordinary shares of the Company currently in issue).

The authority (unless previously varied, revoked or renewed) will expire on the earlier of 15 months from the date of passing of the resolution or the conclusion of the Annual General Meeting held to approve the Report and Accounts for the year ending 2 August 1998.

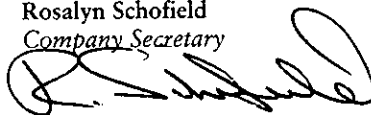
Scrip dividend authority

The Directors would once again like to be able to offer shareholders (other than certain overseas shareholders) the right to elect to receive new Ordinary shares as an alternative to cash in respect of all or any part of the dividend to be declared by the Company at the Annual General Meeting convened by the Notice of Meeting and also in respect of any other dividends as may be lawfully paid or declared by the Company or the Directors on or at any time after the date of that Annual General Meeting and prior to the date of the Annual General Meeting to be held to approve the Report and Accounts for the year ending 2 August 1998.

Full details of this scrip alternative, including the reasons why the Directors consider it to be attractive to shareholders and advantageous to the Company and the basis of allotment of Ordinary shares under it, are set out in the Scrip Dividend Circular to shareholders which accompanies this Report and Accounts. The existing mandate scheme (pursuant to which shareholders may put in place a standing mandate to receive new Ordinary shares as an alternative to cash in respect of any dividends for which a scrip dividend alternative is offered) will continue to be available and details of it are set out in the Scrip Dividend Circular.

Resolution 11 as set out in the Notice of Meeting is required by the Company's Articles of Association to be passed to permit the Directors to offer a scrip dividend alternative for the dividend to be declared by the Company at the forthcoming Annual General Meeting and also in respect of any other dividends as may be lawfully paid or declared by the Company or the Directors on or at any time after the date of that Annual General Meeting and prior to the date of the Annual General Meeting to be held to approve the Report and Accounts for the year ending 2 August 1998.

By order of the Board
Rosalyn Schofield
Company Secretary



4 September 1997

Report of the Remuneration Committee

for the year ended 31 July 1997

The Committee comprises the three non-executive Directors and the executive Chairman, and is Chaired by Brian Jervis.

The main provisions of the Code of Best Practice of the Greenbury Committee have been incorporated in or annexed to the Listing Rules of the London Stock Exchange. The Company complies with the Best Practice provisions concerning remuneration committees given in Section A annexed to the Listing Rules, save for the fact that the executive Chairman is a member of the Committee. The Committee believes that it derives benefit from the Chairman's membership and that it conducts its affairs with this composition without detriment to the principles of the Best Practice provisions. The Committee confirms that in framing its remuneration policy for Directors, it has given full consideration to the Best Practice provisions contained in Section B annexed to the Listing Rules.

The remuneration and emoluments of executive Directors and senior executives of the Company are set by the Committee, although the executive Chairman plays no part in the setting of his own remuneration. The aim of the Company's remuneration policy is to provide the packages required to attract, retain and motivate Directors and senior executives of high quality. Salaries and other benefits are determined annually after a review of the performance of the individual, by reference to industry and other comparisons and consideration of reports from specialist consultants. It is the policy of the Company to operate bonus arrangements at all levels of staff that are performance related, the primary performance measures being profitability and operating standards. The Company makes contributions to personal pension schemes on behalf of certain of its executive Directors and senior executives. It does not operate a defined benefit pensions scheme.

The Company's policy on the granting of share options under its employee share schemes is to distribute them widely across the Company's pub managers, shift managers and long serving bar staff as well as its head office staff. In this way, the Company seeks to encourage and motivate those key employees who have direct interface with the public.

The Company's non-executive Directors are appointed on an annual basis and do not participate in the Company's bonus and share option schemes. Their fees are determined by the executive Directors following consultation with professional advisers.

The executive Directors are employed on rolling contracts requiring the Company to give one year's notice of termination, whilst the Director may give six months' notice, save for Tim Martin who must give one year's notice. The non-executive Directors hold their positions pursuant to letters of appointment with terms of twelve months.

It is proposed that the Company enter into service contracts with Suzanne Baker, Mark Davies and Rosalyn Schofield on similar terms to the other executive Directors, in particular the requirement for the Company to give one year's notice whilst the Director may give six months' notice.

Details of the emoluments of individual Directors, and of the shareholdings of and options granted to Directors are given in note 3 to the financial statements.

Brian Jervis
Non-executive Director

4 September 1997

Report of the auditors

to the members of J D Wetherspoon plc

We have audited the financial statements on pages 19 to 32.

Respective responsibilities of directors and auditors

As described on page 14 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 July 1997 and of its profit, total recognised gains and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

4 September 1997

Profit and loss account

for the year ended 31 July 1997

	Notes	1997 £000	1996 £000
Turnover from continuing operations		<u>139,444</u>	<u>100,480</u>
Operating profit	2	22,939	17,003
Net interest payable	5	<u>(5,373)</u>	<u>(3,898)</u>
Profit on ordinary activities before taxation	6	17,566	13,105
Tax on profit on ordinary activities	7	<u>(770)</u>	<u>(564)</u>
Profit on ordinary activities after taxation		16,796	12,541
Dividends	8	<u>(3,894)</u>	<u>(3,417)</u>
Retained profit for the year		<u>12,902</u>	<u>9,124</u>
Earnings per Ordinary 10p share	9	43.3p	33.6p

Statement of total recognised gains and losses

	Notes	1997 £000	1996 £000
Profit for the financial year after taxation		16,796	12,541
Unrealised surplus on revaluation of properties	18	<u>1,673</u>	<u>4,839</u>
Total recognised gains relating to the year		<u>18,469</u>	<u>17,380</u>

Cash flow statement

for the year ended 31 July 1997

	Notes	1997 £000	£000	1996 £000	£000
Net cash inflow from operating activities	10	38,596	38,596	29,133	29,133
Returns on investments and servicing of finance					
Interest received		220		98	
Interest paid		(5,910)		(4,691)	
Net cash outflow from returns on investment and servicing of finance		(5,690)	(5,690)	(4,593)	(4,593)
Taxation					
Advance corporation tax paid		(656)	(656)	(470)	(470)
Capital expenditure					
Purchase of tangible fixed assets for existing pubs		(4,223)		(3,102)	
Proceeds of sale of tangible fixed assets		0		4	
		(4,223)	(4,223)	(3,098)	(3,098)
Investment in new pubs and pub extensions		(63,010)		(45,436)	
Net cash outflow from capital expenditures		(67,233)		(48,534)	
Equity dividends paid		(2,598)	(2,598)	(1,849)	(1,849)
Net cash outflow before financing		(37,581)		(26,313)	
Financing					
Issue of Ordinary shares		976		14,623	
Expenses relating to share issue		0		(922)	
Advances under secured bank loans		30,000		20,000	
Repayments of secured bank loans		(1,000)		(1,411)	
Net cash inflow from financing	11	29,976		32,290	
Increase/(decrease) in cash	12	(7,605)		5,977	
Free cash flow	9		25,429		19,123
Cash flow per Ordinary 10p share	9		65.5p		51.3p

Balance sheet

at 31 July 1997

	Notes	1997 £000	1996 £000
Fixed assets			
Tangible assets	13	244,513	182,123
Current assets			
Stocks		2,215	1,167
Debtors	14	3,026	1,544
Cash		7,196	14,801
		12,437	17,512
Creditors due within one year	15	(34,998)	(24,450)
Net current liabilities		(22,561)	(6,938)
Total assets less current liabilities		221,952	175,185
Creditors due after one year	16	(97,289)	(67,077)
		124,663	108,108
Capital and reserves			
Called up share capital	17	3,898	3,866
Share premium account	18	59,676	57,728
Revaluation reserve	18	22,023	20,350
Profit and loss account	18	39,066	26,164
Equity shareholders' funds	18	124,663	108,108

The financial statements on pages 19 to 32 were approved by the Board on 4 September 1997 and signed on its behalf by:

Tim Martin
Richard Pennycook
Directors



Notes to the financial statements

for the year ended 31 July 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of freehold and leasehold property.

Turnover

The Company's operations comprise one class of business, which is pub retailing in the United Kingdom, and turnover excludes Value Added Tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is calculated so as to write off the cost or valuation of a fixed asset on a straight line basis over its estimated useful life, taking into account expected residual values, based on prices prevailing at the date of acquisition or subsequent valuation using the following rates:

Freehold buildings	50 years
Leasehold land and buildings	Lower of life of lease or 50 years
Renovations of properties already trading, fixtures and fittings, computer equipment	At rates from 10%-33% pa

Depreciation on fixtures and fittings commences when the relevant public house begins trading.

Valuation of properties

Trading properties are revalued professionally by independent valuers on a rolling basis ensuring that no valuation is more than three years old. Any temporary valuation difference arising is adjusted through the revaluation reserve. Where a diminution in value arising in the year is regarded as permanent, the provision is charged to the profit and loss account, to the extent that it does not relate to an existing revaluation surplus.

Interest and pre-opening costs

The majority of costs incurred in the preparation of properties for use in the business, including interest on borrowings, are capitalised.

Capitalisation of such costs ceases when the relevant public house commences business.

Stocks

Stocks are held for resale and are stated at the lower of invoiced cost and net realisable value.

Deferred taxation

Deferred taxation is provided on accelerated capital allowances and other timing differences, only to the extent that it is probable that a liability will crystallise.

Pensions

The Company makes contributions to defined contribution personal pensions schemes, the costs of which are accounted for as they become due.

Operating leases

The costs of operating leases in respect of land and buildings and other assets are charged on a straight line basis over the lease term, except where on acquisition of a property a reverse premium, capital contribution or rent free period is granted by the lessor. Where such amounts arise, they are released to profit from the date on which the pub opened through to the date of the first rent review to market value, usually on the fifth anniversary of the lease.

Interest rate swaps

Interest rate swaps are used to manage exposure to fluctuating interest rates. Income and expenditure arising from swap transactions is recognised over the term of the swap as if it were interest payable or receivable.

2 Analysis of continuing operations

	1997 £000	1996 £000
Turnover	139,444	100,480
Cost of sales	(106,972)	(76,001)
Gross profit	<u>32,472</u>	<u>24,479</u>
Administrative expenses	(9,533)	(7,476)
Operating profit	<u><u>22,939</u></u>	<u><u>17,003</u></u>

Cost of sales includes distribution costs and all pub operating costs.

3 Directors' remuneration and share interests

The report of the Remuneration Committee is given on page 17.

The following table sets out the emoluments of the Directors:

£000	Salary/Fees	Performance Bonus	Benefits in Kind	Pension Contributions	Total 1997	Total 1996
Executive Directors						
T R Martin	170	34	12	2	218	205
M R McQuater (resigned 11 November 1996)	95	0	4	2	101	173
R J Pennycook	106	21	9	11	147	134
J Hutson (appointed 4 September 1996)	73	23	6	6	108	0
Non-Executive Directors						
B R Jervis	15	0	0	0	15	15
A C Lowrie	15	0	0	0	15	15
J Herring (appointed 16 May 1997)	3	0	0	0	3	-
R R Martin (resigned 4 November 1996)	5	0	0	0	5	17
Total	482	78	31	21	612	559
1996	422	77	37	23	-	-

3 Directors' remuneration and share interests *continued*

Mr McQuater's salary includes £62,000 in respect of compensation for loss of office.

The Executive Directors participate in a management bonus scheme designed to incentivise senior management in the achievement of financial and personal targets. The maximum bonus attainable represents 20% of year end salary. In addition, Mr Hutson was awarded an ex gratia bonus of £7,500 in the year.

Where Directors have interests in the shares of the Company, they are as follows:

Ordinary shares of 10p each, held beneficially	1997	1996
T R Martin	6,495,077	6,519,170
B R Jervis	6,382	6,328
A C Lowrie - personal	1,298,448	1,394,811
- in trust	667,258	667,258
J Hutson (appointed 4 September 1996)	16,670	-

Directors' share options under the Executive Share Option Scheme, which is described in more detail in note 21, comprise:

	31 July 1996	Options Granted	31 July 1997	Exercise Price	Exercisable Date	Expiry Date
R J Pennycook	40,000	0	40,000	462p	18/04/98	18/04/05
	18,000	0	18,000	636p	17/11/98	17/11/05
		10,750	10,750	1221p	03/01/00	03/01/07
		2,000	2,000	1185p	10/04/00	10/04/07
J Hutson	3,300	0	3,300	175.7p	02/02/98	02/08/98
	4,036	0	4,036	247.8p	30/04/96	30/04/03
	1,949	0	1,949	256.4p	04/05/96	04/05/03
	4,000	0	4,000	347p	19/04/97	19/04/04
	12,000	0	12,000	392p	26/10/97	26/10/04
	3,000	0	3,000	462p	18/04/98	18/04/05
	10,000	0	10,000	636p	17/11/98	17/11/05
		9,950	9,950	1221p	03/01/00	03/01/07
		2,000	2,000	1185p	10/04/00	10/04/07

	Options Exercised	Exercise Price	Date
M R McQuater, who left office during the year, was permitted by the Board to exercise all outstanding options following his departure. The mid-market price on the date of exercise was £12.25	68,750	392p	12/11/96
	12,500	462p	12/11/96
	8,750	636p	12/11/96

The interests of Directors have not changed since the financial year end.

4 Employee information

The average weekly number of persons employed during the year was as follows:

	1997 Number	1996 Number
Total employees	881	632
Managerial/administration	3,085	2,413
Hourly paid staff	<u>3,966</u>	<u>3,045</u>
	Fte	Fte
Full time equivalents		
Managerial/administration	881	632
Hourly paid staff	1,595	1,168
	<u>2,476</u>	<u>1,800</u>

Employment costs were:

	1997 £000	1996 £000
Wages and salaries	28,294	16,861
Social security costs	1,463	1,189
Other pension costs	148	142
Total direct costs of employment	<u>29,905</u>	<u>18,192</u>
Less: wages and salaries capitalised	(263)	(125)
	<u>29,642</u>	<u>18,067</u>

5 Net interest payable

	1997 £000	1996 £000
Interest payable on bank loans	6,621	4,735
Less:		
Interest capitalised into properties, on which tax relief is available	(994)	(731)
Interest receivable	(254)	(106)
Charge to profit and loss account	<u>5,373</u>	<u>3,898</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):	1997 £000	1996 £000
Depreciation	8,392	5,689
Repairs and maintenance	2,663	2,001
Auditors' remuneration for: audit	35	31
other services	15	46
Profit on disposal of fixed assets	0	(4)
Rent receivable	(254)	(61)
Operating lease rentals:		
- property rents	9,427	6,905
- equipment and vehicles	367	243
	<hr/>	<hr/>

7 Taxation

Current tax	1997 £000	1996 £000
Corporation tax at 29% (1996: 25%)	50	48
Irrecoverable advance corporation tax	720	516
	<hr/>	<hr/>
	770	564
	<hr/>	<hr/>

The charge to corporation tax on the profits of the Company for both years is reduced by reference to the availability of unused capital allowances brought forward and high capital allowances generated in each year. The charge arising reflects income which cannot benefit from such allowances.

To date the Company has written off £2.4 million (1996: £1.9 million) advance corporation tax which will be available to offset against future mainstream corporation tax liabilities.

Deferred tax

On a full provision basis, the maximum potential liability to deferred tax would be £5.2 million (1996: £3.8million) representing accelerated capital allowances of £7.6 million (1996: £7.6 million) offset by surplus ACT of £2.4 million (1996: £3.8 million). Based on the Company's investment plans, no liability to deferred tax would arise in the ordinary course of the Company's business.

In the event that the Company were to sell any of its trading properties, the proceeds would be used to fund the continuing expansion programme, and would therefore attract rollover relief. Under current legislation no tax charge would arise in this event. As a result, any potential tax liabilities have not been quantified, as the Directors do not consider them to constitute timing differences.

8 Dividends

	1997 £000	1996 £000
Interim paid of 3.4p per share (1996: 3.1p)	1,321	1,136
Final proposed of 6.6p per share (1996: 5.9p)	2,573	2,281
	<u>3,894</u>	<u>3,417</u>

9 Earnings and cash flow per share

The calculation of earnings per share on the net basis is based on profit on ordinary activities after taxation for the year of £16,796,000 (1996: £12,541,000) and on a weighted average of 38,821,309 (1996: 37,269,401) Ordinary shares in issue and ranking for dividend during the year. If all outstanding share options had been exercised during the year there would have been no material dilution in earnings per share.

The calculation of cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to existing pubs, after funding all interest, tax and dividend payments and all other reinvestment in pubs open at the start of the period ('free cash flow'). It is calculated before taking into account inflows and outflows of financing from outside sources, and is based on the same number of shares in issue as for the calculation of earnings per share.

10 Net cash inflow from operating activities

	1997 £000	1996 £000
Operating profit	22,939	17,003
Depreciation of tangible fixed assets	8,392	5,689
Profit on sale of tangible fixed assets	0	(4)
Change in stocks	(1,048)	(282)
Change in debtors	(1,448)	94
Change in creditors	9,761	6,633
	<u>38,596</u>	<u>29,133</u>

11 Analysis of changes in financing during the year

	Share capital (including premium) £000	Loans £000	Total 1997 £000	Total 1996 £000
Balance at start of year	61,594	66,833	128,427	94,932
Cash inflows from financing during the year	976	29,000	29,976	32,290
Shares issued in lieu of dividend, non-cash	1,004	0	1,004	1,205
Balance at end of year	<u>63,574</u>	<u>95,833</u>	<u>159,407</u>	<u>128,427</u>

12 Analysis of net debt

	1997 £000	1996 £000	Cash flow £000
Cash at bank and in hand	7,196	14,801	(7,605)
Debt due within one year	(1,000)	(1,406)	406
Debt due after one year	(94,833)	(65,427)	(29,406)
Net Debt	(88,637)	(52,032)	(36,605)

13 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold land and buildings £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost or valuation					
At 1 August 1996	81,377	72,176	28,499	11,227	193,279
Reclassification	5,744	3,146	0	(8,890)	0
Additions	11,957	24,917	13,902	18,333	69,109
Revaluations	4,450	(2,777)	0	0	1,673
At 31 July 1997	103,528	97,462	42,401	20,670	264,061
Depreciation					
At 1 August 1996	873	2,658	7,625	0	11,156
Charge for the year	1,603	2,595	4,194	0	8,392
At 31 July 1997	2,476	5,253	11,819	0	19,548
Net book value					
At 31 July 1997	101,052	92,209	30,582	20,670	244,513
At 31 July 1996	80,504	69,518	20,874	11,227	182,123

Included in unopened properties is capitalised interest of £964,000 (1996: £620,000).

Included in freehold land and buildings is a long leasehold with a net book value of £3,198,000 (1996: £2,458,000).

13 Tangible fixed assets *continued*

Reclassifications represent the transfer of development costs incurred on properties completed in the year from unopened properties to other fixed asset captions, as appropriate.

Where the Company's properties have been subject to revaluation, they have been valued on the basis of open market value for existing use by Christie & Co, a specialist licensed property valuer.

Excluding the effects of revaluation, properties if stated at cost would be:

	Freehold land and buildings £000	Short leasehold land and buildings £000	Total £000
Cost	90,719	88,248	178,967
Depreciation	(2,131)	(4,914)	(7,045)
Net book value 31 July 1997	<u>88,588</u>	<u>83,334</u>	<u>171,922</u>
Net book value 31 July 1996	<u>71,308</u>	<u>58,752</u>	<u>130,060</u>

The valuations were performed during financial years as follows:

	Number of trading properties	Freehold land and buildings £000	Short leasehold land and buildings £000	Total £000
31 July 1995	68	35,861	35,337	71,198
31 July 1996	42	15,335	22,899	38,234
31 July 1997	50	41,479	16,435	57,914
At cost	160 34	92,675 8,377	74,671 17,538	167,346 25,915
Net book value	<u>194</u>	<u>101,052</u>	<u>92,209</u>	<u>193,261</u>

14 Debtors

	1997 £000	1996 £000
Amounts falling due within one year:		
Other debtors	578	123
Prepayments	2,448	1,421
	<u>3,026</u>	<u>1,544</u>

15 Creditors due within one year

	1997 £000	1996 £000
Bank loans (note 16)	1,000	1,406
Trade creditors	18,449	9,409
Corporation tax	65	23
Advance corporation tax	643	573
Other tax and social security	804	2,276
Other creditors	2,587	1,619
Dividend payable	2,573	2,281
Accruals and deferred income	8,877	6,863
	<u>34,998</u>	<u>24,450</u>

16 Creditors due after one year

	1997 £000	1996 £000
Bank loans repayable by instalments:		
between 1 and 2 years	3,825	3,205
between 2 and 5 years	16,593	12,576
after 5 years	74,415	49,646
Other creditors	2,456	1,650
	<u>97,289</u>	<u>67,077</u>

Bank loans were secured by floating charges over the Company's assets. There were loans amounting to £95,833,000 (1996: £66,833,000) repayable by quarterly instalments between the years 1998 and 2012. Loans carried varying rates of interest which averaged 8.5%. Loans totalling £65,833,000 (1996: £36,833,000) at the end of year carried fixed rates of interest or had been matched with fixed rate swaps. The remaining loans carried a variable rate linked to Libor, but subsequent to the year end have also been matched to fixed rate swaps.

17 Called up share capital

	1997 £000	1996 £000
Authorised:		
44,000,000 Ordinary shares of 10p each (1996: 41,000,000)	4,400	4,100
Allotted and fully paid:		
38,981,374 Ordinary shares of 10p each (1996: 38,661,244)	<u>3,898</u>	<u>3,866</u>

224,270 Ordinary shares were issued during the year on the exercise of share options, at an average price of £4.34 per share.

95,860 Ordinary shares were allotted in connection with the offer to shareholders of a scrip dividend alternative to the 1996 final and 1997 interim dividends.

18 Capital, reserves and shareholders' funds

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	1997 Shareholders' funds £000	1996 Shareholders' funds £000
At start of year	3,866	57,728	20,350	26,164	108,108	79,239
Allotments	32	1,948	0	0	1,980	15,828
Issue expenses	0	0	0	0	0	(922)
Revaluation	0	0	1,673	0	1,673	4,839
Profit for the year	0	0	0	16,796	16,796	12,541
Dividends	0	0	0	(3,894)	(3,894)	(3,417)
At end of year	3,898	59,676	22,023	39,066	124,663	108,108

19 Financial commitments

	1997 £000	1996 £000
Capital expenditure contracted but not provided for	4,702	5,644

20 Lease commitments

	1997 £000	1996 £000
The Company operates a number of leasehold public houses, and occupies leasehold office accommodation. The total annual rental under these leases, all of which have more than 5 years to run, is as follows:	10,655	8,188
The annual rentals pertaining to other leases, primarily motor vehicles, are as follows:		
Expiry within 1 year	68	70
Expiry between 1 and 2 years	58	203
Expiry between 2 and 5 years	132	165
	258	438

21 Share options

	31 July 1996	Granted	Exercised	Lapsed	31 July 1997	Exercise price per share	Exercisable from	Expiry date
Executive Share Option Scheme								
Date Granted								
February 1992	2,187	0	0	0	2,187	114.3p	10/02/95	10/02/02
April 1993	62,048	0	37,329	2,522	22,197	247.8p	30/04/96	30/04/03
May 1993	9,011	0	7,062	0	1,949	256.4p	04/05/96	04/05/03
April 1994	118,250	0	40,000	0	78,250	347.0p	19/04/97	19/04/04
October 1994	211,750	0	83,750	0	128,000	392.0p	26/10/97	26/10/04
April 1995	144,775	0	18,125	4,800	121,850	462.0p	18/04/98	18/04/05
November 1995	282,200	0	22,250	9,400	250,550	636.0p	17/11/98	17/11/05
April 1996	87,820	0	125	15,580	72,115	880.0p	12/04/99	12/04/06
January 1997	0	215,000	11,900	0	203,100	1221.0p	03/01/00	03/01/07
April 1997	0	77,100	1,450	1,050	74,600	1185.0p	10/04/00	10/04/07
	<u>918,041</u>	<u>292,100</u>	<u>221,991</u>	<u>33,352</u>	<u>954,798</u>			
SAYE Scheme								
Date granted								
February 1993	90,967	0	1,829	7,296	81,842	175.7p	02/02/98	02/08/98
February 1993	12,913	0	0	0	12,913	175.7p	02/02/00	02/08/00
	<u>103,880</u>	<u>0</u>	<u>1,829</u>	<u>7,296</u>	<u>94,755</u>			
CSOP Scheme								
Date granted								
December 1996	0	439,325	450	63,650	375,225	1215.0p	15/12/99	15/12/06
April 1997	0	176,575	0	34,200	142,375	1172.5p	12/04/00	12/04/07
	<u>0</u>	<u>615,900</u>	<u>450</u>	<u>97,850</u>	<u>517,600</u>			

At 31 July 1997 there were 1,098 members of the Executive Share Option Scheme, with average option holdings of 870 shares, there were 32 members of the SAYE Scheme, with average holdings of 2,961 shares and there were 2,101 members of the All Employee Company Share Option Plan (CSOP), with average holdings of 246 shares.

The exercise of an option under the Executive Share Option Scheme will, normally, in accordance with institutional shareholder guidelines, be conditional on the achievement of performance conditions. Options are only exercisable on condition that the earnings per share of the Company between the date of grant of an option and the date of exercise increases by at least the increase in the RPI. As the CSOP Scheme is available to all staff, there are no performance conditions attached to the exercise of options under it.

The options in issue shown above include those of the Directors shown in note 3 to the financial statements.

Financial Record

for the five years ended 31 July 1997

	1993 £000	1994 £000	1995 £000	1996 £000	1997 £000
Sales and results					
Turnover from continuing operations	30,800	46,600	68,536	100,480	139,444
Operating profit from continuing operations	6,115	8,787	12,232	17,003	22,939
Interest receivable	299	86	56	106	254
Interest payable	(2,243)	(2,396)	(2,575)	(4,004)	(5,627)
Profit on ordinary activities before taxation	4,171	6,477	9,713	13,105	17,566
Taxation	(449)	(563)	(755)	(564)	(770)
Profit on ordinary activities after taxation	3,722	5,914	8,958	12,541	16,796
Dividends	(1,546)	(2,234)	(2,927)	(3,417)	(3,894)
Retained profit for the year	2,176	3,680	6,031	9,124	12,902
Recognised gains and losses					
Profit for the financial year after taxation	3,722	5,914	8,958	12,541	16,796
Unrealised surplus on revaluation of properties	2,606	2,235	309	4,839	1,673
	6,328	8,149	9,267	17,380	18,469
Net assets employed					
Fixed assets	71,736	96,547	133,196	182,123	244,513
Net current assets/(liabilities)	(4,799)	4,067	(6,103)	(6,938)	(22,561)
Non current liabilities	(22,825)	(28,242)	(47,854)	(67,077)	(97,289)
	44,112	72,372	79,239	108,108	124,663
Shareholders' funds	44,112	72,372	79,239	108,108	124,663
Ratios					
Operating margin	19.9%	18.9%	17.8%	16.9%	16.5%
Earnings per share	14.1p	18.2p	24.6p	33.6p	43.3p
Dividends per share	5.40p	6.60p	8.00p	9.00p	10.00p

Notes to the financial record

(a) The summary of accounts has been extracted from the annual audited financial statements of the Company for the five years shown.

(b) The earnings per share and dividend per share figures have been adjusted as appropriate to account for the 1 for 4 rights issue on 31 March 1994

Information for shareholders

Ordinary shareholdings at 31 July 1997

Shares of 10p each	Number	Shareholdings %	Number	Total shares held %
Up to 2,500	1,348	80.00	674,859	1.73
2,501 to 10,000	176	10.45	831,010	2.13
10,001 to 250,000	133	7.90	6,769,618	17.37
250,001 to 500,000	9	0.53	3,235,188	8.30
500,001 to 1,000,000	10	0.59	7,115,011	18.25
Over 1,000,000	9	0.53	20,355,688	52.22
	<u>1,685</u>	<u>100.00</u>	<u>38,981,374</u>	<u>100.00</u>

Substantial shareholdings

In addition to certain of the Directors' shareholdings set out on page 24 the Company has been notified of the following substantial holdings in the share capital of the Company at 9 September 1997:

	Number of Ordinary shares	Percentage of share capital %
Janus Capital Corporation	4,760,371	12.21
Putnam Companies	4,851,401	12.44
The Capital Group Companies	1,172,914	3.00

Share prices

	£
1 August 1996	8.73
Low	8.73
High	13.925
31 July 1997	13.80
15 September 1997	15.20

Annual reports

Further copies of this annual report are available from the Company Secretary, at the Registered Office. Telephone requests can be made on 01923 477777, extension 2096.

Copies can also be obtained through the Financial Times' annual reports service. For details see the London share service pages of the Financial Times.

Public houses directory

HOUSES IN GREATER LONDON

The Bankers Draft

80 High Street, Eltham, London SE9

The Bankers Draft

36-38 Friern Barnet Road, Southgate, N11

The Barking Dog

61 Station Parade, Barking, Essex

The Beaten Docket

50-56 Cricklewood Broadway, London NW2

The Bee Hive

407-409 Brixton Road, London SW9

The Bird In Hand

35 Dartmouth Road, Forest Hill, London SE23

The Blacking Bottle

122-126 High Street, Edgware, Middlesex

The Camdens Head

456 Bethnal Green Road, London E2

The Coliseum

Manor Park Road, Harlseden, London NW10

The Coronet

338-346 Holloway Road, London N7

The Crown & Sceptre

2a Streatham Hill, London SW2

The Dog

17-19 Archway Road, London N19

The Drum

557-559 Lea Bridge Road, London E10

The Elbow Room

503-505 High Road, Tottenham, London N17

The Elbow Room

22 Topsfield Parade, Tottenham Lane, London N8

The Foxley Hatch

8-9 Russell Hill Road, Purley, Surrey

The Fox on the Hill

149 Denmark Hill, London SE5 JJ

The Gate House

1 North Hill, Highgate, London N6

The George

17-21 George Street, Croydon, Surrey

The George

High Street, Wanstead, London E11

The Golden Grove

146-148 The Grove, Stratford, London E15

The Good Yarn

132 High Street, Uxbridge, Middlesex

The Great Spoon of Ilford

114-116 Cranbrook Road, Ilford, Essex

The Grid Inn

22 Replingham Road, Southfields, London SW18

The Half Moon

749 Green Lanes, Winchmore Hill, London N12

The Hamilton Hall

Liverpool Street Station, London EC2

The Hart & Spool

148 Shenley Road, Borehamwood, Herts

The Harvest Moon

141-143 High Street, Orpington, Kent

JJ Moons

Departure Lounge, Terminal 4, Heathrow Airport

JJ Moons

80-82 Chiswick High Road, London W4

JJ Moons

56a High Street, Tooting, London SW17

JJ Moons

12 Victoria Road, Ruislip Manor, Middlesex

JJ Moons

397 High Road, Wembley, Middlesex

JJ Moons

553 Kingsbury Road, London NW9

JJ Moons

46-62 High Street, Hornchurch, Essex

JJ Moons

19-20 The Broadwalk, Pinner Road, North Harrow

JJ Moons

3 Shaftesbury Parade, Shaftesbury Circle, South Harrow

The King's Ford

250-252 Chingford Mount, Chingford, London, E4

The King's Tun

153-157 Clarence Street, Kingston-Upon-Thames

The Lamb

52-54 Church Street, Edmonton, London N9

The Last Post

227 High Road, Loughton, Essex

The Lord Denman

270-272 Heathway, Dagenham, Essex

The Lord Moon of the Mall

16-18 Whitehall, London SW1

The Man in the Moon

40-42 Chalk Farm Road, London NW1

The Man in the Moon

1 Buckingham Parade, Stanmore, Middlesex

The Masque Haunt

Old Street, London, EC2

The Millers Well

419-421 Barking Road, East Ham, London E6

The Moon & Sixpence

250 Uxbridge Road, Hatch End, Middlesex

The Moon & Sixpence

1250-1256 Uxbridge Road, Hayes End, Middlesex

The Moon & Sixpence

185 Wardour Street, London W1

The Moon Under Water

44 High Street, Watford, Herts

The Moon & Stars

164 High Street, Penge, London SE20

The Moon & Stars

99-103 South Street, Romford, Essex

The Moon on the Hill

373-375 Station Road, Harrow, Middlesex

The Moon on the Hill

5-9 Hill Road, Sutton, Surrey

The Moon on the Green

172-174 Uxbridge Road, London W12

The Moon on the Square

30 The Centre, Feltham, Middlesex

The Moon Under Water

194 Balham High Street, London SW12

The Moon Under Water

10-11 Broadway Parade, Coldharbour Lane, Hayes

The Moon Under Water

105-107 Charing Cross Road, London, WC2

The Moon Under Water

84-86 Staines Road, Hounslow, Middlesex

The Moon Under Water

148 High Street, Barnet, Herts

The Moon Under Water

10 Varley Parade, Colindale, London NW9

The Moon Under Water

53-57 London Road, Twickenham, Middlesex

The Moon Under Water

115-117 Chase Side, Enfield, Middlesex

The Moon Under Water

28 Leicester Square, London, WC2

The Moon Under Water

1327 London Road, Norbury, London SW16

The New Crown

80-84 Chaseside, Southgate, London N14

The New Fairlop Oak

Fencepiece Road, Barkingside, Essex

The New Moon

25-26 Kenton Park Parade, Kenton Road, Harrow, Middlesex

The New Moon

413 Lordship Lane, London N17

The Old Suffolk Punch

10-12 Grand Parade, Green Lanes, London N4

The Outside Inn

312-314 Neasden Lane, London NW10

The Paper Moon

55 High Street, Dartford, Kent

The Postal Order

33 Westow Street, Crystal Palace, London, SW19

The Railway

202 Upper Richmond Road, Putney, London SW15

The Railway Bell

13 East Barnet Road, New Barnet, Herts

The Red Lion & Pineapple

281 High Street, Acton, London W3

The Regent

19 Church Street, Walton On Thames, Surrey

The Rochester Castle

145 High Street, Stoke Newington, London N16

The Sarsen Stone

32 High Street, Wealdstone, Middlesex

The Sir John Oldcastle

29-35 Farringdon Road, London, EC1

The Sky Lark

34-36 Southend, Croydon, Surrey

The Sovereign of the Seas

109-111 Queensway, Petts Wood, Kent

The Spotted Dog

72 Garratt Lane, Arndale Centre, Wandsworth, London SW18

The Surrey Ducker

185 Lower Road, Rotherhithe, London, SE16

The Sylvan Moon

27 Green Lane, Northwood, Hillingdon, Middlesex

The Tally Ho

749 High Road, North Finchley, London N12

The Tollgate

26-30 Turnpike Lane, London N8

The Three Horseshoes

28 Heath Street, Hampstead, London NW3

The Tigers Head

350 Bromley Road, Catford, London SE6

179 Upper Street

179 Upper Street, Islington, London N1

The Village Inn

402-408 Rayners Lane, Pinner, Middlesex

The Watch House

198-204 High Street, Lewisham, London, SE13

The Walnut Tree

857-861 High Street, Leytonstone, London, E11

Wetherspoons

Victoria Station, London, SW1

Wetherspoons

Landside, Terminal 4, Heathrow Airport

Wetherspoons

33 Aberconway Road, Morden, Surrey

Wetherspoons

552-556 London Road, North Cheam, Surrey

The White Lion of Mortimer

223 London Road, Mitcham, Surrey

The Whole Hog

430-434 Green Lanes, Palmers Green, London N13

The Whispering Moon

25 Ross Parade, Woodcote Road, Wallington, Surrey

The White Lion of Mortimer

1-3 York Parade, West Hendon Broadway, London NW9

The White Lion of Mortimer

125-127 Stroud Green Road, London N4

The Wibbas Down Inn

6-12 Gladstone Road, Wimbledon, London SW19

The Wrong 'Un

234-236 The Broadway, Bexleyheath, Kent

REST OF ENGLAND

ASHTON-UNDER-LYNE

The Ash Tree

Main Street Shopping Arcade, Wellington Road, Ashton-Under-Lyne

BANBURY

The Exchange

49-50 High Street, Banbury

BASILDON

The Moon on the Square

1-15 Market Square, Basildon, Essex

BEDFORD

The Pilgrims Progress
42 Midland Road, Bedford, Bucks

BIRMINGHAM

The Square Peg
115 Corporation Street, Temple Court, Birmingham

The Figure of Eight
Broad Street, Birmingham

BLACKBURN

The Postal Order
19 Darwen Street, Blackburn, Lancashire

BOGNOR REGIS

The Hatters Inn
2-10 Queensway, Bognor Regis, West Sussex

BOURNEMOUTH

The Moon in the Square
4-8 Exeter Road, Bournemouth, Dorset

BRACKNELL

The Old Manor
Grenville Place, Church Road, Bracknell, Berkshire

BRISTOL

The Berkeley
18-19 Queen's Road, Clifton, Bristol, Avon

The Commercial Rooms
43-45 Corn Street, Bristol, Avon

BROMSGROVE

The Golden Cross Hotel
20 High Street, Bromsgrove,
Hereford and Worcester

BURTON ON TRENT

The Lord Burton
154 High Street, Burton on Trent

BURY

The Robert Peel
5-10 Market Place, Bury

BURY ST EDMUNDS

The Wolf
88-89 St John Street, Bury St Edmunds, Suffolk

CANTERBURY

The Thomas Ingoldsby
5-9 Burgate, Canterbury, Kent

CHESHAM

The Last Post
77 The Broadway, Chesham, Bucks

CHESTER

Wetherspoons
78-92 Foregate Street, Chester, Cheshire

CLACTON

The Moon and Starfish
1 Marine Parade East, Clacton

COLCHESTER

The Playhouse
4 St. Johns Street, Colchester, Essex

CRADLEY HEATH

The Moon Under Water
164-166 High Street, Cradley Heath,
West Midlands

CRAWLEY

The Jubilee Oak
6 Grand Parade, Crawley, West Sussex

DERBY

The Babington Arms
11-13 Babington Lane, Derby

The Standing Order
28-32 Irongate, Derby, Derbyshire

DOVER

The Eight Bells
19 Cannon Street, Dover

DUDLEY

The Full Moon
58-60 High Street, Dudley, West Midlands

EXETER

The Imperial Hotel
New North Road, Exeter, Devon

GATWICK

The Red Lion
Departure Lounge, North Terminal,
Gatwick Airport

GLOUCESTER

The Regal
St Aldate Street, Kings Square, Gloucester,
Gloucestershire

GRANTHAM

The Tollemache Inn
17 St Peter's Hill, Grantham, Lincolnshire

GREAT YARMOUTH

The Troll Cart
7-9 Regent Road, Great Yarmouth, Norfolk

GRIMSBY

The Yarborough Hotel
29 Bethlehem Street, Grimsby

HIGH WYCOMBE

The Falcon
9 Cornmarket, High Wycombe, Bucks

HOVE

The Cliftonville Inn
98-101 George Street, Hove

IPSWICH

The Cricketers
Crown Street, Ipswich

KETTERING

The Earl of Dalkeith
13-15 Dalkeith Street, Kettering

LEAMINGTON SPA

The Benjamin Satchwell
112-114 The Parade, Leamington Spa,
Warwickshire

LEIGH ON SEA

The Elms
London Road, Leigh on Sea, Essex

LEICESTER

The Last Plantagenet
107 Granby Street, Leicester, Leicestershire

LETCHWORTH

The Three Magnets
18-20 Leys Avenue, Letchworth, Herts

LIVERPOOL

Wetherspoons Units
1-3 Charlotte Row, Liverpool, Merseyside

MAIDSTONE

The Muggleton Inn
8-9 High Street, Maidstone, Kent

MANCHESTER

The J P Joule
Northenden Road, Sale, Manchester

The Moon Under Water
68-74 Deansgate, Manchester

Wetherspoons
49 Piccadilly, Manchester

MIDDLESBOROUGH

The Isaac Wilson
61 Wilson Street, Middlesborough

MILTON KEYNES

Wetherspoons
201 Midsummer Boulevard, Bouverie Square,
Milton Keynes

NESTON

The Lode Star
Brook Street, Neston

NORTHAMPTON

The Moon on the Square
6 The Parade, Market Place, Northampton

NORWICH

The Bell
5 Orford Hill, Norwich, Norfolk

NUNEATON

The Felix Holt
Stratford Street, Nuneaton

PETERBOROUGH

The College Arms
40 The Broadway, Peterborough

PORTSMOUTH

Wetherspoons
2 Guildhall Walk, Portsmouth

PRESTON

The Grey Friar
Unit A, 144 Friargate, Preston

READING

The Back of Beyond
104-108 Kings Road, Reading, Berks

The Baron Cadogan
22-24 Prospect Street, Caversham

The Hope Tap
99-105 Friar Street, Reading, Berks

The Monk's Retreat
163 Friar Street, Reading, Berkshire

REDHILL

The Sun
17-21 London Road, Redhill, Surrey

ROTHERHAM

The Rhinoceros
35-37 Bridgegate, Rotherham, South Yorkshire

ST. ALBANS

The Cross Keys
2 Chequer Street, St. Albans, Hertfordshire

SCARBOROUGH

The Lord Rosebery
85-87 Westborough, Scarborough

SHEFFIELD

The Bankers Draft
1-3 Market Place, Sheffield

SKEGNESS

The Red Lion
Lumley Road, Skegness

SLOUGH

The Moon & Spoon
86 High Street, Slough, Berkshire

SOUTHAMPTON

The Standing Order
30 High Street, Southampton, Hampshire

SOUTHEND

The Last Post
Weston Road, Southend, Essex

SOUTHPORT

Wetherspoons
93-97 Lord Street, Southport, Merseyside

STAFFORD

The Picture House
Bridge Street, Stafford

STAINES

The George
2-8 High Street, Staines, Middlesex

SUNDERLAND

The William Jameson
30-32 Fawcett Street, Sunderland

SWINDON

The Savoy
38-40 Regent Street, Swindon

TAUNTON

The Perkin Warbeck
22-23 East Street, Taunton, Devon

TORQUAY

The London Inn
15-16 The Strand, Torquay, Devon

TUNBRIDGE WELLS

The Opera House
88 Mount Pleasant Road, Tunbridge Wells

WELLINGBOROUGH

The Red Well
16 Silver Street, Wellingborough

WEST OXTED

The Oxted Inn
Units 1-4, Station Road West, West Oxted

WESTERN SUPER MARE

The Dragon Inn
15 Meadow Street, Weston Super Mare

WIGAN

The Moon Under Water
5-7a Market Place, Wigan

WINCHESTER

The Old Gaol House
11 Jewry Street, Winchester

WOKING

Wetherspoons
51-57 Chertsey Road, Woking, Surrey

WOLVERHAMPTON

The Moon Under Water
53-55 Lichfield Street, Wolverhampton,
West Midlands

WORCESTER

The Postal Order
18 Foregate Street, Worcester

SCOTLAND

ABERDEEN

The Archibald Simpson
Castle Street, Aberdeen

DUNDEE

The Counting House
67-71 Reform Street, Dundee

EDINBURGH

The Standing Order
62-66 George Street, Edinburgh

GLASGOW

The Counting House
2 St Vincents Place, Glasgow

WALES

NEWPORT

Wetherspoons
Units 10-12 Cambrian Centre, Newport

SWANSEA

The Potters Wheel
86 The Kingsway, Swansea