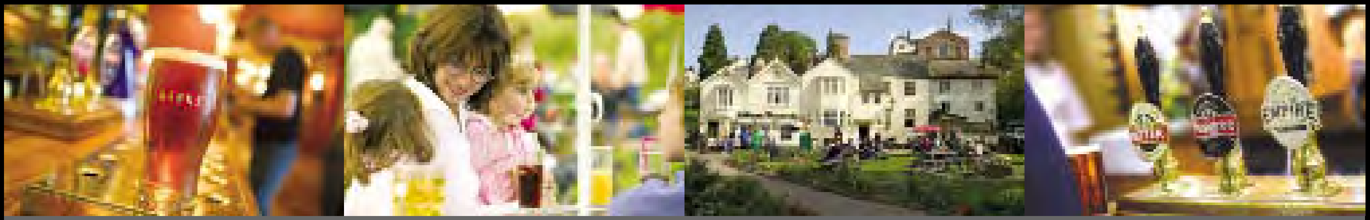
W&DB

Real places
Real people
Real values



The Wolverhampton &
Dudley Breweries, PLC

Annual report
2004


BANKS'S
SINCE
1875
BITTER

The Wolverhampton & Dudley Breweries, PLC
Annual report 2004

01 Financial highlights

513.7 ↑ 4.7%
Turnover (£m)

112.9 ↑ 4.3%
Underlying* operating profit (£m)

77.7 ↑ 6.3%
Underlying profit before tax (£m)

75.8 ↑ 10.0%
Underlying earnings per share (p)

35.32 ↑ 10.0%
Dividend per share (p)

	2004	2003
Operating profit (£m)	**100.9**	96.5
Profit before tax (£m)	**70.2**	59.6
Earnings per ordinary share (p)	**66.7**	53.0

* Our results reflect the performance of the Group before goodwill and exceptionals. The Directors consider these figures provide a useful indication of the underlying performance of the Group.

Pathfinder Pubs

The development of Pathfinder Pubs accelerated in June 2004 with the acquisition of Wizard Inns.

	2004	2003
Turnover (£m)	**275.2**	252.4
Underlying operating profit (£m)	**58.4**	53.0
Operating profit (£m)	**49.2**	50.6
Net assets (£m)	**583.0**	415.6
Number of pubs	**513**	477
Average weekly sales (£'000)	**11.3**	10.1

The Union Pub Company

The Union Pub Company is regarded by many as one of the best quality leased and tenanted estates in the sector.

	2004	2003
Turnover (£m)	**118.2**	115.8
Underlying operating profit (£m)	**50.9**	49.0
Operating profit (£m)	**51.3**	47.0
Net assets (£m)	**452.8**	345.5
Number of pubs	**1,162**	1,131

WDB Brands

In total, WDB Brands delivered 1.2 million equivalent barrels of all products to the on-trade last year - the equivalent of nearly a million pints a day.

	2004	2003
Turnover (£m)	**120.3**	122.3
Underlying operating profit (£m)	**21.4**	21.3
Operating profit (£m)	**21.3**	16.1
Net assets (£m)	**84.8**	83.6

02 Chairman's statement

David Thompson

These good results reflect the quality of our business and our focus on the successful organic development of our high quality pub estates and beer brands. The strong and consistent performance of the Group is being delivered from a sound base of excellent, freehold community pubs and from our position as a leading brewer and distributor of popular ale brands. We are well positioned to continue our successful development.

Pitcher & Piano
Richmond


The Hope & Anchor
Ross on Wye


The Mitre Oak
Hartlebury

On 3 December 2004 we announced that we had reached agreement on the terms of recommended cash offers for Burtonwood PLC. Burtonwood has an excellent estate of 460 pubs which are a good geographical fit with our existing 1,675 pubs. Combining these estates represents an attractive opportunity to generate value by strengthening our position as a leading operator of high quality pubs. Full details of these offers are contained in a separate announcement released on 3 December 2004.

Results
Strong growth in like-for-like sales (on a comparable 52-week basis) and the acquisition of Wizard Inns on 14 June 2004 contributed to a 4.7% increase in turnover to £513.7m (2003: £490.5m).

Underlying operating margin of 22.0% (2003: 22.1%) was maintained as planned by increasing gross margins in all divisions, reducing controllable costs and further improving efficiencies. These positive actions offset increases in pension and regulatory costs. Underlying operating profit and operating margins were increased in all three of our business divisions.

Underlying profit before taxation increased by 6.3% to £77.7m (after goodwill and exceptional items up17.8% to £70.2m), and underlying earnings per share increased by 10% to 75.8 pence per share (2003: 68.9 pence).

Dividend
The Board proposes a final dividend of 23.32 pence per share, which brings the total net dividend for the year to 35.32 pence per share (2003: 32.1 pence per share). The year-on-year increase in dividend per share is 10.0%, commensurate with the 10.0% increase in underlying earnings per share. The Company has increased dividends by an average of over 10% per annum for a period of at least 30 years, and remains consistent in adopting a progressive dividend policy.

The final dividend, if approved, will be paid on 31 January 2005 to those shareholders on the register at the close of business on 31 December 2004.

Property revaluation
Our accounting policy requires us to value our property assets every five years. This year, 75% of our pubs fell into this category and were independently re-valued. The resulting uplift of £169.5m has been adopted in the balance sheet, and represents an average uplift of 25% on pub values since these pubs were last re-valued in 1999. Next year, the remaining 25% will be re-valued in line with our accounting policy. By value, 96% of our property assets are freehold or long leaseholds at peppercorn rents.

Following the acquisition of Wizard Inns, that estate was independently valued at £85.8m. Goodwill of £9.1m has been accounted for, and is being amortised over 20 years.

Employees
The strong performance of the Group is a reflection of the diligence and creativity of our employees. We benefit significantly from having a blend of those who have been with the Group for many years, proving adaptable in different economic climates, and more recent recruits including those from Wizard Inns. I thank all of them for their contributions.

Over the last 24 months the Group has introduced new benefits for employees, many of which were introduced as a result of recommendations made in response to our annual employee feedback survey. We have met the Investor in People standards continuously since 1995, and aim to continue to be a business attracting and retaining the best people.

Prospects
The sector faces pressure from regulation which will have an impact on the way we do business. Whether to do with health, drinking behaviour or smoking, regulation places clear responsibilities upon us, and we take those responsibilities seriously. At the recent industry Responsible Drinks Retailing Awards, The Union Pub Company won the national award for 'Most Responsible Pub Company'.

In recent years, our industry has experienced significant cost increases as a consequence of regulation and other factors beyond our control, and it is likely that such costs will continue to rise.

Notwithstanding the regulatory and cost environments, there are good opportunities to develop the business, as demonstrated by these results.

The first eight weeks of the new financial year have started well, with total like-for-like sales in Pathfinder Pubs 3.2% ahead of last year, and in The Union Pub Company 4.2% ahead. In WDB Brands, volumes of our own brewed ale brands were 4.7% ahead of last year.

David Thompson Chairman

03 Chief Executive's review

Ralph Findlay

Business development

The combination of good like-for-like sales growth (on a comparable 52-week basis) in our pubs and maintained operating margins were again amongst the best in the industry, contributing to the 4.7% increase in turnover, the 6.3% increase in underlying profit before taxation, and the 10.0% increase in underlying earnings per share. We have a clear strategy to develop the business through continuing investment in our pubs and new sites and in our beer brands. Organic growth is being achieved and the business has good momentum.

This performance reflects the fact that we manage and operate high quality pubs and beer brands and manage our assets flexibly. Since 1999 we have sold over 900 pubs and transferred around 550 formerly managed pubs to lease or tenancy, and have achieved growth by accelerating pub investment through the development and acquisition of both community and food-led pubs. In WDB Brands, returns on capital have more than doubled since 2000, whilst capital employed has halved.

We also benefit from our proven approach to estate management: we have a preference for freehold rather than leasehold ownership of assets and for community pubs over high street pubs. As a consequence, we have benefited from capital appreciation in pub values and limited our exposure to the pitfalls affecting high street trading.

We were amongst the first to identify that targeted refurbishment investment in community pubs generates substantial

Good like-for-like sales growth. Operating margins are amongst the best in the industry.

returns, and relationships with tenants and lessees improves after introducing new ideas such as high discounts and independent rent review panels. Our vertically integrated model allows flexibility in dealing with regulatory or other cost pressures, and maximises our opportunity when making acquisitions.

Pathfinder Pubs

Turnover in our managed pubs division increased by 9.0% to £275.2m, including a £13.4m contribution from Wizard Inns. Underlying operating profit increased by 10.2% to £58.4m, including a £2.0m contribution from Wizard Inns.

Total like-for-like sales increased by 3.2%, a strong performance despite poorer summer weather than last year.

Like-for-like sales are, however, only one measure of performance. Underlying operating margin increased by 0.5% to 21.5%, an improvement achieved despite significant regulatory cost increases. This was the result of utilising the £6m investment in electronic point of sale ('EPOS') systems made in 2003, better purchasing, and productivity improvements which held labour costs at the same percentage to sales ratio as in 2003.

Over the last four years, we have developed our food offering significantly. Food now accounts for 29% of turnover in Pathfinder Pubs, and can be up to 60% of turnover in our food-led pubs.

Food will be a more important component of our business in the future, as refurbished and new-build pubs have higher than average levels of food sales.

We have seen consistent growth in the informal eating-out market, and our like-for-like sales growth in food this year was 7.8%. The reasons for our success include our focus on menu development, high standards of service and hygiene, and a clear value-for-money position in the market.

The development of Pathfinder Pubs accelerated in June 2004 with the acquisition of Wizard Inns. The Wizard Inns estate of 63 managed pubs is situated mainly in the South of England, and comprises outlets in residential neighbourhoods and in good locations in commercial areas. The estate is of exceptional quality and represents a very good fit with our existing business. The integration of Wizard Inns has gone smoothly with the head office and systems integration completed within ten weeks. The anticipated synergies of at least £2.5m per annum are already being realised, and performance has been in line with expectations. Opportunities exist to convert a number of sites to our existing operating formats.

During the year, we built or acquired five new community pubs with a further 30 sites in various stages of development. Building new freehold pubs enables us to grow our business in prime trading




The Lime Kiln
Port y Waen

Pitcher & Piano
Richmond

The Mitre Oak
Hartlebury

The Hope & Anchor
Ross on Wye

locations and in areas beyond our traditional trading geography. With an average investment of around £1.5m per pub, we can create real value through organic development. We aim to build or acquire 20 new pubs in the new financial year.

During the year we completed 47 major refurbishments of existing pubs, with an average investment of around £300,000 per pub. We now have over 100 'Bostin' Locals' – great value community pubs – and over 30 'Service That Suits' – larger food-led pubs. These investments have produced consistent cash returns in excess of 20% over the last four years, and have provided us with the template for new-build pubs on greenfield sites. The operating formats for 'Bostin' Locals' and 'Service That Suits' have continued to evolve, and we believe that our overall offer is amongst the best in the community pub sector.

We refurbished five Pitcher & Piano bars during the year, and have achieved good results. Six more will be completed in the new financial year.

During the year we transferred 41 smaller managed pubs to The Union Pub Company. These are good pubs which are more suited to being run flexibly by lessees or tenants, and as such can be operated more cost effectively. As a consequence of the development of the Pathfinder Pubs estate, average turnover per pub is around £11,300 per week, up 11.9%, and the average annual EBITDA (earnings before interest, tax, depreciation and amortisation) per pub is £177,200, up 12.0%.

The Union Pub Company

Turnover in our leased and tenanted pub division increased by 2.1% to £118.2m, and underlying operating profit by 3.9% to £50.9m. Underlying operating margin increased from 42.3% to 43.1%. Like-for-like sales increased by 4.3%.

In addition to strong like-for-like sales growth, the average EBITDA per pub is approximately £57,600 per year, up 7.7% compared to 2003.

The Union Pub Company is regarded by many as one of the best quality leased and tenanted estates in the sector with an average barrelage per pub of over 280 barrels per year. Of the 1,162 pubs in the estate, over 500 are now under long-term (21-year) lease agreements. The introduction of our 'Open House' lease in 2002 has proved to be an extremely popular move, and the demand for pubs to be let under this agreement has exceeded our initial expectations.

The Union Pub Company has consistently introduced innovative ideas which enhance our relationship with licensees.

W&DB
We pride ourselves on high standards

The Voyager
Guisborough

In 2000, we were the first pub operator to insist on 'Plain English' agreements which help tenants and lessees understand the nature of their obligations. In 2001, we were the first to introduce independently chaired 'rent panels' to ensure a fair rent setting process. In 2003, we were the first to commit resources to helping tenants through the licensing reform process.

This year, we developed a facility which allows tenants and lessees to benefit from our Group purchasing power for items such as utilities, food and equipment, and introduced new programmes to help licensees exploit their pubs' potential to make more from specific sales categories such as food and wine. Our training programme 'The Skill Pool' saw a record number of attendees.

The development of our estate is also contributing to our good performance. We acquired 20 new pubs last year, investing £9.3m, and we aim to acquire around 30 in the new financial year. The pubs we seek to acquire are generally those suitable for lease, with an existing food operation or the potential to develop one. We also invested £18.3m on pub refurbishment through a combination of investment made before leasing pubs or joint schemes undertaken with the licensee.

During the year, 41 smaller managed pubs were transferred from Pathfinder Pubs. In the last five years, we have moved over 550 pubs from management to tenancy or lease.

WDB Brands

Turnover was £120.3m compared to

WDB Brands
Truly passionate about ale

£122.3m last year. Turnover in the second half-year was 1.9% ahead of last year, the first half-year reflecting the termination of a large low-margin supply contract last year. Underlying operating margin increased by 0.4% to 17.8%, and underlying operating profit increased by 0.5% to £21.4m.

WDB Brands is the largest ale business amongst its peer group – those who both brew beer and own and operate pubs (source: ACNielsen). Although the market overall is mature, there are real opportunities for beer businesses that are truly passionate about ale – in terms of brand awareness, beer quality and all areas of service and delivery.

In total, WDB Brands delivered 1.2 million equivalent barrels of all products to the on-trade last year - the equivalent of nearly one million pints a day. We pride ourselves on very high standards of service from our customer service centres, draymen and beer quality technicians, all of whom have direct customer contact. We adopt the same philosophy in the parts of the business that customers do not see – in our maltings, breweries in Wolverhampton and Burton, our modern bottling line and warehouses. The feedback we have from customers indicates that our high performance standards are amongst the key reasons why we are winning new business.

In the last two years, we have developed a strong business offering services which include bottling, packaging and distribution to a wide range of customers, including regional and national brewers. In 2005, we will become the brewer of Draught Bass at our Burton brewery on behalf of Interbrew UK – a move that will see us become the largest cask ale brewer in the UK, and brewer of two of the top premium ales in the country – Marston's Pedigree and Draught Bass.

Over the last two years we have introduced a number of new products, including Marston's Old Empire – 'the authentic IPA'. Together with Marston's Pedigree's strong performance, they contributed to a 4.6% increase in premium ale volumes last year, and an increase in market share.

In standard ale, which includes the Banks's and Mansfield brands, our performance was in line with the market.

We continue to invest in our breweries and our brands. Early in the New Year we will complete a £2.3m investment at the Burton brewery, including a new brewhouse and refrigeration plant which will improve efficiency and environmental performance. We have also just launched a new television marketing campaign for Marston's Pedigree.

The Hope & Anchor
Ross on Wye

In the new financial year, we will benefit from new distribution agreements with J D Wetherspoon and Mitchells & Butlers, which represent excellent opportunities to increase the availability of our brands.

Outlook

We continue to make good progress in acquiring new sites and pubs in line with our plans and we believe that we are in a strong position to exploit good acquisition opportunities. In evaluating opportunities, the most important benchmark is the extent to which acquisitions can generate sustainable returns at a satisfactory margin above our cost of capital. We would expect any acquisition to be earnings enhancing.

The Chairman has referred to regulatory pressures in his statement. The Government recently published a White Paper proposing a ban on smoking in public places, including the majority of pubs, by the end of 2008. There will be a consultation process before proposals are eventually finalised, but in the meantime we have already carried out significant investment in pub gardens and patios, which would not be affected by a ban, and we will increase the number of smoke free pubs over time.

Our gearing level is prudent, providing us with considerable flexibility to take advantage of opportunities as they arise. From current levels, we have scope to increase debt whilst still remaining conservatively financed.

The first eight weeks of the new financial year have started well, and in the light of market conditions, we believe that our business model and our approach to financing leave us well placed to out-perform the sector.

Ralph Findlay Chief Executive

04 Financial review

Paul Inglett

Trading overview

	Turnover 2004 £m	Turnover 2003 £m	Underlying operating profit (note 2) 2004 £m	Underlying operating profit (note 2) 2003 £m	Margin 2004 %	Margin 2003 %
Pathfinder Pubs	**261.8**	252.4	**56.4**	53.0	**21.5**	21.0
The Union Pub Company	**118.2**	115.8	**50.9**	49.0	**43.1**	42.3
WDB Brands	**120.3**	122.3	**21.4**	21.3	**17.8**	17.4
Central costs	–	–	**(17.8)**	(15.1)	**(3.5)**	(3.1)
Continuing operations	**500.3**	490.5	**110.9**	108.2	**22.2**	22.1
Acquisition of Wizard Inns	**13.4**	–	**2.0**	–	**14.9**	–
Group	**513.7**	490.5	**112.9**	108.2	**22.0**	22.1

We have again delivered strong earnings growth, driven by good underlying like-for-like sales in the pub divisions and very tight cost management across the Group. Underlying operating profit increased by 4.3% to £112.9m (operating profit after goodwill and exceptionals was up 4.6% to £100.9m). The 2004 results are based on a 53-week financial year, with profit before tax benefiting by approximately £1.5m compared to the previous year.

Margins
Underlying operating margins (excluding the impact of the Wizard Inns acquisition) increased to 22.2% - an excellent performance given the significant cost increases the Group has had to absorb over the last year, particularly from pension contributions and a 7.1% increase in the National Minimum Wage.

Strong cash flow
We continue to be a strongly cash generative business. Cash flow from operating activities increased by 13.4% to £148.4m. Free cash flow, after the payment of interest, tax and maintenance capital, increased by 23.8% to £68.1m.

Earnings per share
Underlying earnings per share increased by 10.0% to 75.8 pence per share, driven by a 6.3% increase in profit before taxation, and a lower effective tax rate (basic earnings per share was 66.7 pence, an increase of 25.8%).

Acquisition of Wizard Inns
Wizard Inns was acquired on 14 June 2004 for £91.3m, including acquisition costs and the repayment of £68.5m of debt. The acquisition was funded from existing bank facilities. The estate of 63 pubs has been independently valued at £85.8m. Goodwill arising as a result of the acquisition was £9.1m and is being amortised over 20 years (see note 26).

Estate revaluation
The net uplift from the revaluation of our estate of £169.5m has been reflected in the balance sheet, comprising a £171.7m gain to reserves and a £2.2m charge to the profit and loss account. The majority of this surplus relates to our pub divisions, with a £76.8m gain in Pathfinder Pubs and a £78.0m gain in The Union Pub Company. The remainder relates to a £7.0m gain on our brewing assets and a £7.7m gain

on our unlicensed property estate. As a result of the revaluation gain, balance sheet gearing has fallen to 86% at the year-end from 102% as at September 2003.

Capital expenditure
In addition to the acquisition of Wizard Inns there has been a significant increase in capital expenditure, with total spend across the Group increasing by £34.0m to £81.9m. The majority of this has been driven by increased investment in pub acquisitions and an increase in new build developments and sites within Pathfinder Pubs. We expect Group capital expenditure to rise by a further £13m in 2005, driven by the new build development programme in Pathfinder Pubs.

Treasury
Despite the significant increase in capital expenditure and the acquisition of Wizard Inns, the Group remains conservatively financed relative to the sector. Interest cover as defined by our banking facilities is 3.3 times, whilst the ratio of debt to EBITDA including the contribution of Wizard Inns on an annualised basis has increased to 3.7 times.

We now have £300m of medium term interest rate swaps in place, in addition to £220m of debentures. As a result, around 93% of the Group's net debt is either fixed or hedged.

Taxation
The underlying rate of taxation (before goodwill and exceptional items) reduced from 31.5% in 2003 to 29.2% in 2004 as a result of the release of various provisions following the agreement of prior year tax computations.

Pensions
We continue to account for pensions under SSAP 24. If FRS 17 had been adopted, the Group's pension net deficit after tax would have reduced to £46.0m this year-end compared to £56.6m last year-end.

Exceptional items and goodwill
Goodwill amortisation and impairment in the year amounted to £8.7m. There was a £2.1m profit on exceptional items excluding goodwill. This comprised a £4.5m profit on the sale of fixed assets, a taxation credit of £0.9m, offset by £1.1m of costs relating to the reorganisation of Wizard Inns and a £2.2m write down of certain property values following the estate revaluation (see note 4).

Accounting policies
The Group has adopted UITF 38 "Accounting for ESOP Trusts". There have been no other changes to our accounting policies since last year's annual report.

International Financial Reporting Standards
The Group will be required to adopt International Financial Reporting Standards (IFRSs) when reporting its accounts for the year ending September 2006. In preparation, a project team has been formed. It has reviewed all current IFRSs and is considering the likely impact on the Group's results.

Paul Inglett Finance Director

Pitcher & Piano
Richmond

The Fire Station
Waterloo, London

The Hope & Anchor
Ross on Wye

05 Directors

Ralph Findlay FCA (43) †
Chief Executive

Joined the Company in 1994 and appointed to the Board and Finance Director in 1996, Chief Executive in 2001.

Paul Inglett FCMA (38)
Finance Director

Joined the Company in 1992, on the acquisition of Camerons, and appointed to the Board in 2002.

Peter Lipscomb OBE (65)* †
Deputy Chairman, Non-executive Director

Appointed in 2000. Former Managing Director of Guinness Great Britain and Deputy Managing Director of Guinness Brewing Worldwide.

Derek Andrew MBE (49)
Managing Director, Pathfinder Pubs

Joined the Company in 1980 and appointed to the Board in 1994.

Alistair Darby (38)
Managing Director, WDB Brands

Joined the Company in 1997 and appointed to the Board in 2003.

Robin Hodgson – The Lord Hodgson of Astley Abbotts CBE (62)* †
Non-executive Director

Appointed in 2002. Chairman of Carbo Plc, Rostrum Group Limited and Johnson Brothers & Co Limited and a Director of the Staffordshire Building Society. Former Chairman and founder of Granville Baird Group Limited, Chairman of dominick hunter Plc, Deputy Chairman and founder of Community Hospitals Plc and Director of the Securities and Futures Authority.

Stephen Oliver (46)
Managing Director, The Union Pub Company

Joined the Company in 1999, on the acquisition of Marston's, and appointed to the Board in 2001.

David Thompson (50) †
Chairman, Non-executive Director

Joined the Company in 1977 and appointed to the Board in 1980, Managing Director in 1986, Chairman in 2001. Director of The Income and Growth Trust Plc, Persimmon PLC, Warburtons Limited and The Fleming Smaller Companies Investment Trust.

Miles Emley (55)* †
Non-executive Director

Appointed in 1998. Chairman of St. Ives plc. Former Director of N M Rothschild & Sons Limited and UBS Phillips & Drew.

*Member of the Remuneration and Audit Committees

†Member of the Nomination Committee

Ralph Findlay FCA (43) †
Chief Executive

Paul Inglett FCMA (38)
Finance Director

Peter Lipscomb OBE (65)* †
Deputy Chairman, Non-executive Director

Derek Andrew MBE (49)
Managing Director, Pathfinder Pubs

Alistair Darby (38)
Managing Director, WDB Brands

Robin Hodgson – The Lord Hodgson of Astley Abbotts CBE (62)* †
Non-executive Director

Stephen Oliver (46)
Managing Director, The Union Pub Company

David Thompson (50) †
Chairman, Non-executive Director

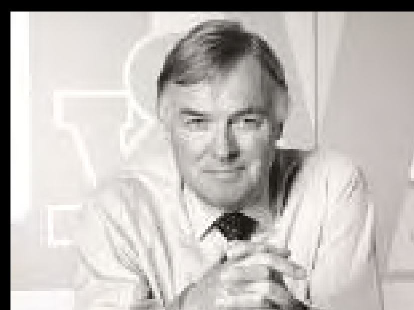
Miles Emley (55)* †
Non-executive Director












Anne-Marie Brennan
Company Secretary

06
Corporate and social responsibility

W&DB - OUR EMPLOYEES

W&DB is a people focused business and aims to be an employer of choice within the areas that it operates. The Chief Executive takes responsibility for all employee related matters, which are then delegated through the other Executive Directors and the Group's Director of Human Resources. W&DB is committed to treating all employees in a "**FIT**" manner, an approach that underpins all of its employee policies. "**FIT**" encapsulates the three fundamental behaviours that apply throughout the Group.

Fairness - Any action, decision or policy adopted within the W&DB Group should be both equitable and reasonable. It should not result in one particular group of employees gaining an unjustified advantage or benefit at the expense of another.

Integrity - If a commitment cannot be delivered or circumstances change so that an alternative course of action is appropriate this should be clearly explained.

Transparency - Wherever there is the freedom to do so, W&DB should act in a manner that is open to the scrutiny of its employees and the wider community.

All employees are based within the United Kingdom and all employment policies comply with or exceed UK statutory requirements. The Group publishes a full Equal Opportunities Policy and a Public Interest Disclosure ("Whistleblowing") Policy, both of which are available on the Group's website.

Listening to our employees

It is vital that we keep employees informed of our aims and how we intend to achieve them. More importantly, we listen to what employees have to say and respond in a positive, focused and timely manner.

In addition to regular briefing sessions, we publish an in-house magazine designed to keep employees updated on Group events and to record and celebrate employee achievements. Well attended roadshows and conference presentations are increasingly seen as an integral part of how each of the trading divisions operate. Many of the management and support teams are involved in an ongoing programme of "back to the floor" exercises allowing them to make substantial improvements from the insights gained at all levels within the business.

Employee consultation

As well as Group-led activities we also recognise that any employee may wish to join a trade union or other representative body. W&DB has a long history of excellent relationships with a number of trade unions, both for consultative and collective bargaining arrangements. Employee representatives play an important and positive part in developing our business and we intend to continue with and develop these arrangements.

Employee attitude survey

Direct employee feedback is supplemented by data from our confidential employee attitude surveys. The overall results and trends are reported back to employees and significant changes to both employee benefits and communication processes have been made as a result of these surveys. This year's survey results have shown a significant improvement in employee satisfaction scores across all areas monitored and we intend to continue with, and improve on, the progress made.

This progress has been recognised on a national basis with the Company receiving a "Highly Commended" Award at this year's prestigious Human Resources Excellence Awards run by HR Magazine.

Employee assistance programme

The Group operates a free employee assistance programme providing confidential support for all employees 24 hours a day, 365 days a year. We have also introduced a range of occupational health initiatives for our head office and production sites.

Diversity and work/life balance

All employees are covered by the Group's Equal Opportunities Policy. Having predominantly community based pubs means that the vast majority of employees are recruited from the communities around them. The majority of our pub staff are part time with working hours that suit their personal circumstances. As part of our training and development programmes, we offer recruitment and selection modules which highlight the benefits of a diverse workforce.

We are aware of our responsibilities under the Disability Discrimination Act and Pathfinder Pubs is a member of the Employers' Forum on Disability. During the year we undertook a comprehensive disability audit programme covering all of our licensed retail outlets which resulted in over £2m being invested in improving access to our buildings and services. These audits will be repeated on an annual basis.

We offer a benefits package designed to attract and retain the best employees and over 20% of our head office and production employees have been with us for more than 25 years. We recognise this loyalty and commitment with long service awards for 25 and 40 years service.

This year we have introduced a food discount "Pathfinder Privilege" scheme offering employees and pensioners 20% off their food bill in most Pathfinder Pubs. In addition, W&DB pub staff now receive a 50% discount on food and drink consumed during work breaks and they also qualify for retirement and long service awards for 15, 25 and 40 years service.

Developing all of our employees

W&DB ensures that development programmes are available for all employees and everyone with the desire and enthusiasm to progress within the business has the opportunity to do so. The Group has been continually accredited with the prestigious Investor in People standard since 1995 and was re-accredited last year using the most rigorous of assessment methods.

The Company's commitment to employee development has two great examples to draw on this year. Karl Czinege, The Union Pub Company's Business Opportunities Manager, won the Orange Award for Bright Business, part of the National Business Awards, and Mark Simcox, a Training Executive with Pathfinder Pubs, received a National Training Award in recognition of his own outstanding personal development.

W&DB - PROTECTING OUR ENVIRONMENT

W&DB complies with all relevant environmental legislation, and seeks to minimise the risk of all forms of pollution and nuisance. We operate in an environmentally responsible way to protect and enhance our people, brands, and communities and in so doing, we are committed to supporting environmental sustainability and bio-diversity. We achieve these commitments by meeting measurable standards of performance on those key aspects of our operations that have environmental impacts. We encourage our business partners, suppliers and contractors to adopt a similarly responsible approach.

The Group is seeking the Integrated Pollution Prevention Control (IPPC) accreditation from the Environment Agency for our qualifying production sites. The award recognises the best use of available techniques for energy and waste management.

The Board determines the Group environmental policy and the Environmental Committee, chaired by the Group Finance Director, is responsible for policy implementation.

Environmental management

In pursuit of the objectives outlined above, the Group employs structured environmental management systems and processes that allow it to: -

- Adopt economic production processes, which minimise environmental impact.
- Continue to aim for prevention of pollution at source.
- Provide appropriate training so that employees are able to exercise personal responsibility in preventing harm to the environment.
- Contribute to every aspect of environmental protection.
- Provide facilities for environmental auditing.

Environmental audits

Regular environmental audits are conducted at our production sites with the resulting action points being addressed in the following year. A new environmental action plan has been devised for the coming year.

Energy

The Group's aim is to minimise energy consumption by its continued use of measuring and monitoring techniques and by setting challenging targets for energy reduction to ensure continuous improvement in environmental performance.

Statistics related to the Climate Control Levy, energy usage and effluent production are collated and analysed to compare production sites and provide targets for general improvement initiatives. The results are also used to assist in the determination of capital investment projects and form part of the post investment evaluation.

Pathfinder Pubs now monitor energy usage per square metre within all of its "Bostin' Local" sites and similar data will soon be available for its "Service that Suits" operations. The Union Pub Company is currently formulating a project that will look at setting energy benchmarks for pubs undergoing development.

Water usage

We use significant amounts of water as part of the brewing process and within our pubs. We collate water consumption levels at all of our sites and have instructed an independent energy management group to undertake detailed surveys at our prime usage sites with a view to recommending ways of reducing usage. We work closely with Severn Trent Water to meet stringent standards for disposal of our effluent.

Solid waste

Purchasing agreements are in place with suppliers and contractors to dispose of solid waste in the most responsible manner commercially available. We endeavour to reduce the amount of waste destined for landfill by the use of reclamation and recycling.

Grease and cooking oil

We continue to improve our grease management. Traps are emptied and cleaned under a regular contract and the material is disposed of in a responsible manner. Used cooking oils are collected and disposed of by a waste contractor who then recycles the material. This contractor has recently completed a large-scale capital investment programme which will allow more of our waste oil to be recycled, some of which will be converted into bio-diesel fuel.

Sewage treatment

A number of our sites have treatment plants for reducing effluent. We have a reed bed at our Lichfield Maltings for primary treatment of its effluent. Maintenance contractors ensure the performance of the treatment plants and compliance with discharge consent limits.

Refrigerants

Particular priority, within defined timescales, is given to the replacement of CFCs and hydrogenated CFCs and we ensure that all newly installed plant and equipment is capable of meeting existing and likely

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enhancements to control standards. This year our investment of £2.2m at our Burton Brewery resulted in the wholesale replacement of its refrigeration systems and removal of CFC materials from the production process.

Asbestos

In preparation for the Control of Asbestos at Work Regulations that came into force this year the majority of our pub sites have had detailed surveys completed and the balance will be completed by the end of the year. We will continue to manage any remedial work required as part of our ongoing maintenance and improvement programmes.

New build programme

We require suppliers to be able to demonstrate sound environmental practices and new building programmes require compliance with all planning consents and building regulations.

Low energy lighting is already installed in all back-of-house areas and Pathfinder Pubs are set to commence a large-scale trial of low energy lighting in front-of-house areas. If this proves successful it will be extended to all managed houses and The Union Pub Company will consider a similar trial within its own estate.

W&DB - HEALTH AND SAFETY

The Board

The Group has a Health and Safety Policy, endorsed by the Board and used throughout the Group, for all health and safety activity. The Group Health and Safety Manager produces a bi-annual report for the Board giving detailed statistics on health and safety issues and the progress made in improving our performance where required. These reports are actively discussed, debated and challenged at all management levels to generate practical improvements and new initiatives.

Practical application and employee involvement

Relevant health and safety information and guidance forms a part of every employee's induction process, and many managers have been trained in risk assessment techniques. The health and safety issues in the workplace are reviewed on an ongoing basis.

All production and head office locations have active health and safety committees which meet regularly and are co-ordinated by the Group Health and Safety Manager. These committees comprise members of the management team and trained employee representatives. Our new occupational health service will form a welcome additional support and source of expert advice in this area.

Within Pathfinder Pubs, all pubs undergo health and safety audits by an external contractor and the measures by which we judge a satisfactory outcome are continually reviewed and raised. Each pub receives a comprehensive health and safety manual as a source of information, guidance and training together with a set of compliance documentation that has been widely praised by Environmental Health Officers. To further increase the profile of health and safety issues we have a Pathfinder Pubs Health and Safety Committee comprising the Group Health and Safety Manager, members of the Pathfinder Pubs management team and employee representatives.

In The Union Pub Company tenants and lessees are provided with the opportunity to receive health and safety training, and can also obtain examples of best practice for use within their pubs.

W&DB - A RESPONSIBLE ATTITUDE TOWARDS ALCOHOL

We are convinced that the provision of quality products served in well maintained pubs with industry leading standards of customer service creates a positive experience for customers and contributes to the overall quality of life within our local communities. The Group continues to aim to provide customers with a high quality experience, where food and drink can be consumed in a safe and friendly environment.

We are also aware that public attitudes towards the consumption of alcohol are changing and we continue to avoid any kind of promotional or marketing activity that is designed to encourage consumption of excessive amounts of alcohol. Our promotional material carries a clear and concise message encouraging the responsible consumption of alcohol. Marston's Pedigree is the first beer brand to include a responsible drinking message in its television advertising and a programme is underway with the packaging of our own brewed products involving the use of both a responsible drinking message and the recording of the alcohol unit value of the product. The re-packaging changes are being introduced as packaging is reviewed. We will continue to monitor and amend our programme where we believe that it will further contribute to consumers' ability to make an informed choice.

Our training programmes for our retail staff include significant elements designed to assist their determination of when it would be inappropriate to serve a customer and how to take positive steps to ensure that difficult situations are handled in a calm, safe and considered manner. Within The Union Pub Company we run a customised drinks and drugs awareness programme through Telford College which our lessees and tenants are encouraged to attend. This, combined with a strong emphasis on responsible marketing campaigns and providing alcohol unit information to customers and consumers has led to The Union Pub Company being chosen as Most Responsible On Trade Retailer (Pub Company) at The Responsible Drinks Retailing Awards 2004 run by the Morning Advertiser.

W&DB is also a member of the British Beer and Pub Association (BBPA), and has provided the Chair for the Midlands Section for the last four years. In this capacity we have been instrumental in developing the BBPA's code on the responsible retailing of alcohol.

Associate membership of The Portman Group

Working in conjunction with The Portman Group, W&DB has become increasingly involved in supporting health and lifestyle education programmes amongst young people. We adhere to the guidelines of The Portman Group, an independent industry body set up to monitor and advise on the responsible marketing and selling of alcoholic products. Pathfinder Pubs and The Union Pub Company divisions are associate members of this organisation and are committed to complying with the provisions of the code.

Full details of the Code of Practice can be found on The Portman Group website either directly or via the link from W&DB's own website.

Support for alcohol awareness and education programmes

By focusing on educating young people, W&DB believes that it can help them to establish a responsible attitude to alcohol and to socialise in a safe and considerate manner. Examples of our commitment include:

- Working with a local further education college by providing funding for the student health team to extend their hours to focus on advice about socialising safely.
- Providing funding for Staffordshire County Youth Service enabling them to give their teenage peer health advisors alcohol awareness training.
- Providing financial support for a local campaign by the National Union of Students to provide promotional materials in support of their safe clubbing initiative aimed at new university students.

We are keen to explore opportunities to support wider responsible drinking initiatives and we will be sponsoring the responsible drinking campaign recently launched by West Midlands police. We also work with other police forces and provide representatives for all the Regional Crime and Disorder Partnerships which run within our trading areas.

We are the only drinks industry member of Wolverhampton's multi-agency Alcohol Taskforce set up to develop the policy for local implementation of the Government's National Alcohol Harm Reduction Strategy.

W&DB - SMOKING IN PUBS

The Government issued a White Paper, "Choosing Health" on 16th November 2004. This paper proposes that legislation should be put in place which bans smoking in public places and in the majority of pubs by the end of 2008. The proposed exemptions are those pubs not serving food, and membership only clubs.The White Paper will be the subject of consultation and consideration. In the meantime, within our Pathfinder Pubs managed pub estate we have a number of specific plans being implemented:

- We will continue to increase the use of and upgrade our existing air extraction facilities for the benefit of everyone in our pubs.
- We will continue to increase the percentage of our floor space that is 'no smoking'.
- We will, as a minimum, comply with our committment to ban smoking at the bar and within back office areas by the end of 2005.
- We will also ensure that 20% of our trading area will be smoke-free by this time, rising to 80% over time.

We already have seven no smoking pubs within Pathfinder Pubs and we intend to increase this number where our customers indicate a preference.

We will actively encourage our tenants and lessees to consider this issue by seeking the views of their customers. As a result of our initiatives, over 85% of our tenants and lessees have already agreed to consult their customers about this.

All our sites now display the appropriate signage in accordance with the Clean Air Charter.

W&DB - IN THE COMMUNITY

W&DB is committed to being an active and positive contributor to the communities it serves. Our employees often live and work in the same area and we are determined to act in a manner that will enhance the reputation of W&DB.

Reflecting the importance we place upon this activity, W&DB's Corporate & Social Responsibility (CSR) Committee meets at least quarterly, under the stewardship of the Group's Finance Director who is ultimately responsible for all CSR initiatives within the Group.

Charitable donations

Each year our licensed retail managers, pub staff and tenants raise significant amounts of money for many different charitable causes. In the year ended 2 October 2004 Pathfinder Pubs raised in excess of £260,000 through locally run pub-based activities. In addition almost £34,000 has been raised by the Pathfinder Local Heroes Foundation. This is funded directly from contributions made by employees within its head office function which are then matched by the Pathfinder Pubs division. All of this money is spent supporting local pub-based charities.

In addition to providing practical and administrative support for the charitable activities of their tenants and lessees The Union Pub Company has raised over £4,000 for a variety of charities including the Queens Hospital Paediatric Unit and Macmillan Cancer Relief.

WDB Brands makes many prize donations for charitable activites run by its free trade customers and also supports the W&DB Employee Charity Fund with charitable donations. This year a number of the

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senior management team, including Stephen Oliver and Alistair Darby, completed the New York Marathon thereby raising thousands of pounds for Asthma UK, Macmillan Cancer Relief and Yorkshire Cancer Relief.

Our employees also run their own W&DB Employee Charity Fund, which the Company is proud to support. Since its inception this fund has raised over £140,000 for local causes and in the last twelve months has donated more than £14,000 to causes nominated by employees. In support of this the Company has introduced Give As You Earn arrangements for employees enabling them to make tax-efficient donations to this, or any other registered charity of their choice. The administration charges for running this scheme will be borne by the Company thereby insuring that employees' donations are given in their entirety to good causes.

Working with The Prince's Trust
We are pleased to be involved with The Prince's Trust. Placements with The Trust form an integral part of our Graduate Training Programme offering our managers of the future a chance both to contribute to their wider community and develop vital people and project management skills.

W&DB - ETHICAL PURCHASING

W&DB has a duty to support and encourage a responsible purchasing policy for all of its goods and services. As a minimum, all purchasing employees abide by the Chartered Institute of Purchasing and Supply's Professional Code of Ethics Statement. This Code requires purchasing professionals to have due regard for their responsibilities in respect of a whole range of issues. Full details of this Code can be found via the link from W&DB's own website.

W&DB - OUR HERITAGE

We consider that being an integral part of the communities which we serve is fundamental to the future success of the Group and we recognise that we have a part to play in the preservation of our rich and diverse heritage.

Many of our buildings are listed or have local historical associations and all development work, in our pubs or brewery sites, reflects this. As well as going through all the normal planning processes the Group will, where appropriate, consult with other bodies such as English Heritage prior to commencing work. An example of this is the work currently underway to upgrade the brewhouse at Burton. Extensive consultation was undertaken with English Heritage prior to work commencing and the result will be an operation that retains many original features reflecting its brewing lineage, as well as bringing significant environmental benefits.

07
Directors' report

The Directors present their annual report and audited financial statements for the financial year ended 2 October 2004. This represents a 53 week period compared to a 52 week period for the previous financial year.

Principal activities and business review
The Group's principal activities are operating managed, tenanted and leased public houses, brewing beer and wholesaling beer, wines and spirits. The Company is not a close company within the meaning of the Income and Corporation Taxes Act of 1988 and there has been no change since the period end.

A review of activities and the financial performance during the period together with an assessment of likely future developments are presented in the Chairman's statement, the Chief Executive's review and the Financial review.

Results and dividends
The profit for the year after taxation amounted to £48.4m (2003: £38.5m). The dividend on the 7.0% cumulative preference shares was £5,250 (2003: £5,250). The directors propose a final dividend of 23.32p per ordinary share which when added to the interim dividend of 12.0p, makes a total of 35.32p per ordinary share for the period ended 2 October 2004. The final dividend, as proposed and if approved, will be paid on 31 January 2005 to those shareholders on the register at close of business on 31 December 2004.

Policy and practice
The commitment and ability of our employees are key factors in achieving the Group's objectives. We seek to give equal opportunities in employment and ensure that all employees receive fair treatment irrespective of sex, religion, ethnic origin or disability, including those who become disabled during their employment. Employment policies are based on the provision of appropriate training, and annual personal appraisals support skill and career development. The Company operates a Save As You Earn (SAYE) share option scheme open to all employees on the completion of three years service.

Our communications aim is to increase the understanding and commitment of all our employees through regular briefings and in-house publications.

Research and development is either by way of market research, or in conjunction with the Brewing Research Foundation International.

Environmental policy is determined by the Board. Performance against preset objectives is reviewed regularly by a sub-committee of the Board chaired by the Finance Director. Our operations comply with relevant environmental legislation in order to minimise risks of all forms of pollution and noise.

The Company's payment policy follows the CBI's Prompt Payment Code for all suppliers. Copies of this Code can be obtained from the Company's registered office. Creditor days at the period end were 42 (2003: 41).

Charitable donations made by the Company during the year were £16,307 (2003: £13,243). These were made across the divisions to various local and national charities, further details of which can be found in the Corporate and social responsibility report.
No political donations were made.

Directors
The present Directors and their biographical details are shown on page 16. All served throughout the financial year. Miles Emley, Stephen Oliver and Paul Inglett retire by rotation in accordance with the articles of association and offer themselves for re-election. Details of the terms under which the Directors serve and their remuneration are given in the Directors' remuneration report on pages 26 to 32.

07 Directors' report

Interests of Directors

The interests of the Directors and their immediate families in the ordinary share capital of the Company as at 2 October 2004 were:

	Ordinary Shares			
	Beneficial		Non-beneficial	
	2004	2003	2004	2003
Derek Andrew	**64,753**	27,614		
Alistair Darby	**9,666**	500		
Miles Emley	**8,812**	8,812		
Ralph Findlay	**58,120**	16,110		
Lord Hodgson	**1,680**	1,680		
Paul Inglett	**11,663**	7,632		
Peter Lipscomb	**5,000**	5,000		
Stephen Oliver	**8,720**	1,220		
David Thompson	**161,052**	157,912	**268,212**	268,212

In addition, Derek Andrew, Ralph Findlay, Paul Inglett, Stephen Oliver and Alistair Darby as Executive Directors are treated as having a beneficial interest in the total number of 212,500 ordinary shares (2003: 419,000) held in the ESOP. The interests in share options are set out on pages 28 and 29. No Director had any material interest in any contract of the Group's business during or at the end of the period. There have been no changes in Directors' interests between 2 October 2004 and 3 December 2004.

Substantial shareholdings

The Company has received notification of the following interests in 3% or more of its issued share capital as at 2 October 2004.

	Number	%
ORDINARY SHARES		
M&G Investment Management	5,763,152	7.9
Schroder Investment Management Limited	4,463,133	6.1
Silchester International Investors Limited	4,077,311	5.6
Credit Suisse Asset Management	2,889,080	4.0
Legal & General Investment Management	2,577,750	3.5
Merrill Lynch Investment Managers	2,275,333	3.1

Since the year end the Directors have been notified that The Royal Bank of Scotland, Plc has acquired an interest in 3,334,219 ordinary shares (4.6%).

PREFERENCE SHARES		
Fiske Nominees Limited A/C IONIAO42	31,548	42.1
Medlock & Medlock Limited	6,750	9.0
George Mary Allison Limited	5,500	7.3
Mrs A Somerville	5,500	7.3
Mr P F Knowles A/C NPK	4,056	5.4
Mr A W R Medlock	3,657	4.9
R C Greg Nominees Limited A/C BLI	3,283	4.4
Mr A F Southall	2,855	3.8
Fiske Nominees Limited A/C IONIA023	2,500	3.3

Repurchase of shares
At the annual general meeting held on 23 January 2004 shareholders authorised the Company to make market purchases of its ordinary shares of 29.5p each.

Pursuant to this authority the Company has during the year, purchased 1.04m ordinary shares of 29.5p each, having a total nominal value of £0.3m representing 1.4% of the Company's issued share capital as at that date, for an aggregate amount of £8.0m. This repurchase of shares was in line with the Company's objectives of operating an effective balance sheet and delivering shareholder value.

Auditors
PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution for their re-appointment as Independent Auditors and to authorise the Directors to fix their remuneration will be proposed at the annual general meeting.

Annual general meeting special business

Resolution number 7 - to approve the Directors' remuneration report.

Resolution number 8 - authority to issue shares.
This resolution seeks renewal of the Directors' authority to allot unissued shares up to an aggregate nominal amount of £7,154,482, being one-third of the total ordinary share capital of the Company in issue as at 2 October 2004.

Resolution number 9 - disapplication of shareholders' pre-emption rights.
This resolution seeks renewal of the Directors' authority to issue ordinary shares up to an aggregate nominal amount of £1,073,172 being 5% of the total ordinary share capital of the Company in issue as at 2 October 2004, for cash without offering the shares first to existing shareholders by way of rights.

The authority contained in this resolution will terminate not later than 15 months after passing the resolution.

Resolution number 10 - purchase of own shares by the Company.
The Company's articles of association permit the purchase of the Company's own shares, subject to the provisions of the Companies Acts. The Directors consider it desirable and in the Company's interests for shareholders to grant the Company authority to exercise this power, within certain limits, to enable it to purchase its own shares in the market. We undertake that the authority will only be exercised if we are satisfied that the purchase will result in an increase in earnings per share and is in the best interests of the shareholders generally. Subject to the passing of this resolution and to the extent that the Company exercises such power, the Company may decide to either cancel the shares it purchases pursuant to such power and/or hold such shares in treasury for resale.

We propose an authority for the Company to purchase its own shares in the market, up to a total of 10,906,341 ordinary shares of 29.5p each having an aggregate nominal value of £3,217,370 being 14.99% of the issued ordinary share capital of the Company as at 2 October 2004.

Recommendation
We consider that the resolutions to be proposed at the annual general meeting are in the best interests of the Company and it is our unanimous recommendation that you support these proposals as we intend to do in respect of our own holdings.

By Order of the Board

Anne-Marie Brennan Secretary
3 December 2004

08
Directors' remuneration report

Composition and Terms of Reference of the Remuneration Committee

The Remuneration Committee is appointed by the Board and comprises Peter Lipscomb (Chairman), Miles Emley and Lord Hodgson, all of whom are independent Non-executive Directors.

The Committee is responsible for setting the framework and policy for the remuneration of the Executive Directors, which it reviews annually for appropriateness and relevance. It is also responsible for determining the specific elements of the Executive Directors' contractual terms and compensation arrangements. The Committee also oversees any major changes in employee benefits structures throughout the Group.

In setting policy and compensation levels, the Remuneration Committee has due regard to the Combined Code.

The Committee took advice on specific issues during the year from the Chief Executive, Ralph Findlay, however he did not provide any advice in relation to his own remuneration. The Committee also took independent advice from Deloitte with regard to general remuneration levels to ensure that the awards remain competitive and in line with best practice.

Remuneration policy

The Company's remuneration policy for the current financial year and for the future is to ensure that the remuneration of Executive Directors is competitive, to enable the Company to retain and motivate existing Directors and attract high quality performers in the future. The Company aims to incentivise and reward its senior executives in a way that is consistent with the Company's commercial objectives and to align the interests of the Directors with those of shareholders. To achieve this, the Executive Directors' total remuneration comprises both fixed remuneration and variable reward which is linked to Company performance, individual achievement and market comparatives. The main fixed and performance related ("variable") elements for Executive Directors in 2004 were as follows:

Fixed
- basic salary;
- benefits in kind (detailed in the notes to the Directors' emoluments table below); and
- pension benefits.

Variable
- annual award of share options under the Long Term Incentive Plan (LTIP), vesting after three years, subject to performance conditions being met.
- annual bonus related to Company performance and individual objectives.

The Company's remuneration policy in respect of Non-executive Directors is to pay annual fees which reflect the responsibilities and duties placed upon them, whilst also having regard to market practice.

Service contracts

The Company's policy is that all Executive Directors' contracts are for a duration of 12 months and are subject to 12 months' notice when terminated by the Company and 6 months' notice when terminated by the Executive Director. David Thompson has had a six-month rolling contract since July 2003. During the year Derek Andrew's service contract was changed from 24 months' notice from the Company to 12 months' notice. All service contracts expire on the Director reaching age 60 unless the Company subsequently agrees that the Director may continue to work beyond the age of 60.
The following table details the Directors' service contracts.

	Date of contract	Notice period (Company)	Notice period (Director)
Derek Andrew	15 Aug 01	12 months	6 months
Alistair Darby	16 May 03	12 months	6 months
Ralph Findlay	15 Aug 01	12 months	6 months
Paul Inglett	22 Mar 02	12 months	6 months
Stephen Oliver	15 Aug 01	12 months	6 months
David Thompson	24 Jan 02	6 months	6 months

Payments to Directors upon termination of their contracts will be equal to the Director's basic salary for the duration of the notice period. There is no reduction for mitigation or for early payment when a Director leaves at the Company's request.

With the exception of David Thompson, the Non-executive Directors do not have a service contract and their appointments may be terminated without compensation at any time.

The Committee has reviewed these arrangements in the light of current market practice and the relevant provisions of the Combined Code and consider that they are appropriate and in the interests of shareholders, the Company and the individuals concerned.

Salaries

Salaries for Executive Directors were reviewed as at 1 October 2003 following an independent review of executive remuneration by Deloitte. The aim of the Company is to provide a competitive remuneration package. Salary levels are determined by considering an individual's performance, their responsibilities, by reference to an appropriate peer group, and in the context of other pay awards made in the Group.

Bonuses

Bonus objectives for Executive Directors were set based on a combination of Group profit achievement and personal objectives. For 2003/2004 there is a maximum possible bonus of 75% of basic salary, payable in December 2004, where up to 50% is allocated on the basis of profit achievement with "on-target" performance delivering a 25% award. The Remuneration Committee will retain discretion over the level of pay out depending on the quality of the financial performance in achieving the result. The remaining 25% of salary will be awarded, on a sliding scale, for the achievement of business growth Key Performance Indicators (KPIs) as set out in the Annual Plan and competitive KPIs in relation to an appropriate peer group. For this element of the bonus "on-target" achievement will deliver a bonus of 15% of salary.

The performance targets and KPIs are commercially sensitive and details are therefore not included in this report.

Bonuses are also paid at appropriate levels throughout the Company.

All bonuses are non-pensionable.

Share incentive schemes

The Company operates four executive share option schemes. The 1985 and the 1994 Executive Share Option Schemes are Inland Revenue approved schemes and the 1997 Executive Share Option Scheme is a non-Inland Revenue approved Scheme used to make awards to Executive Directors and other selected employees above their £30,000 tax efficient limit. The 1985 Scheme expired in January 1994 and the 1994 Scheme expired in January 2004. The 1994 and 1997 Schemes were replaced by the 2004 Executive Share Option Scheme which was approved by shareholders at the annual general meeting held on 23 January 2004.

Executive share options are awarded by the Remuneration Committee at the prevailing market rate on the date of grant to selected employees as a means of long-term incentive. Options are exercisable upon the achievement of stated performance criteria.

The exercise of executive share options granted under the 1994 and 1997 Schemes is subject to the Group achieving growth in earnings per share in excess of the growth in the retail price index (RPI) by an average of 2% per year over a three-year performance period. For the 2004 Scheme, the growth in earnings per share must be in excess of the growth in the RPI by an average of 3% per year over a three-year performance period before an option becomes exercisable. The Remuneration Committee retains the discretion to change the performance measures for future awards, if appropriate, provided the new conditions are no less stretching. The levels of the awards will not be increased without shareholder approval.

The Committee believes the earnings per share performance conditions to be appropriate and provide relative alignment with the Group's economic performance.

During the year the Company introduced a Long Term Incentive Plan (LTIP) following shareholder approval at the annual general meeting on 23 January 2004. In any one year, an Executive Director may be awarded these nil cost LTIP options over shares up to the value of their annual salary. The options granted during the year will only become exercisable provided certain performance conditions are met. If the Group's growth in earnings per share is at least 3% per annum compound in excess of the increase in RPI over the three-year performance period starting immediately before the award, then 35% of the options awarded will be exercisable. For 100% of the options awarded to be exercisable the Company's growth in earnings per share must exceed the increase in RPI by 9% per annum over the same performance period.

It is envisaged that for the foreseeable future the Remuneration Committee is likely to make awards under the LTIP rather than the 2004 Scheme for the Executive Directors and in any event does not intend to make awards under both the LTIP and the 2004 Scheme in the same year.

The Company also operates an Inland Revenue approved Save As You Earn Plan ("SAYE") for which all employees, including the Executive Directors, are eligible. Options are granted at a discount of 20% of the market value of the Group's shares at the date of grant.

08 Directors' remuneration report

Directors' emoluments

The emoluments of the Directors for their services as Directors of the Company and its subsidiaries for the period ended 2 October 2004 were:

	Salary/ Fees £	Bonus £	Non-cash benefits £	Other cash benefits £	**Total 2004 £**	Total 2003 £
Derek Andrew	200,000	104,000	3,379	38,809	**346,188**	280,951
Alistair Darby	185,000	77,700	10,353	-	**273,053**	169,144
Miles Emley	25,000	-	-	-	**25,000**	25,000
Ralph Findlay	325,000	162,500	6,054	16,200	**509,754**	378,105
Lord Hodgson	25,000	-	-	-	**25,000**	25,000
Paul Inglett	185,000	96,200	3,405	13,500	**298,105**	218,293
Peter Lipscomb	30,000	-	-	-	**30,000**	30,000
Stephen Oliver	185,000	101,750	2,353	13,500	**302,603**	229,547
David Thompson	100,000	-	1,987	16,200	**118,187**	118,967
	1,260,000	542,150	27,531	98,209	**1,927,890**	1,475,007

Non-cash benefits principally include the provision of company cars, fuel for company cars, life assurance and private health insurance. Other cash benefits can include cash allowances paid in lieu of a company car and fuel and holiday flex payments. The fees relating to the services of Miles Emley and Lord Hodgson were paid to St Ives plc and Johnson Brothers & Co Limited respectively.
No Executive Directors earn fees outside their employment.

Non-executive Directors' fees and benefits

The fees for the Chairman and Non-executive Directors are determined by the Board as a whole. The current basic fees were set on 1 October 2001. The fees for 2004/2005 have been set following a review of peer group company information provided by Deloitte and have regard to the increasing responsibilities placed on Non-executive Directors. The Non-executive Directors do not receive any benefits or pension contributions from the Group, with the exception of David Thompson whose benefits are as set out on pages 28,30 and 31.

Directors' share options

		Date of grant	At 27 September 2003	Granted during the year	Exercised during the year	Share price on exercise p	**At 2 October 2004**	Option price p	Exercise period From	To
Derek Andrew	Executive	4 Jun 94	20,000	–	20,000	852.0	**–**	544.0	13 Jun 97	13 Jun 04
		2 Jan 96	8,500	–	8,500	852.0	**–**	581.0	1 Jan 99	1 Jan 06
		25 Feb 97	10,000	–	10,000	792.5	**–**	683.5	24 Feb 00	24 Feb 04
		1 Dec 97	10,000	–	10,000	717.5	**–**	458.5	30 Nov 00	30 Nov 04
		26 Jun 98	24,500	–	24,500	717.5	**–**	518.0	25 Jun 01	25 Jun 05
		30 May 00	100,000	–	100,000	717.5	**–**	325.5	29 May 03	29 May 07
		10 Jan 03	20,000	–	–	–	**20,000**	604.0	9 Jan 06	9 Jan 10
	SAYE	30 Jun 00	6,633	–	–	–	**6,633**	277.0	31 Jul 07	31 Jan 08
	LTIP	15 Jun 04	–	24,554	–	–	**24,554**	0.0	15 Jun 07	1
Alistair Darby	Executive	26 May 99	10,000	–	10,000	850.25	**–**	565.0	25 May 02	25 May 06
		30 May 00	20,000	–	20,000	850.25	**–**	325.5	29 May 03	29 May 07
		10 Jan 03	20,000	–	–	–	**20,000**	604.0	9 Jan 06	9 Jan 10
	SAYE	30 Jun 00	2,436	–	–	–	**2,436**	277.0	31 Jul 05	31 Jan 06
		26 Jun 02	1,194	–	–	–	**1,194**	554.0	31 Jul 07	31 Jan 08
		25 Jun 03	616	–	–	–	**616**	517.0	31 Jul 08	31 Jan 09
	LTIP	15 Jun 04	–	22,713	–	–	**22,713**	0.0	15 Jun 07	1

Directors' share options continued

		Date of grant	At 27 September 2003	Granted during the year	Exercised during the year	Share price on exercise p	**At 2 October 2004**	Option price p	Exercise period From	To
Ralph Findlay	Executive	31 May 95	15,000	–	–	–	**15,000**	530.0	30 May 98	30 May 05
		2 Jan 96	10,000	–	10,000	792.5	**–**	581.0	1 Jan 99	1 Jan 06
		25 Feb 97	46,000	–	46,000	792.5	**–**	683.5	24 Feb 00	24 Feb 04
		26 Jun 98	6,500	–	6,500	792.5	**–**	518.0	25 Jun 01	25 Jun 05
		30 May 00	100,000	–	100,000	792.5	**–**	325.5	29 May 03	29 May 07
		10 Jan 03	20,000	–	–	–	**20,000**	604.0	9 Jan 06	9 Jan 10
	SAYE	30 Jun 00	6,092	–	–	–	**6,092**	277.0	31 Jul 05	31 Jan 06
	LTIP	15 Jun 04	–	39,901	–	–	**39,901**	0.0	15 Jun 07	[1]
Paul Inglett	Executive	26 May 99	4,000	–	4,000	801.0	**–**	565.0	25 May 02	25 May 06
		27 Jun 00	8,000	–	8,000	801.0	**–**	371.5	26 Jun 03	26 Jun 07
		10 Jan 03	20,000	–	–	–	**20,000**	604.0	9 Jan 06	9 Jan 10
	SAYE	24 Jun 98	837	–	837	759.5	**–**	412.0	31 Jul 03	31 Jan 04
		24 Jun 99	1,474	–	–	–	**1,474**	457.5	31 Jul 04	31 Jan 05
		26 Jun 02	1,370	–	–	–	**1,370**	554.0	31 Jul 05	31 Jan 06
		25 Jun 03	1,430	–	–	–	**1,430**	517.0	31 Jul 06	31 Jan 07
		28 Jun 04	–	588	–	–	**588**	640.0	31 Jul 07	31 Jan 08
	LTIP	15 Jun 04	–	22,713	–	–	**22,713**	0.0	15 Jun 07	[1]
Stephen Oliver	Executive	26 May 99	10,000	–	10,000	717.5	**–**	565.0	25 May 02	25 May 06
		30 May 00	20,000	–	20,000	717.5	**–**	325.5	29 May 03	29 May 07
		10 Jan 03	20,000	–	–	–	**20,000**	604.0	9 Jan 06	9 Jan 10
	SAYE	26 Jun 02	3,244	–	–	–	**3,244**	554.0	31 Jul 09	31 Jan 10
	LTIP	15 Jun 04	–	22,713	–	–	**22,713**	0.0	15 Jun 07	[1]
David Thompson	Executive	2 Jan 96	39,000	–	–	–	**39,000**	581.0	1 Jan 99	1 Jan 06
		1 Dec 97	7,000	–	7,000	884.0	**–**	458.5	30 Nov 00	30 Nov 04
		26 Jun 98	7,000	–	–	–	**7,000**	518.0	25 Jun 01	25 Jun 05
		23 Dec 99	15,000	–	–	–	**15,000**	541.0	22 Dec 02	22 Dec 06
		30 May 00	180,000	–	–	–	**180,000**	325.5	29 May 03	29 May 07
	SAYE	30 Jun 00	6,633	–	–	–	**6,633**	277.0	31 Jul 07	31 Jan 08

1 Provided the three-year performance conditions are met, options granted under the LTIP will not expire until the end of the calendar year following the option holder's expected retirement date, or earlier at the discretion of the Remuneration Committee.

"Executive" means the options granted under the 1994 and/or 1997 Executive Share Option Schemes. All options under the Executive Schemes are subject to the same performance criteria being growth in earnings per share in excess of growth in the RPI by an average of 2% per annum over a three-year performance period.

"SAYE" means the 1982 and 2002 Save As You Earn Plan.

The mid-market ordinary share price range during the year was 716p to 926p with an average price of 817.42p.
The mid-market ordinary share price on 2 October 2004 was 888p.

Interests of Directors

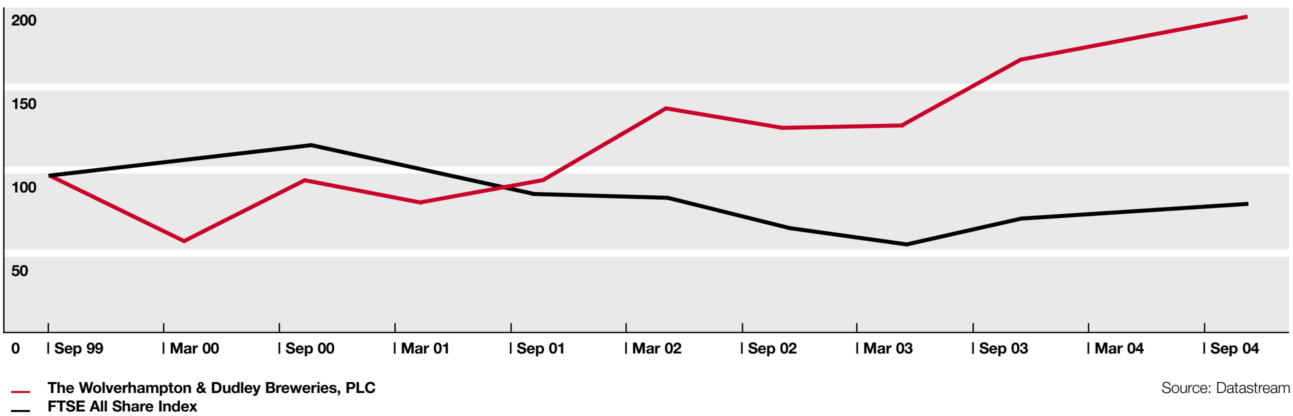
The interests of the Directors and their immediate families in the ordinary share capital of the Company are disclosed on page 24.

08 Directors' remuneration report

Total shareholder return graph

The graph below represents the comparative total shareholder return (TSR) performance of the Company against the FTSE All Share Index during the previous five financial years. The FTSE All Share Index has been selected as a comparator because this is a broad market index of which the Company is a member. The Company believes it would have been less meaningful to use a narrower index such as the Leisure and Hotels index for comparison purposes. The TSR indices used in the chart have been calculated in accordance with the Directors' Remuneration Report Regulations 2002 relative to a base date at the end of September 1999.

Total shareholder return



Source: Datastream

Directors' pensions

Pension benefits earned by the Directors:

	Accrued pension at 2 October **2004** £	Change in accrued pension over 2003/2004 excluding increase for inflation £	Members' contributions over year £	GNII transfer value at 2 October **2004** £	GNII transfer value at 27 September **2003** £	Change in transfer value over 2003/2004 less Director's contributions paid during the period £	Transfer value of the increase in the accrued pension £
Derek Andrew	**89,001**	6,346	0	**789,370**	664,537	124,833	97,784
Alistair Darby	**13,246**	2,500	7,538	**84,964**	61,602	15,824	18,107
Ralph Findlay	**22,416**	2,254	7,538	**179,034**	143,945	27,551	24,638
Paul Inglett	**21,787**	2,071	7,538	**126,147**	101,463	17,146	17,363
Stephen Oliver	**28,250**	2,983	7,538	**287,048**	235,358	44,152	40,439
David Thompson	**118,102**	(701)	7,500	**1,061,435**	974,185	79,750	32,634

Notes:

1 The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year from the approved pension scheme.

Directors' pensions continued

2 The increase in accrued pension during the year excludes any increase for inflation.
3 The negative figure for David Thompson is due to the increase in accrued pension being less than the inflationary increase over the year.
4 A refund of pension contributions to Derek Andrew recognises back payments to 1 September 2002 which was the date of expectation of becoming a non-contributory member until the rules were changed to reflect a 7.5% contribution rate for all members.
5 Members of the Scheme have the option to pay Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the table above.
6 The Company operates funded unapproved arrangements for Ralph Findlay, Stephen Oliver and Paul Inglett.
7 The accumulated accrued pensions from the approved scheme at the year end 27 September 2003 are shown below for comparison.
8 The transfer values are calculated in accordance with version 8.1 of guidance note GN11 issued by the actuarial profession.

	Approved accrued scheme pension at 27 September 2003 £
Derek Andrew	80,170
Ralph Findlay	19,556
Paul Inglett	19,123
Stephen Oliver	24,507
Alistair Darby	10,423
David Thompson	115,231

The following additional information relates to Directors' pensions:

(a) Normal retirement age is 60.
(b) On death before retirement a lump sum is payable, equal to the Director's contributions. However, some or all of this lump sum may be used to provide a statutory minimum spouse's pension. On death after retirement the spouse's pension payable is two-thirds of the pension which the member was receiving at the date of death.
(c) Early retirement can be taken from age 50 provided the Company gives its consent. The accrued pension will then be reduced to take account of its early payment.
(d) Pension increases for Derek Andrew, Ralph Findlay, David Thompson, Paul Inglett and Alistair Darby will be in line with statutory requirements before and after retirement. Stephen Oliver will receive statutory increases before retirement, post retirement increases on pension earned prior to 6 April 1997 at the rate of 3% per annum and post retirement increases on pension earned after 5 April 1997 at the increase in the RPI, subject to a maximum of 5% and a minimum of 3%. The Trustees have the discretion to grant pension increases above these rates.
(e) There are no discretionary benefits.

Ralph Findlay participated in an unfunded unapproved retirement benefit scheme (UURBS) from 13 January 1998 to 15 August 2001. The amount charged in the profit and loss account in respect of the UURBS has been included within contributions to the pension scheme above. The UURBS was replaced by a funded unapproved scheme (FURBS) from 15 August 2001 with past service UURBS being bought out by contributions to the FURBS spread over five years from 1 October 2001. The third such payment of £93,750 was made on 1 October 2003, together with £65,148 to meet the tax liability created. The total commitment of £468,750 was charged to the profit and loss account in the year ended 28 September 2002. The Company contribution to the FURBS for the period ended 2 October 2004 was £97,500.

08 Directors’ remuneration report

Directors’ pensions continued
Stephen Oliver participated in an UURBS from 1 September 2000 to 15 August 2001. The amount charged in the profit and loss account in respect of the UURBS has been included within contributions to the pension scheme above. The UURBS was replaced by a FURBS from 15 August 2001. The Company contribution to the FURBS for the period ended 2 October 2004 was £46,250.

Paul Inglett has participated in a FURBS since 11 March 2002. The Company contribution to the FURBS for the period ended 2 October 2004 was £37,000.

Pension arrangements
During the year the Group operated a final salary pension scheme and a Group Personal Pension Plan (GPPP).

During the year, for the final salary scheme the Group contributed 32.0% of the pensionable payroll for all members. Members contributed in accordance with the Rules. All employees in the Group final salary pension schemes have permanent health insurance and death-in-service life assurance cover to the value of four times their salary, subject to acceptance by insurers.

The Group introduced the GPPP for new entrants with effect from 29 September 1997 to which it contributes 7.0% of pensionable salary and members contribute a minimum of 3.5% of their pensionable salary. Membership of the GPPP provides permanent health insurance and death-in-service life assurance cover to the value of between two and four times pensionable salary, subject to acceptance by insurers.

During the year, the Group operated a final salary pension scheme for employees who joined the Scheme prior to 29 September 1997. The funds of the Scheme are administered by Trustees and are separate from the Group. A valuation of the Scheme was carried out as at 1 September 2003. This resulted in a long-term Group contribution rate of 32.0% of members’ total earnings.

The assumptions that have the most significant effect on the funding position of the Scheme are those relating to the differences between the long-term rate of return on investments and the rate of increase in earnings. The 1 September 2003 valuation for the Scheme assumed that the long-term investment return pre-retirement would exceed salary increases by 3.9% per annum and price inflation by 4.9% per annum. It assumed that the long-term investment return after retirement would exceed salary increases by 2.1% per annum and price inflation by 3.1% per annum. The market value of the Scheme assets was £135.3m, which was sufficient to cover 78.5% of members’ accrued benefits, after allowing for future increases in earnings at the long-term rate.

A provision of £1.5m (2003: £3.0m) is included in creditors representing the cumulative excess of pension costs charged to the profit and loss account over the Group contributions paid.

Compliance with the Directors’ Remuneration Report Regulations 2002
The Company’s Directors’ remuneration report has been written in line with the Directors’ Remuneration Report Regulations 2002 incorporated in Schedule 7A to the Companies Act 1985. In formulating its remuneration policy the Committee also gives full consideration to the Combined Code.

P. W. Lipscomb

Peter Lipscomb OBE Chairman, Remuneration Committee
3 December 2004

Information subject to audit:
Under Part 3 of Schedule 7A of the Companies Act 1985 the following sections of the Directors’ remuneration report are subject to audit: Directors’ emoluments, Non-executive Directors’ fees and benefits, Directors’ share options, Directors’ pensions and Pension arrangements. The other parts of the Directors’ remuneration report including the performance graph are not subject to audit.

09
Corporate governance

Statement of compliance with the provisions of the Combined Code
W&DB is committed to achieving high standards of corporate governance and to integrity and high ethical standards in all its business activities. The Company is considering the revisions made to the Combined Code which apply for reporting periods beginning on or after 1 November 2003, and it is taking steps to address all the principles as soon as possible.

The Board considers that it has achieved compliance with Section 1 of the existing Combined Code during the period, and to the date of the report, and has set out below how the principles of the Combined Code have been applied by the Company. During the current year Derek Andrew's notice period was reduced from two years to one year.

Structure
The Board comprises four Non-executive Directors, one of whom is Chairman, and five Executive Directors. The Non-executive Directors all possess a wide range of skills and experience, and all exercise independent judgement with the exception of David Thompson who, because of his past experience as a long serving Executive Director, cannot be considered independent. Peter Lipscomb, Deputy Chairman, has been appointed the senior independent Non-executive Director. His experience and business interests outside the Group ensure his independence from management.

The Board meets twelve times each year in the normal course of business and additionally as required. With the exception of Lord Hodgson and Derek Andrew, who were unable to attend one board meeting each, all the Directors attended all the Board meetings. The Board has a formal schedule of matters reserved to it for approval ensuring that it considers strategic, financial, organisational and compliance matters with timely information provided in advance of each meeting. All Directors receive within their Board papers details of the Group's performance against budget and individual reports from the Chief Executive, Finance Director and divisional managing directors. The Board also receives presentations from senior executives which provides an opportunity for formal discussions with senior managers. The Group has a strategy away-day to enable the full Board to focus on each division and consider the Group's opportunities, threats and operating issues. There is a clear division of roles and responsibilities between the Chairman and the Chief Executive.

The Executive Committee, which comprises the five Executive Directors, meets weekly. The Board is briefed on the decisions reached by the Committee including those involving risk management and health and safety issues.

All Directors have access to the advice and services of the Company Secretary and also to independent legal advice. On appointment to the Board all Executive Directors receive appropriate training; all Directors receive a full induction programme covering briefings and meetings with divisional directors and senior management. All Directors are subject to election by shareholders at the first opportunity following appointment and to re-election at intervals not exceeding three years. Non-executive Directors are appointed for terms of three years.

The Board considers that all Directors bring an individual judgement to the Board's deliberations in respect of strategy, performance, resources, key appointments and standards of conduct. All Non-executive Directors are considered by the Board to be free from any business or other relationship which could interfere with the exercise of their judgement. During the year the Non-executive Directors conducted a review of the Board, its Directors and Committees, and the Chairman. Where relevant, and not in respect of their own performance, the Chairman and the Chief Executive were consulted in evaluating the composition of the Board and Committees, the meeting process, information and training, leadership, effectiveness and compliance with the revised Combined Code.

All Board Committees have agreed terms of reference which have been updated to meet the provisions of the new Combined Code and are approved by the Board. They can be found on the Company's website.

Board appointments and re-elections are considered by the Nomination Committee which comprises David Thompson (Chairman), Miles Emley, Ralph Findlay, Lord Hodgson and Peter Lipscomb. No Director is involved in any decision regarding his own re-appointment. The Committee met twice during the year and all Committee members attended all the scheduled meetings.

The Remuneration Committee comprises Peter Lipscomb (Chairman), Miles Emley and Lord Hodgson with Ralph Findlay in attendance if required. It is responsible for agreeing contract terms, remuneration and benefits, including bonuses, for Executive Directors and, where appropriate, senior executives. It is also responsible for the granting of LTIP awards and share options. It met three times during the year and all Committee members attended all scheduled meetings.

The Audit Committee comprises Miles Emley (Chairman), Lord Hodgson and Peter Lipscomb. It reviews the results of the full year audit and the interim results each year. It also monitors the relationship with the Auditors, agrees their scope of work and fees and annually assesses their cost effectiveness, objectivity and independence. It met three times during the year and all Committee members attended all the scheduled meetings with the exception of Lord Hodgson who was unable to attend one of the meetings.

The Company uses the Auditors for non-audit services such as taxation advice, taxation planning and corporate activity. When appointing advisors for non-audit work the Company considers the

09 Corporate governance

value for money, experience and objectivity required and in this respect it has used other accounting firms for non-audit work. The Board are satisfied that where the Company Auditors are used for non-audit services their objectivity and independence is not compromised.

Communication
W&DB recognises the importance of maintaining a strong relationship with its shareholders as a key priority with the annual report and interim statement as the principal media used, as well as regular institutional presentations, covering reports on trading, market conditions and strategy. W&DB also maintains a website, to provide up to date information on its operations and brands. All Company announcements are available on this site together with slides for analysts' presentations.

The annual general meeting, which is regularly attended by approximately 300 shareholders, provides an important forum for communicating directly with shareholders and the opportunity for shareholders to raise questions with the Board. The Board delivers a presentation to shareholders of the key highlights during the financial year. The Chairman announces the results of proxy voting on each resolution after it has been dealt with on a show of hands.

Internal control
W&DB, as required by the Listing Rules of the Financial Services Authority, has complied with the Combined Code provisions on internal control. The Executive Directors examine, and report to the Board as necessary, the procedures required to implement in full the guidance on internal control produced by the Turnbull Committee. In addition, the Board has taken account of the Association of British Insurers guidelines on socially responsible investment and in this respect is included on the FTSE4Good index.

The Board is responsible for the Group's system of internal controls and for ensuring that information supplied to shareholders presents a balanced assessment of the Group's position. It has carried out these responsibilities throughout the year. Following the foundations laid down in 2003 each division has discussed and revised their internal control systems for identifying and reporting on their major risks. Each Executive Director has brought the results of their divisional review to the main Board in their papers for consideration.

There is a weekly review by the Executive Directors, and annually by the Board, of the risks faced by the Group. These cover financial, operational and risk management issues. Day-to-day control is implemented by divisional management teams which report to divisional managing directors. In addition the Board regularly reviews the significant risks faced by the Group. Action plans formulated in 2003 continue to provide the basis of the Group's response to all risks to which the Group is exposed and are reviewed on an ongoing basis. There is a continuous process for identifying, evaluating and managing the risks facing the Group at the weekly Executive Directors' meetings and at monthly briefing meetings with the senior executive management group. Risk and litigation issues are also reviewed regularly by the Chief Executive and the Company Secretary.

The principal elements of the system of internal control, which is designed to ensure there is an ongoing process to identify, evaluate and manage the risks to which the Company is exposed, include:
- a management structure which clearly defines authority levels, responsibility and accountability;
- a detailed formal budgeting process for all Group activities with the annual Group budget being formally approved by the Board; and
- a process to ensure Board approval is given to all major investment and strategic plans including capital expenditure and development programmes.

Significant treasury, cash management and investment matters are reviewed and approved by the Board.

The Group's system of internal controls can only manage rather than eliminate the risk of failure to achieve business objectives and can, therefore, only provide reasonable and not absolute assurance against material mis-statement or loss.

Health & Safety
The management of health and safety matters is based on the Health and Safety Executive's management system HSG 65. All areas of the Group have been risk assessed and appropriate control measures implemented. Regular Safety Committee meetings are held throughout the Group and independent experts such as the Royal Society for the Prevention of Accidents (ROSPA) and insurers are used.

Going concern
The Directors are confident, having reviewed the Group's budget for the 52 weeks to 1 October 2005 and relevant plans beyond that date, that the Group and the Company have adequate resources to continue in operation for the foreseeable future. This review included an analysis of business operating plans, proposed capital expenditure and associated cash flow projections. It also included a comparison of results and ratios within the Group's committed borrowing facilities. It is therefore considered appropriate to adopt the going concern basis in preparing the financial statements.

By Order of the Board

Anne-Marie Brennan Secretary
3 December 2004

10 Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis.

The Directors consider that they have complied fully with the above requirements in preparing the financial statements on pages 38 to 66. The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable them to ensure that financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Group's website 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 website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AMBrennan

Anne-Marie Brennan Secretary
3 December 2004

11 Independent Auditors' report

We have audited the financial statements which comprise the Group profit and loss account, the balance sheets, the Group cash flow statement, the statement of total Group recognised gains and losses, the note of Group historical cost profits and losses, the reconciliation of movements in Group shareholders' funds and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' remuneration report ("the auditable part").

Respective responsibilities of Directors and Auditors
The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities. The Directors are also responsible for preparing the Directors' remuneration report.

Our responsibility is to audit the financial statements and the auditable part of the Directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. The other information comprises only the Directors' report, the unaudited part of the Directors' remuneration report, the Chairman's statement, the Chief Executive's review, the Financial review, the Corporate and social responsibility report and the Corporate governance statement.

We review whether the Corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit 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 and the auditable part of the Directors' remuneration report. 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 and the auditable part of the Directors' remuneration report are free from material mis-statement, 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 and the Group at 2 October 2004 and of the profit and cash flows of the Group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, Birmingham
3 December 2004

12
Five-year record

	2000 restated £m	2001 restated £m	2002 restated £m	2003 restated £m	**2004 £m**
Turnover					
Continuing operations	468.8	565.4	505.6	490.5	**500.3**
Acquisitions	130.0	–	–	–	**13.4**
Total turnover	598.8	565.4	505.6	490.5	**513.7**
Profit before goodwill and exceptionals	65.0	76.1	74.0	73.1	**77.7**
Exceptional items	(34.6)	(37.7)	(10.5)	(4.8)	**(5.0)**
Fixed asset disposals	4.6	(17.1)	2.4	(1.8)	**4.5**
Goodwill amortisation	(7.3)	(8.3)	(7.2)	(6.9)	**(7.0)**
Profit before taxation	27.7	13.0	58.7	59.6	**70.2**
Taxation	(14.4)	(16.2)	(17.0)	(21.1)	**(21.8)**
Profit/(loss) after taxation	13.3	(3.2)	41.7	38.5	**48.4**
Capital employed	570.9	544.9	445.2	457.7	**648.3**
Earnings/(loss) per ordinary share	15.0p	(3.4p)	50.2p	53.0p	**66.7p**
Goodwill amortisation	8.3p	8.9p	8.7p	9.5p	**9.6p**
Fixed asset disposals	(5.2p)	18.3p	(2.9p)	2.5p	**(6.2p)**
Exceptional items	33.5p	32.9p	6.6p	3.9p	**5.7p**
Earnings per ordinary share before goodwill and exceptionals	51.6p	56.7p	62.6p	68.9p	**75.8p**
Dividend per ordinary share	24.0p	26.5p	29.2p	32.1p	**35.3p**
Retail price index	100.0	101.7	103.5	106.3	**109.6**
Earnings per share growth	100.0	(22.7)	334.7	353.3	**444.7**
Earnings per share growth before goodwill and exceptionals	100.0	109.9	121.3	133.5	**146.9**
Dividend growth	100.0	110.4	121.7	133.8	**147.1**

The five-year record has been restated for FRS 19, “Deferred tax”, adopted in 2002 and UITF 38, “Accounting for ESOP Trusts”, that was adopted in 2004.

Dividend per ordinary share and dividend growth presented above excludes the special dividend of 80.0p per ordinary share in 2002.

13
Group profit and loss account

for the 53 weeks ended 2 October 2004	Notes	2004 Before goodwill and exceptionals £m	2004 Goodwill and exceptionals £m	2004 Total £m	2003 Before goodwill and exceptionals £m	2003 Goodwill and exceptionals £m	2003 Total £m
Turnover							
Continuing operations		**500.3**	**–**	**500.3**	490.5	–	490.5
Acquisition of Wizard Inns		**13.4**	**–**	**13.4**	–	–	–
Total turnover	2	**513.7**	**–**	**513.7**	490.5	–	490.5
Trading expenses	3/4	**(400.8)**	**(12.0)**	**(412.8)**	(382.3)	(11.7)	(394.0)
Operating profit							
Continuing operations		**110.9**	**(10.8)**	**100.1**	108.2	(11.7)	96.5
Acquisition of Wizard Inns		**2.0**	**(1.2)**	**0.8**	–	–	–
Total operating profit		**112.9**	**(12.0)**	**100.9**	108.2	(11.7)	96.5
Fixed asset disposals	4	**–**	**4.5**	**4.5**	–	(1.8)	(1.8)
Profit on ordinary activities before interest		**112.9**	**(7.5)**	**105.4**	108.2	(13.5)	94.7
Interest	6	**(35.2)**	**–**	**(35.2)**	(35.1)	–	(35.1)
Profit on ordinary activities before taxation		**77.7**	**(7.5)**	**70.2**	73.1	(13.5)	59.6
Taxation	7	**(22.7)**	**0.9**	**(21.8)**	(23.0)	1.9	(21.1)
Profit on ordinary activities after taxation		**55.0**	**(6.6)**	**48.4**	50.1	(11.6)	38.5
Dividends paid and proposed	9			**(25.6)**			(23.3)
Profit for the period transferred to reserves	22			**22.8**			15.2

Earnings per share:			
Basic earnings per share	10	**66.7p**	53.0p
Basic earnings per share before goodwill and exceptionals	10	**75.8p**	68.9p
Diluted earnings per share	10	**65.9p**	52.5p
Diluted earnings per share before goodwill and exceptionals	10	**74.9p**	68.3p

14
Group cash flow statement

for the 53 weeks ended 2 October 2004	Notes	2004 £m	2004 £m	2003 restated £m	2003 restated £m
Net cash inflow from operating activities	23		**148.4**		130.9
Returns on investments and servicing of finance					
Interest received		**0.6**		0.6	
Interest paid		**(34.9)**		(35.4)	
Arrangement cost of new bank facilities		**(2.1)**		–	
Net cash outflow from returns on investments and servicing of finance			**(36.4)**		(34.8)
Taxation			**(21.0)**		(19.2)
Capital expenditure and financial investment					
Investment in existing pubs		**(61.0)**		(43.6)	
Purchase of new pubs/site developments		**(20.9)**		(4.3)	
Sale of tangible fixed assets		**13.5**		21.0	
Decrease in trade loans and other investments		**3.5**		3.0	
Net cash outflow for capital expenditure and financial investment			**(64.9)**		(23.9)
Acquisition					
Purchase of subsidiary undertaking		**(30.3)**		–	
Net cash acquired with subsidiary undertaking		**7.5**		–	
Repayment of debt of subsidiary upon acquisition		**(68.5)**		–	
Net cash outflow for acquisition			**(91.3)**		–
Equity dividends paid			**(24.1)**		(22.0)
Cash (outflow)/inflow before financing			**(89.3)**		31.0
Financing					
Issue of ordinary share capital		**3.0**		2.4	
Purchase of ordinary share capital for cancellation		**(8.0)**		(7.5)	
Net sale of own shares from share trust		**1.1**		2.4	
Capital element of finance lease payments		**–**		(0.3)	
Advance/(repayment) of bank loans		**99.4**		(36.7)	
Net cash inflow/(outflow) from financing			**95.5**		(39.7)
Increase/(decrease) in cash in the period	24		**6.2**		(8.7)
Reconciliation of net cash flow to movement in net debt					
Increase/(decrease) in cash in the period	24	**6.2**		(8.7)	
Cash (inflow)/outflow from (increase)/decrease in debt		**(97.3)**		37.0	
Change in debt resulting from cash flows	24		**(91.1)**		28.3
Non-cash movements	24		**(0.6)**		(0.1)
Movement in net debt in the period			**(91.7)**		28.2
Net debt at 28 September 2003	24		**(468.7)**		(496.9)
Net debt at 2 October 2004	24		**(560.4)**		(468.7)

The comparative cash flow statement has been restated, as explained in note 20.

15
Statement of total Group recognised gains and losses

for the 53 weeks ended 2 October 2004	Notes	**2004** **£m**	2003 £m
Profit on ordinary activities after taxation		**48.4**	38.5
Unrealised surplus on revaluation of properties	12/22	**171.7**	–
Total recognised gains relating to the period		**220.1**	38.5

Note of Group historical cost profits and losses

for the 53 weeks ended 2 October 2004	Notes	**2004** **£m**	2003 £m
Profit on ordinary activities before taxation		**70.2**	59.6
Realisation of property revaluation gains of previous periods	22	**2.3**	1.8
Difference between the historical cost depreciation and actual depreciation on the revalued amount	22	**0.9**	0.7
Historical cost profit before taxation		**73.4**	62.1
Historical cost profit after taxation and dividends		**26.0**	17.7

Reconciliation of movements in Group shareholders' funds

for the 53 weeks ended 2 October 2004	Notes	**2004** **£m**	2003 restated £m
Profit on ordinary activities after taxation		**48.4**	38.5
Dividends	9	**(25.6)**	(23.3)
Profit for the period transferred to reserves		**22.8**	15.2
Revaluation of properties	12/22	**171.7**	–
Proceeds of ordinary share capital issued	21	**3.0**	2.7
Purchase of own shares for cancellation	21	**(8.0)**	(7.5)
Net sale of own shares from share trust		**1.1**	2.4
Contribution to QUEST		**–**	(0.3)
Net addition to shareholders' funds		**190.6**	12.5
Opening shareholders' funds (originally £460.0m before deducting prior year adjustment of £2.3m)	20	**457.7**	445.2
Closing shareholders' funds		**648.3**	457.7

16
Balance sheets

as at 2 October 2004	Notes	Group 2004 £m	Group 2003 restated £m	Company 2004 £m	Company 2003 restated £m
Fixed assets					
Intangible assets	11	**109.1**	108.7	**–**	–
Tangible assets	12	**1,182.3**	889.9	**866.9**	593.8
Investments	13	**21.2**	24.8	**31.8**	1.5
		1,312.6	1,023.4	**898.7**	595.3
Current assets					
Stocks	14	**13.5**	12.5	**–**	–
Debtors	15	**45.0**	37.2	**613.6**	598.1
Cash at bank and in hand		**16.2**	11.9	**46.4**	41.8
		74.7	61.6	**660.0**	639.9
Creditors – amounts falling due within one year	16	**(138.7)**	(183.2)	**(720.6)**	(408.1)
Net current (liabilities)/assets		**(64.0)**	(121.6)	**(60.6)**	231.8
Total assets less current liabilities		**1,248.6**	901.8	**838.1**	827.1
Creditors – amounts falling due after more than one year	17	**(583.1)**	(428.1)	**(168.3)**	(366.1)
Provisions for liabilities and charges	19	**(17.2)**	(16.0)	**(2.9)**	(2.1)
		648.3	457.7	**666.9**	458.9
Capital and reserves					
Equity share capital	21	**21.4**	21.5	**21.4**	21.5
Non-equity share capital	21	**0.1**	0.1	**0.1**	0.1
Called-up share capital	21	**21.5**	21.6	**21.5**	21.6
Share premium account	22	**209.9**	207.1	**209.9**	207.1
Revaluation reserve	22	**321.9**	153.4	**321.9**	153.4
Capital redemption reserve	22	**6.0**	5.7	**6.0**	5.7
Profit and loss account	22	**89.0**	69.9	**107.6**	71.1
Shareholders' funds including non-equity interests of £0.1m (2003: £0.1m)		**648.3**	457.7	**666.9**	458.9
Capital employed		**648.3**	457.7	**666.9**	458.9

The comparative balance sheets have been restated, as explained in note 20.
The financial statements on pages 38 to 66 were approved by the Board on 3 December 2004 and were signed on its behalf by:

Ralph Findlay Chief Executive
3 December 2004

17
Notes to the accounts

1 ACCOUNTING POLICIES

(a) Basis of accounting and consolidation
The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain freehold and leasehold properties, in accordance with applicable accounting standards and the Companies Act 1985.

UITF 38 "Accounting for ESOP Trusts" has been adopted for the Group in these accounts. The adoption of this UITF represents a change in accounting policy and the comparative figures have been restated accordingly. Further details are presented in note 20.

The Group continues to follow the transitional arrangements permitted by FRS 17 “Post retirement benefits” (see note 5).

The consolidated financial statements incorporate the audited financial statements of The Wolverhampton & Dudley Breweries, PLC and all of its subsidiary undertakings for the 53 weeks ended 2 October 2004 (2003: 52 weeks ended 27 September 2003). The results of new subsidiary undertakings are included in the Group accounts from the date of acquisition.

(b) Turnover and other operating income
Turnover represents the value of goods and services supplied to customers, and rents receivable from licensed properties. Rental income is recognised in respect of the period to which it relates. Turnover is recorded net of discounts, intra-Group transactions and VAT. Other operating income comprises mainly rents from unlicensed properties.

(c) Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials and a proportion of appropriate overheads.

(d) Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Timing differences are differences between the Group's taxable profits and profits as stated in the accounts. Deferred tax assets and liabilities are not discounted and assets are only recognised where recoverability is probable.

(e) Tangible fixed assets
- Freehold and leasehold properties are stated at valuation or at cost. Plant, furnishings, equipment and other similar items are stated at cost.
- Freehold buildings are depreciated to residual value on a straight line basis over 50 years.
- Other tangible fixed assets are depreciated to residual value on a straight line basis at rates calculated to provide for the cost of the assets over their anticipated useful lives. Leasehold properties are depreciated over the lower of the lease period and 50 years and other tangible assets over periods ranging from three to 15 years.
- Own labour directly attributable to capital projects is capitalised.

Valuation of properties:
Trading properties are revalued professionally by independent valuers on a five-year rolling basis. When a valuation or expected proceeds are below current carrying value the asset concerned is reviewed for impairment. Impairment losses are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the profit and loss account. Surpluses on revaluation are recognised in the revaluation reserve, except where they reverse previously charged impairment losses, in which case they are recorded in the profit and loss account.

(f) Fixed asset disposals
Profit/loss on fixed asset disposals is net sale proceeds less carrying value of the assets.

(g) Pensions
Pension costs for the Group's final salary pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the average working life of employees, in accordance with the recommendations of independent qualified actuaries. Variations from the regular cost are spread over the average remaining service lives of the employees.

Pension costs for the Group's defined contribution pension scheme are charged to the profit and loss account in the period incurred.

(h) Investments in subsidiaries
Investments in subsidiaries are stated at cost, less provision for permanent diminution in value.

(i) Employee Share Ownership Plan (ESOP)
Investments in own shares held by the ESOP trust are deducted from share capital and reserves until the shares have vested unconditionally to specific employees.

(j) Trade loans
Trade loans provided to publicans who purchase from the Group are recorded as fixed asset investments. They are linked to supply terms and are of a long-term nature. Trade loans are held at the lower of the amount advanced and the recoverable amount.

(k) Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised through the profit and loss account on a straight line basis over its useful economic life up to a presumed maximum of 20 years. The Directors consider the carrying value of goodwill and make appropriate adjustments to reflect the disposal of certain assets to which it relates. Where goodwill is impaired, the charge is taken to the profit and loss account.

(l) Leases
Rental costs under operating leases are charged to the profit and loss account over the term of the lease. The cost of assets held under finance leases is included within tangible fixed assets and depreciation is provided in accordance with the policy for the class of asset concerned. The corresponding obligations under these leases are shown as creditors. The finance charge element of rentals is charged to the profit and loss account as incurred.

(m) Financial instruments
The financial costs of debt instruments are held at cost and are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount.

2 SEGMENTAL ANALYSIS

	2004			2003		
	Turnover £m	**Operating profit before goodwill and exceptionals £m**	**Net assets £m**	Turnover £m	Operating profit before goodwill and exceptionals £m	Net assets restated £m
Pathfinder Pubs						
Continuing operations	**261.8**	**56.4**	**498.4**	252.4	53.0	415.6
Acquisition of Wizard Inns	**13.4**	**2.0**	**84.6**	–	–	–
Total	**275.2**	**58.4**	**583.0**	252.4	53.0	415.6
The Union Pub Company	**118.2**	**50.9**	**452.8**	115.8	49.0	345.5
WDB Brands	**120.3**	**21.4**	**84.8**	122.3	21.3	83.6
Central costs	**–**	**(17.8)**	**24.2**	–	(15.1)	16.6
	513.7	**112.9**	**1,144.8**	490.5	108.2	861.3
Goodwill and exceptionals	**–**	**(12.0)**	**109.1**	–	(11.7)	108.7
Debt, tax and dividends	**–**	**–**	**(605.6)**	–	–	(512.3)
	513.7	**100.9**	**648.3**	490.5	96.5	457.7

The net revaluation gain of £169.5m detailed in note 12, comprises a gain of £76.8m in Pathfinder Pubs, £78.0m in The Union Pub Company, £7.0m in WDB Brands and £7.7m in the Central unlicensed property estate.

17 Notes to the accounts

2 SEGMENTAL ANALYSIS CONTINUED

	2004			2003		
	Operating profit after goodwill and exceptionals £m	**Goodwill and exceptionals £m**	**Goodwill asset £m**	Operating profit after goodwill and exceptionals £m	Goodwill and exceptionals £m	Goodwill asset £m
Pathfinder Pubs						
Continuing operations	**48.4**	**8.0**	**31.1**	50.6	2.4	33.9
Acquisition of Wizard Inns	**0.8**	**1.2**	**9.0**	–	–	–
Total	**49.2**	**9.2**	**40.1**	50.6	2.4	33.9
The Union Pub Company	**51.3**	**(0.4)**	**22.1**	47.0	2.0	23.7
WDB Brands	**21.3**	**0.1**	**6.0**	16.1	5.2	7.5
Central costs	**(20.9)**	**3.1**	**40.9**	(17.2)	2.1	43.6
	100.9	**12.0**	**109.1**	96.5	11.7	108.7

Turnover originates from operations in the UK and is not materially different from turnover by destination. Acquisition details are included in note 26.

3 TRADING EXPENSES

	2004			
	Continuing operations £m	**Acquisition of Wizard Inns £m**	**Total £m**	2003 £m
Change in stocks of finished goods and work in progress	**0.3**	**–**	**0.3**	0.7
Own work capitalised	**0.8**	**–**	**0.8**	0.8
Other operating income	**2.7**	**0.1**	**2.8**	2.5
Raw materials, consumables and excise duties	**(177.1)**	**(3.7)**	**(180.8)**	(169.4)
Depreciation	**(32.1)**	**(0.8)**	**(32.9)**	(30.3)
Employee costs	**(101.3)**	**(4.9)**	**(106.2)**	(100.6)
Hire of plant and machinery	**(2.1)**	**–**	**(2.1)**	(2.2)
Other operating lease rentals	**(5.1)**	**(0.8)**	**(5.9)**	(5.6)
Other operating charges	**(75.9)**	**(2.4)**	**(78.3)**	(81.9)
Income from fixed asset investments	**0.4**	**–**	**0.4**	0.5
Impairment of fixed assets following revaluation	**(2.2)**	**–**	**(2.2)**	–
Goodwill amortisation	**(6.9)**	**(0.1)**	**(7.0)**	(6.9)
Goodwill impairment following fixed asset disposals	**(1.7)**	**–**	**(1.7)**	(1.6)
	(400.2)	**(12.6)**	**(412.8)**	(394.0)

Exceptional items of £0.3m (2003: £3.2m) are included in other operating charges and £0.8m (2003: £nil) within employee costs.

	2004 £m	2003 £m
Fees paid to PricewaterhouseCoopers LLP:		
Statutory audit fees, including £0.1m (2003: £0.1m) in respect of the Company	**0.2**	0.2
Other fees - Tax advisory services	**0.1**	0.1
- Further assurance services	**0.4**	0.3

4 GOODWILL AND EXCEPTIONALS

	2004 £m	2003 £m
Trading expenses		
Goodwill amortisation	**7.0**	6.9
Goodwill impairment following fixed asset disposals	**1.7**	1.6
Impairment of fixed assets following revaluation	**2.2**	–
Termination of supplier contract	**–**	3.2
Costs of reorganisation of Wizard Inns	**1.1**	–
	12.0	11.7
(Profit)/loss on fixed asset disposals	**(4.5)**	1.8
	7.5	13.5

The exceptional tax credit relating to fixed asset disposals is £0.6m (2003: £0.1m).
Further details regarding the impairment of fixed assets following revaluation are included in note 12.
Exceptional trading expenses include £0.3m (2003: £3.2m) of other operating charges and £0.8m (2003: £nil) of employee costs.
The Financial review on pages 14 and 15, includes further details regarding exceptional items.

5 STAFF COSTS AND DIRECTORS' EMOLUMENTS

	2004 £m	2003 £m
Wages and salaries	**94.1**	89.9
Social security costs	**7.0**	6.6
Pension costs	**5.1**	4.1
	106.2	100.6

Directors' emoluments are set out in the Directors' remuneration report on pages 26 to 32.
Staff costs include £0.8m (2003: £nil) which were classified as exceptional items.

	2004 Number	2003 Number
The average number of employees was:		
Full-time	**4,787**	4,522
Part-time	**5,701**	6,515

5 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED

Final Salary Pension Scheme

During the year, the Group operated a Final Salary Pension Scheme (defined benefit scheme) for employees who joined the scheme prior to 29 September 1997. The funds of the final salary scheme are administered by trustees and are separate from the Group. The Group contribution rate was 32.0% of pensionable salaries throughout the year, following the recommendations of an independent qualified actuary.

The Final Salary Pension Scheme was closed to new entrants on 29 September 1997. A Group Personal Pension plan has been made available to eligible employees since that date.

The latest scheme valuation conducted by an independent actuary for the Group was as at 1 September 2003. The actuarial valuation was carried out using the projected unit method. The assumptions that have the most significant effect on the funding position of the scheme are those relating to the differences between the long-term rate of investment return and the rate of increase in earnings. The valuation as at 1 September 2003 assumed that the long-term investment return pre-retirement would exceed salary increases by 3.9% per annum and price inflation by 4.9% per annum. It assumed that the long-term investment return after retirement would exceed salary increases by 2.1% per annum and price inflation by 3.1% per annum. The market value of scheme assets was £135.3m, which was sufficient to cover 78.5% of members' accrued benefits. The Group increased its contribution rate to 32.0% with effect from September 2003, in response to this shortfall.

The Group paid total contributions of £5.8m (2003: £3.6m) to the scheme during the period. As the scheme is closed to new entrants, it is expected that the costs of benefits will steadily rise in the future, as the average age of members increases.

A provision of £1.5m (2003: £3.0m) is included in creditors representing the cumulative excess of pension costs charged to the profit and loss account over the Group's contributions paid.

Group Personal Pension plan

The Group paid contributions of £0.4m (2003: £0.3m) to the Group Personal Pension plan (defined contribution scheme) during the period.

FRS 17 Retirement benefits disclosure

An actuarial valuation for the purposes of FRS 17 was carried out on the defined benefit scheme at 2 October 2004, 27 September 2003 and 28 September 2002 by a qualified independent actuary. The major assumptions used by the actuary were:

	2 October 2004 % per annum	27 September 2003 % per annum	28 September 2002 % per annum
Discount rate	**5.7**	5.4	5.5
Rate of increase in salaries	**3.8**	3.6	3.5
Rate of increase in pensions	**2.8**	2.6	2.5
Inflation assumption	**2.8**	2.6	2.5

5 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 2 October 2004 %	**Value at 2 October 2004 £m**	Long-term rate of return expected at 27 September 2003 %	Value at 27 September 2003 £m	Long-term rate of return expected at 28 September 2002 %	Value at 28 September 2002 £m
Equities	**6.9**	**110.1**	6.9	99.9	7.0	90.8
Bonds	**5.4**	**33.4**	5.1	30.2	5.5	22.1
Other	**4.6**	**2.5**	4.6	0.4	4.5	5.1
Total market value of assets		**146.0**		130.5		118.0
Present value of scheme liabilities		**(211.7)**		(211.3)		(209.6)
Shortfall in scheme assets		**(65.7)**		(80.8)		(91.6)
Related deferred tax asset at 30%		**19.7**		24.2		27.5
Pension shortfall		**(46.0)**		(56.6)		(64.1)

If the above pension shortfall was recognised in the financial statements, the Group's net assets and profit and loss reserve would be as follows:

	2 October 2004 £m	27 September 2003 restated £m	28 September 2002 restated £m
Net assets before pension shortfall	**648.3**	457.7	445.2
Reversal of SSAP 24 provision (net of deferred tax)	**1.1**	2.1	2.1
Pension shortfall	**(46.0)**	(56.6)	(64.1)
Net assets after pension shortfall	**603.4**	403.2	383.2
Profit and loss reserve before pension shortfall	**89.0**	69.9	57.6
Reversal of SSAP 24 provision (net of deferred tax)	**1.1**	2.1	2.1
Pension shortfall	**(46.0)**	(56.6)	(64.1)
Profit and loss reserve after pension shortfall	**44.1**	15.4	(4.4)

5 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED

The following amounts would have been recognised in the performance statements under the requirements of FRS 17:

	2004 £m	2003 £m	2002 £m
Operating profit			
Current service cost	**2.7**	2.8	2.3
Total operating charge	**2.7**	2.8	2.3
Other finance income			
Expected return on pension scheme assets	**8.4**	7.8	10.2
Interest on pension scheme liabilities	**(11.3)**	(11.5)	(10.4)
Net return	**(2.9)**	(3.7)	(0.2)
Statement of total recognised gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	**7.8**	5.8	(35.3)
Experience gains and losses arising on the scheme liabilities	**–**	15.0	(7.9)
Changes in assumptions underlying the present value of scheme liabilities	**7.1**	(7.1)	(18.3)
Actuarial gain/(loss) recognised in the STRGL	**14.9**	13.7	(61.5)
Movement in shortfall during the period			
Shortfall in scheme at the beginning of the period	**(80.8)**	(91.6)	(31.2)
Movement in the period:			
Current service cost	**(2.7)**	(2.8)	(2.3)
Contributions	**5.8**	3.6	3.6
Other finance costs	**(2.9)**	(3.7)	(0.2)
Actuarial gain/(loss)	**14.9**	13.7	(61.5)
Shortfall in scheme at the end of the period	**(65.7)**	(80.8)	(91.6)

	2004	2003	2002
History of experience gains and losses			
Difference between the expected and the actual return on scheme assets:			
Amount	**£7.8m**	£5.8m	(£35.3m)
Percentage of scheme assets	**5.3%**	4.4%	(29.9%)
Experience gains and losses on scheme liabilities:			
Amount	**–**	£15.0m	(£7.9m)
Percentage of the present value of scheme liabilities	**–**	7.1%	(3.8%)
Total amount recognised in the STRGL:			
Amount	**£14.9m**	£13.7m	(£61.5m)
Percentage of the present value of scheme liabilities	**7.0%**	6.5%	(29.3%)

6 INTEREST AND SIMILAR ITEMS

	2004 £m	2003 £m
Bank interest payable	**19.7**	20.2
Debenture interest payable	**16.4**	16.1
Unwinding of premium	**(2.0)**	(2.1)
Other interest payable	**0.1**	0.1
Bank arrangement costs	**1.1**	0.9
Interest receivable	**(0.1)**	(0.1)
	35.2	35.1

7 TAXATION

	2004 £m	2003 £m
The charge to the profit and loss account comprises:		
Current tax:		
Corporation tax on profit for the period	**22.0**	21.2
Adjustment in respect of prior periods	**(0.6)**	(1.0)
	21.4	20.2
Deferred tax	**0.4**	0.9
	21.8	21.1

Factors affecting the current tax charge for the period

The actual tax rate for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £m	2003 £m
Profit on ordinary activities before taxation	**70.2**	59.6
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2003: 30%)	**21.1**	17.9
Effects of:		
Adjustments to tax in respect of prior periods	**(0.6)**	(1.0)
Costs not deductible for tax purposes	**3.6**	4.2
Tax relief on share options	**(0.7)**	–
Excess of capital allowances over depreciation	**(0.9)**	(0.3)
Other timing differences	**(1.1)**	(0.6)
	21.4	20.2

7 TAXATION CONTINUED

Factors that may affect future tax charges
Based on current capital expenditure plans, it is anticipated that capital allowances will be in excess of depreciation in future years.

No provision has been made for deferred tax on gains recognised on revaluing properties to their market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would only become payable if the properties were sold without it being possible to claim rollover relief. The total amount unprovided for, after offsetting available capital losses, is estimated at £77.8m (2003: £40.7m). At present, it is not envisaged that any such tax will become payable in the foreseeable future.

8 PROFIT AFTER TAXATION

As permitted by the Companies Act 1985 a separate profit and loss account for the Company has not been prepared. The profit after taxation dealt with in the accounts of the Company was £65.8m (2003: £37.8m).

9 DIVIDENDS

	2004 £m	2003 £m
Ordinary shares		
Interim paid 12.00p per share net (2003: 10.90p)	**8.7**	7.9
Final proposed 23.32p per share net (2003: 21.20p)	**16.9**	15.4
Total dividends on ordinary shares 35.32p per share net (2003: 32.10p)	**25.6**	23.3
Preference shares		
Interim dividend paid 3.00p per share net (2003: 3.00p)	**–**	–
Final proposed 4.00p per share net (2003: 4.00p)	**–**	–
Dividend on preference shares 7.00p per share net (2003: 7.00p net) totalled £5,250 (2003: £5,250)	**–**	–
Total dividends	**25.6**	23.3

10 EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held in the ESOP (see note 22) which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the weighted average market price of the Company's shares during the period.

Supplementary earnings per share figures are presented. These exclude the effects of exceptionals and goodwill amortisation. The Directors consider that the supplementary figures provide a useful additional indication of performance.

	2004			2003		
	Earnings £m	**Weighted average number of shares m**	**Per share amount p**	Earnings £m	Weighted average number of shares m	Per share amount p
Basic earnings per share	**48.4**	**72.6**	**66.7**	38.5	72.7	53.0
Effect of dilutive options	**–**	**0.8**	**–**	–	0.7	–
Diluted earnings per share	**48.4**	**73.4**	**65.9**	38.5	73.4	52.5
Supplementary earnings per share figures						
Basic earnings per share	**48.4**	**72.6**	**66.7**	38.5	72.7	53.0
Effect of:						
Exceptionals	**(0.4)**		**(0.5)**	4.7		6.4
Goodwill amortisation	**7.0**		**9.6**	6.9		9.5
Basic earnings per share before goodwill and exceptionals	**55.0**	**72.6**	**75.8**	50.1	72.7	68.9
Diluted earnings per share	**48.4**	**73.4**	**65.9**	38.5	73.4	52.5
Effect of:						
Exceptionals	**(0.4)**		**(0.5)**	4.7		6.4
Goodwill amortisation	**7.0**		**9.5**	6.9		9.4
Diluted earnings per share before goodwill and exceptionals	**55.0**	**73.4**	**74.9**	50.1	73.4	68.3

11 INTANGIBLE ASSETS

	Goodwill £m
GROUP	
Cost	
At 28 September 2003	177.6
Goodwill arising on acquisition of Wizard Inns	9.1
At 2 October 2004	**186.7**
Amortisation	
At 28 September 2003	68.9
Amortisation for the period	7.0
Goodwill impairment following fixed asset disposals	1.7
At 2 October 2004	**77.6**
Net book amount	
At 2 October 2004	**109.1**
At 27 September 2003	108.7

The goodwill arising on the acquisition of Wizard Inns (see note 26) is being amortised on a straight line basis over 20 years. This reflects the period over which the Directors estimate that the values of the underlying business acquired are expected to exceed the value of the underlying assets.

Following the disposal of certain fixed assets, an impairment review of the remaining goodwill was undertaken in order to reduce it to its estimated residual value. This resulted in an impairment charge of £1.7m (2003: £1.6m).

12 TANGIBLE FIXED ASSETS

	Freehold properties £m	Leasehold properties Over 50 years unexpired £m	Leasehold properties Under 50 years unexpired £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
GROUP						
Cost or valuation						
At 28 September 2003	713.9	33.2	29.2	20.4	191.5	988.2
Additions	34.7	1.7	1.4	1.5	41.1	80.4
Acquisition of Wizard Inns	48.3	4.7	25.3	–	9.1	87.4
Transfers	–	(1.1)	1.1	–	–	–
Disposals	(6.4)	(0.5)	(1.8)	(1.9)	(7.3)	(17.9)
Surplus/(deficit) on revaluation	152.4	6.4	(13.3)	–	–	145.5
At 2 October 2004	**942.9**	**44.4**	**41.9**	**20.0**	**234.4**	**1,283.6**
Depreciation						
At 28 September 2003	18.1	0.8	5.9	7.2	66.3	98.3
Charge for the period	4.8	0.6	1.5	2.6	23.4	32.9
Transfers	–	(0.1)	0.1	–	–	–
Disposals	(0.6)	–	(0.7)	(1.7)	(2.9)	(5.9)
Revaluation	(17.3)	(0.7)	(6.0)	–	–	(24.0)
At 2 October 2004	**5.0**	**0.6**	**0.8**	**8.1**	**86.8**	**101.3**
Net book value						
At 2 October 2004	**937.9**	**43.8**	**41.1**	**11.9**	**147.6**	**1,182.3**
At 27 September 2003	695.8	32.4	23.3	13.2	125.2	889.9
COMPANY						
Cost or valuation						
At 28 September 2003	564.3	23.7	26.5	–	–	614.5
Additions	34.7	1.7	1.4	–	–	37.8
Acquisition of Wizard Inns	48.3	4.7	25.3	–	–	78.3
Transfers	–	(1.1)	1.1	–	–	–
Disposals	(5.8)	(0.4)	(1.7)	–	–	(7.9)
Surplus/(deficit) on revaluation	152.4	6.4	(13.3)	–	–	145.5
At 2 October 2004	**793.9**	**35.0**	**39.3**	**–**	**–**	**868.2**
Depreciation						
At 28 September 2003	14.2	0.7	5.8	–	–	20.7
Charge for the period	3.9	0.5	1.5	–	–	5.9
Transfers	–	(0.1)	0.1	–	–	–
Disposals	(0.6)	–	(0.7)	–	–	(1.3)
Revaluation	(17.3)	(0.7)	(6.0)	–	–	(24.0)
At 2 October 2004	**0.2**	**0.4**	**0.7**	**–**	**–**	**1.3**
Net book value						
At 2 October 2004	**793.7**	**34.6**	**38.6**	**–**	**–**	**866.9**
At 27 September 2003	550.1	23.0	20.7	–	–	593.8

12 TANGIBLE FIXED ASSETS CONTINUED

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
GROUP AND COMPANY				
Cost or valuation of properties comprises:				
Valuation	**759.6**	297.8	**759.6**	304.6
At cost	**269.6**	478.5	**108.6**	309.9
	1,029.2	776.3	**868.2**	614.5

At 2 October 2004, independent chartered surveyors revalued 75% of the Group estate. Chesterton revalued the breweries and maltings on the basis of depreciated replacement cost and Christie & Co revalued the pub estate on an existing use basis.

The revaluation at 2 October 2004 has been reflected in the accounts as follows:

Exceptional items	**£m**
Revaluation loss - charged as an impairment	(13.9)
Reversal of past impairment loss	11.7
Net profit and loss account charge	**(2.2)**
Revaluation reserve	
Unrealised revaluation surplus	181.1
Reversal of past revaluation surplus	(9.4)
Net revaluation surplus taken to revaluation reserve	**171.7**
Net increase in shareholders' funds/fixed assets	**169.5**

At 14 June 2004, independent chartered surveyors, DTZ Debenham Tie Leung, valued the acquired Wizard Inns pub estate, on an existing use basis. Further details are presented in note 26.

At 22 December 1999, independent chartered surveyors, Christie & Co, revalued the Mansfield pub estate on an existing use basis.

If the freehold and leasehold properties had not been revalued, the historical net book value would be £700.9m (2003: £598.1m).

Cost at 2 October 2004 includes £2.6m (2003: £1.6m) of assets in the course of construction.

Capital expenditure authorised and committed but not provided in the accounts was £2.9m (2003: £6.6m).

13 FIXED ASSET INVESTMENTS

	Trade loans £m	Other loans £m	Own shares £m	Total £m
GROUP				
At 28 September 2003 as previously reported	24.3	0.5	2.3	27.1
Prior year adjustment	–	–	(2.3)	(2.3)
At 28 September 2003 as restated	24.3	0.5	–	24.8
Additions	5.2	–	–	5.2
Disposals, repayments and provisions	(8.3)	(0.5)	–	(8.8)
At 2 October 2004	**21.2**	**–**	**–**	**21.2**

	Subsidiary undertakings £m	Other loans £m	Own shares £m	Total £m
COMPANY				
At 28 September 2003 as previously reported	1.0	0.5	2.3	3.8
Prior year adjustment	–	–	(2.3)	(2.3)
At 28 September 2003 as restated	1.0	0.5	–	1.5
Additions	30.8	–	–	30.8
Disposals, repayments and provisions	–	(0.5)	–	(0.5)
At 2 October 2004	**31.8**	**–**	**–**	**31.8**

Further details of the restatement are included in note 20.

Additions to investments in subsidiary undertakings relate to the investment in Wizard Inns of £30.3m (see note 26) and an additional £0.5m investment in Banks's Brewery Insurance Limited.

The principal subsidiary companies are:

	Country of registration	Nature of business	Number of shares held	% held	Class of share
Wolverhampton & Dudley Breweries (Trading) Limited	England	Pub retailer and brewer	1,000	100	Ordinary £5 shares
W. & D. PLC	England	Holding company	50,000	100	Ordinary £1 shares
W&DB (Finance) PLC	England	Holding company	50,000	100	Ordinary £1 shares
Banks's Brewery Insurance Limited	Guernsey	Insurance	1,450,000	100	Ordinary £1 shares
Wizard Inns Limited	England	Pub retailer	80,000	100	Ordinary 'A' 1p shares
			14,820	100	Deferred 1p shares

Details of the principal operating subsidiaries by type of business are set out above. All shares are held directly by the Company, except for one Wizard Inns Limited deferred 1p share which is held by another subsidiary. A complete list of subsidiary undertakings is available at the Company's registered office. All subsidiaries have been included in the consolidated financial statements.

14 STOCKS

	Group		Company	
	2004 £m	2003 £m	**2004 £m**	2003 £m
Raw materials and consumables	**5.6**	5.4	**–**	–
Work in progress	**0.2**	0.4	**–**	–
Finished goods	**7.7**	6.7	**–**	–
	13.5	12.5	**–**	–

15 DEBTORS

	Group		Company	
	2004 £m	2003 £m	**2004 £m**	2003 £m
Amounts falling due within one year:				
Trade debtors	**27.7**	28.1	**–**	–
Amounts owed by Group undertakings	**–**	–	**582.5**	573.7
Other debtors	**7.9**	3.6	**–**	–
Prepayments and accrued income	**9.4**	5.5	**–**	0.9
Dividends due from Group undertakings	**–**	–	**31.1**	23.5
	45.0	37.2	**613.6**	598.1

16 CREDITORS

	Group		Company	
	2004 £m	2003 £m	**2004 £m**	2003 £m
Amounts falling due within one year:				
Bank loans and overdraft	**3.7**	64.6	**4.1**	64.6
Loan stock	**0.1**	0.1	**0.1**	0.1
Trade creditors	**39.1**	31.4	**–**	–
Finance leases	**0.1**	–	**–**	–
Amount owed to Group undertakings	**–**	–	**685.9**	315.5
Corporation tax	**12.6**	12.2	**9.7**	4.0
Other taxation and social security payable	**15.7**	15.5	**–**	–
Other creditors	**15.6**	15.4	**0.1**	–
Accruals and deferred income	**34.9**	28.6	**3.8**	8.5
Dividends payable	**16.9**	15.4	**16.9**	15.4
	138.7	183.2	**720.6**	408.1

Amounts owed to Group undertakings include £278.6m (2003: £nil) relating to the current carrying value of a discounted loan note. The loan note with a principal value of £286.1m is repayable in March 2005. The discount on the loan note is charged to the profit and loss account over the term of the loan note in order to give a constant periodic rate of return.

17 CREDITORS

	Group		Company	
	2004 £m	2003 £m	**2004 £m**	2003 £m
Amounts falling due after more than one year:				
Debenture loans	**218.1**	218.0	**168.3**	168.2
Bank loans	**354.4**	197.9	**–**	197.9
Finance leases	**0.2**	–	**–**	
Other creditors	**10.4**	12.2	**–**	–
	583.1	428.1	**168.3**	366.1

Other creditors' maturity profile is as follows: due between one and two years £1.7m (2003: £1.9m), two and five years £4.4m (2003: £4.7m) and greater than five years £4.3m (2003: £5.6m).

18 FINANCIAL INSTRUMENTS

Financial instruments

The Group's financial instruments, other than derivatives, comprise debentures, preference shares, bank borrowings (loans and overdrafts), other loans, finance leases and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations, which have not been included in the following disclosures.

The only derivatives that the Group enters into are interest rate swaps. The purpose of these transactions is to manage the interest rate risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profits, debentures and bank borrowings. The Group borrows at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

The Group's aim is to reduce the risk of exposure to market rate fluctuations in interest rate movements in the medium term.

Liquidity risk

The Group's policy is to ensure continuity of funding and in particular to ensure that debt requirements for the medium term are available through committed facilities. In addition, having regard to the longevity of the Group's assets, secured debentures are regarded as being suitable debt instruments.

Short-term flexibility is achieved by the use of overdraft facilities and other uncommitted facilities.

Currency risk

The Group has no material exposure to currency rate risk.

18 FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities after taking account of interest rate swaps was:

	2004			2003		
	Floating rate financial liabilities £m	**Fixed rate financial liabilities £m**	**Total £m**	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling						
Bank overdraft	**4.1**	**–**	**4.1**	6.0	–	6.0
Debentures and loan stock	**–**	**218.2**	**218.2**	–	218.1	218.1
Bank revolving credit facility	**55.8**	**200.0**	**255.8**	71.5	39.5	111.0
Bank term loans	**–**	**100.0**	**100.0**	–	145.5	145.5
Finance leases	**–**	**0.3**	**0.3**	–	–	–
Preference shares	**–**	**0.1**	**0.1**	–	0.1	0.1
	59.9	**518.6**	**578.5**	77.5	403.2	480.7

The effect of the Group's interest rate swaps is to treat £300.0m (2003: £185.0m) of borrowings in the table above as fixed. Floating rate borrowings bear interest based on LIBOR. The Group's debentures are secured by a floating charge in favour of the Law Debenture Trust Corporation Plc, over the whole of the undertaking, property and assets of the Company, both present and future.

Unamortised bank loan issue costs at 2 October 2004, of £1.8m, have been excluded from the disclosures. The maturity profile is as follows: due within one year £0.4m and after one year £1.4m.

	2004 Fixed rate financial liabilities		2003 Fixed rate financial liabilities	
	Weighted average interest rate %	**Weighted average period for which rate is fixed Years**	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Sterling	**6.2**	**9**	6.6	11

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities was as follows:

	2004		2003	
	Group £m	**Company £m**	Group £m	Company £m
Due within one year	**4.3**	**282.8**	64.7	64.7
Due between one and two years	**12.6**	**–**	197.9	197.9
Due between two and five years	**343.4**	**–**	–	–
After five years	**218.2**	**168.4**	218.1	168.3
	578.5	**451.2**	480.7	430.9

18 FINANCIAL INSTRUMENTS CONTINUED

At 2 October 2004, £255.8m has been drawn under a new revolving credit facility expiring in March 2009. It has been categorised as repayable between two and five years. At 27 September 2003, £111.0m had been drawn under a revolving credit facility expiring in December 2004. It was categorised as repayable between one and two years.

Financial assets
The Group held the following financial assets:

	2004 £m	2003 £m
Sterling		
Cash	**16.2**	11.9
Trade loans	**21.2**	24.3
	37.4	36.2

In common with other major brewers the Group makes trade loans to publicans who purchase our beers. The interest rate terms of the loan and supply terms for beer purchases are all inter-related and vary between customers. The benefit of trade loans should, therefore, not be viewed solely in terms of interest rates. The interest rate profile of trade loans was as follows:

	2004 £m	2003 £m
Fixed	**3.2**	3.9
Floating	**18.0**	20.4
	21.2	24.3

The fixed rate trade loans had a weighted average interest rate of 1.4% (2003: 0.6%) and a weighted average period of 8 years (2003: 11 years). The reference rate for floating rate trade loans is mainly UK base rates.

Borrowing facilities
The Group has the following undrawn committed borrowing facilities available:

	2004 £m	2003 £m
Expiring between one and two years	**–**	63.0
Expiring after two years	**64.0**	–
	64.0	63.0

18 FINANCIAL INSTRUMENTS CONTINUED

Fair values of financial assets and liabilities
Set out below is a comparison by category of book values and fair values of the Group's financial assets and liabilities:

	2004		2003	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Primary financial instruments held or issued to finance the Group's operations				
Bank overdraft	**4.1**	**4.1**	6.0	6.0
Debentures and loan stock	**218.2**	**252.0**	218.1	274.4
Bank revolving credit facility	**255.8**	**252.2**	111.0	111.5
Bank term loans	**100.0**	**98.5**	145.5	146.1
Finance leases	**0.3**	**0.3**	–	–
Preference shares	**0.1**	**0.1**	0.1	0.1
Cash	**(16.2)**	**(16.2)**	(11.9)	(11.9)
	562.3	**591.0**	468.8	526.2
Derivative financial instruments held to manage interest costs				
Interest rate swaps	**–**	**(2.8)**	–	(7.7)

The fair value of the interest rate swaps, which have no book value, has been determined by reference to prices available from the markets on which the instruments involved are traded. Trade loans are excluded from the fair value table as they are linked to customer supply terms. All other fair values have been calculated by discounting cash flows at prevailing interest rates.

Hedges
As explained earlier, the Group's policy is to hedge interest rate risk using interest rate swaps. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is recognised. Unrecognised gains and losses on instruments used for hedging are as follows:

	Unrecognised gains/(losses)		
	Gains £m	(Losses) £m	Total £m
Gains/(losses) on hedges at 28 September 2003	0.3	(8.0)	(7.7)
Arising in the period	(0.2)	5.1	4.9
Gains/(losses) on hedges at 2 October 2004	**0.1**	**(2.9)**	**(2.8)**
of which:			
Expected to be recognised within one year	–	(0.9)	(0.9)
Expected to be recognised after more than one year	0.1	(2.0)	(1.9)

Other instruments
Additional disclosure on financial instruments is made in the Financial review on pages 14 and 15. Throughout the year the Group adhered to the financial instruments policy approved by the Board.

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Group			Company		
	Deferred tax £m	Property leases £m	Total £m	Deferred tax £m	Property leases £m	Total £m
At 28 September 2003	16.0	–	16.0	2.1	–	2.1
Acquisition of Wizard Inns	(0.7)	1.6	0.9	–	1.6	1.6
Transfer to/(from) profit and loss account	0.4	(0.1)	0.3	(0.7)	(0.1)	(0.8)
At 2 October 2004	**15.7**	**1.5**	**17.2**	**1.4**	**1.5**	**2.9**

Deferred tax

	Group		Company	
	2004 £m	2003 £m	**2004 £m**	2003 £m
The amount provided in respect of deferred tax is as follows:				
Excess of capital allowances over accumulated depreciation	**23.0**	21.4	**1.6**	2.3
Other timing differences	**(4.1)**	(4.5)	**(0.2)**	(0.2)
Accrued pension costs	**(0.5)**	(0.9)	**–**	–
Tax losses	**(2.7)**	–	**–**	–
	15.7	16.0	**1.4**	2.1

Deferred tax has been calculated at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Property leases
A property lease provision has been recognised upon the acquisition of Wizard Inns, as explained in note 26. Payments are expected to be ongoing on these properties for a number of years.

20 PRIOR YEAR ADJUSTMENT - ESOP

Group and Company
The prior year adjustment relates to the adoption of UITF 38 "Accounting for ESOP Trusts". This represents a change in presentation of investment in own shares which is now deducted from the profit and loss account reserve. In the prior year, investment in own shares was included in fixed asset investments.

The effect of the change in accounting policy has been to reduce fixed asset investments and reserves by £2.3m at 28 September 2003. There has been no effect on the reported results. Cash inflows arising from the net sale of own shares by the share trust have been reclassified from capital expenditure and financial investment to financing.

17 Notes to the accounts

21 SHARE CAPITAL (GROUP AND COMPANY)

	Authorised				Issued and fully paid			
	2004		2003		2004		2003	
	Number m	**Value £m**	Number m	Value £m	**Number m**	**Value £m**	Number m	Value £m
Ordinary shares of 29.5p each (equity)	**120.0**	**35.4**	120.0	35.4	**72.8**	**21.4**	73.1	21.5
Preference shares of £1 each (non-equity)	**0.1**	**0.1**	0.1	0.1	**0.1**	**0.1**	0.1	0.1
Closing balance		**35.5**		35.5		**21.5**		21.6

Ordinary share capital movements during the period were:

	Number m	Value £m
At 28 September 2003	73.1	21.5
Allotted under share option schemes	0.7	0.2
Purchase of own shares	(1.0)	(0.3)
At 2 October 2004	**72.8**	**21.4**

A total of 0.7m ordinary shares were issued during the 53 week period ended 2 October 2004 pursuant to the exercise of Executive and SAYE share options at exercise prices ranging from 277.0p to 683.5p. The aggregate consideration in respect of these exercises was £3.0m.

The Company purchased some of its 29.5p nominal value ordinary shares during the period. The purchase consideration was taken from the profit and loss account reserve. The Company's share capital has been reduced by the nominal value of the shares purchased and the capital redemption reserve correspondingly increased.

The own shares purchased were as follows:

	Number of shares m	Percentage of Company's issued share capital at that time %	Cost per share p	Total consideration £m
October 2003	0.6	0.9	719.0	4.7
August 2004	0.4	0.5	848.6	3.3
	1.0			8.0

The 0.1m preference shares of £1 each carry the right to a fixed preferential dividend. They participate in the event of a winding-up and carry the right to attend and to vote at general meetings of the Company.

As at 2 October 2004 there were 0.8m (2003: 1.4m) executive share options outstanding at prices from 325.5p to 604.0p per share, exercisable between 2004 and 2012 and 1.0m (2003: 1.0m) SAYE options outstanding at prices from 277.0p to 640.0p per share, exercisable between 2004 and 2011. See pages 28 to 29 for details of Directors' share options.

22 RESERVES

	Group				Company			
	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Profit and loss account £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Profit and loss account £m
At 28 September 2003 as previously reported	207.1	153.4	5.7	72.2	207.1	153.4	5.7	73.4
Prior year adjustment	–	–	–	(2.3)	–	–	–	(2.3)
At 28 September 2003 as restated	207.1	153.4	5.7	69.9	207.1	153.4	5.7	71.1
Property revaluation in the period	–	171.7	–	–	–	171.7	–	–
Premium arising on issue of shares	2.8	–	–	–	2.8	–	–	–
Purchase of own shares for cancellation	–	–	0.3	(8.0)	–	–	0.3	(8.0)
Net sale of own shares from share trust	–	–	–	1.1	–	–	–	1.1
Disposal of properties	–	(2.3)	–	2.3	–	(2.3)	–	2.3
Transfer	–	(0.9)	–	0.9	–	(0.9)	–	0.9
Profit for the period	–	–	–	22.8	–	–	–	40.2
At 2 October 2004	**209.9**	**321.9**	**6.0**	**89.0**	**209.9**	**321.9**	**6.0**	**107.6**

Prior year adjustment details are included in note 20.

The profit and loss account reserve is stated after deducting the carrying value of investment in own shares held by the Group's ESOP. As at 2 October 2004, £1.2m (2003: £2.3m) was held by the ESOP which related to the purchase of 0.2m (2003: 0.4m) ordinary shares of 29.5p. They are held pursuant to the Company's Executive Share Option Schemes. The trustee of the ESOP is the Company's wholly owned subsidiary Banks's Brewery Insurance Limited. The market value of the shares as at 2 October 2004 was £1.9m (2003: £3.0m).

As at 2 October 2004 share options totalling 0.2m (2003: 0.4m) were outstanding to the members of the Executive Share Option Schemes over the shares in the trust. The options are exercisable at prices between 518.0p and 604.0p per share between 2004 and 2013. The Directors' interests in the shares in the trust are disclosed in the Directors' report. Dividends on the shares have been waived by the trust.

23 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £m	2003 £m
Total operating profit	**100.9**	96.5
Goodwill amortisation	**7.0**	6.9
Income from fixed asset investments	**(0.4)**	(0.5)
Depreciation charge	**32.9**	30.3
Decrease in pension cost provision	**(1.5)**	(0.1)
(Increase)/decrease in stocks	**(0.5)**	0.5
Increase in debtors	**(3.3)**	(3.0)
Increase/(decrease) in creditors	**9.3**	(1.3)
Exceptional operating charges with no cash impact	**4.0**	1.6
Net cash inflow from operating activities	**148.4**	130.9

24 ANALYSIS OF NET DEBT

	2004 £m	Cash flow £m	Non-cash flow £m	2003 £m
Cash				
Cash at bank and in hand	**16.2**	4.3	–	11.9
Bank overdraft	**(4.1)**	1.9	–	(6.0)
	12.1	6.2	–	5.9
Debt due within one year				
Loan stock	**(0.1)**	–	–	(0.1)
Bank loans	**0.4**	59.2	(0.2)	(58.6)
Finance leases	**(0.1)**	–	(0.1)	–
	0.2	59.2	(0.3)	(58.7)
Debt due after one year				
Bank loans	**(354.4)**	(156.5)	–	(197.9)
Finance leases	**(0.2)**	–	(0.2)	–
Debenture loans	**(218.1)**	–	(0.1)	(218.0)
	(572.7)	(156.5)	(0.3)	(415.9)
	(560.4)	(91.1)	(0.6)	(468.7)

Bank loans due within one year represent unamortised issue costs expected to be charged in 2005.

25 OPERATING LEASE COMMITMENTS

At 2 October 2004 the Group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2004	2003	**2004**	2003
	£m	£m	**£m**	£m
Leases which expire:				
Within one year	**–**	–	**0.5**	0.1
Within two to five years	**–**	–	**0.6**	1.5
After five years	**6.1**	4.7	**–**	–
	6.1	4.7	**1.1**	1.6

26 ACQUISITION - WIZARD INNS

Group

On 14 June 2004, the Group acquired 100% of Wizard Inns (comprising Wizard Inns Limited and its wholly owned subsidiary Osprey Inns Limited). The acquisition has been accounted for under acquisition accounting principles and is therefore included in the consolidated balance sheet as at 2 October 2004.

		Fair value adjustments		Provisional
	Book value	Revaluations	Other	fair value
	£m	£m	£m	£m
Fixed assets	63.6	23.8	–	87.4
Stock	0.5	–	–	0.5
Debtors	1.8	–	–	1.8
Cash	7.5	–	–	7.5
Creditors	(6.6)	–	–	(6.6)
Loans	(68.5)	–	–	(68.5)
Provisions for liabilities and charges	(0.1)	(1.5)	0.7	(0.9)
Net (liabilities)/assets acquired	(1.8)	22.3	0.7	21.2
Goodwill				9.1
Cash consideration (including acquisition fees)				30.3

The attributed fair values are provisional. Any further adjustments will be included in next year's financial statements. The revaluation adjustment in respect of tangible fixed assets and provisions for liabilities and charges reflects the valuation of the acquired pub estate as at 14 June 2004. Pub valuations reflecting onerous leases have been included in provisions. The valuation was carried out by independent chartered surveyors, DTZ Debenham Tie Leung, on an existing use basis.

No deferred tax has been recognised on the revaluation adjustment as there are no agreements to sell the assets concerned. The other fair value adjustment relates to deferred tax in respect of tax losses which are available for offset against future expected trading profits.

26 ACQUISITION - WIZARD INNS CONTINUED

The net cash outflow in respect of the purchase of Wizard Inns was:

	£m
Acquisition of equity	
Cash	30.3
Cash in hand of subsidiary	(7.5)
	22.8
Acquisition of debt	
Immediate repayment of subsidiary's debt	68.5
Net cash outflow for acquisition	91.3

The purchase agreement for Wizard Inns required the immediate repayment of its loans, which were included in its balance sheet at the date of acquisition. The loan repayments have therefore been classified as part of the overall consideration for the acquisition of Wizard Inns.

In the financial year to 28 December 2003, Wizard Inns made a profit after tax of £1.1m. For the period from 29 December 2003 to 13 June 2004, Wizard Inns recorded turnover of £20.1m, operating profit of £1.1m, profit before taxation of £1.0m and profit after taxation of £0.9m. There is no difference between profit after taxation and the recognised gains and losses for that period. Since acquisition, the cash operations of Wizard Inns have been integrated into the existing Group accounts. As a result, it is impractical to isolate the cashflows of Wizard Inns.

Company
On 25 July 2004, the Company acquired land and buildings and cash from its subsidiary, Wizard Inns Limited:

	Book value £m	Fair value adjustments - Revaluation £m	Provisional fair value £m
Fixed assets	57.2	21.1	78.3
Cash	1.5	–	1.5
Provisions for liabilities and charges	(1.5)	(0.1)	(1.6)
Net assets acquired	57.2	21.0	78.2
Goodwill			–
Consideration			78.2

The consideration was satisfied through the recognition of an intercompany balance.

The attributed fair values are provisional. Any further adjustments will be included in next year's financial statements. The fair value adjustment in respect of fixed assets and provisions for liabilities and charges reflects the valuation of pub land and buildings as at 14 June 2004. In the view of the Directors there is no material difference between a valuation at 14 June 2004 and 25 July 2004, the date of acquisition. Pub valuations which have been identified as having onerous leases have been included in provisions. The valuation was carried out by independent chartered surveyors, DTZ Debenham Tie Leung, on an existing use basis. No deferred tax has been recognised on the fair value adjustment as there are no agreements to sell the assets concerned. The trade and remaining net assets of Wizard Inns Limited were transferred to another company in the Group.

27 POST BALANCE SHEET EVENT

On 3 December 2004, the Company made a recommended cash offer of £119.9m for Burtonwood PLC.

18 Shareholder information

FINANCIAL CALENDAR

Current financial period ended	2 October 2004
Next financial period ends	1 October 2005
Announcements	
Half-year results	20 May 2005
Full-year results	2 December 2005
Dividend payment dates	
Preference shares	
Final dividend	31 December 2004
Interim dividend	24 June 2005
Ordinary shares	
Final dividend	31 January 2005
Interim dividend	24 June 2005
Debenture interest payment dates	
£20m 11½% Mansfield debenture stock 2010	1 April 2005 1 October 2005
£15m 10¼% debenture stock 2012	25 March 2005 25 September 2005
£125m 6½% debenture stock 2019	18 December 2004 18 June 2005
£30m 7¼% debenture stock 2027	31 December 2004 30 June 2005
£30m 6.875% Mansfield debenture stock 2028	28 February 2005 28 August 2005
Annual general meeting	21 January 2005

ADVISERS

Company Secretary and registered office
Anne-Marie Brennan, PO Box 26, Park Brewery,
Bath Road, Wolverhampton WV1 4NY.
Registered number 31461. Telephone 01902 711811.
www.wdb.co.uk www.pathfinderpubs.co.uk www.tupc.co.uk
www.marstonsdontcompromise.co.uk

Registrar and transfer office
Lloyds TSB Registrars, The Causeway, Worthing, West Sussex
BN9 9DA. Telephone 0870 600 3970. www.shareview.co.uk

Auditors
PricewaterhouseCoopers LLP, 19 Cornwall Street, Birmingham B3 2DT

Merchant bankers
N M Rothschild & Sons Limited, New Court, St Swithin's Lane,
London EC4P 4DU

Solicitors
Bond Pearce, Marsh House, 11 Marsh Street, Bristol BS99 7BB
DLA, Bridgewater House, 101 Barbirolli Square, Manchester M2 3DL
Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS

Stockbrokers
Hoare Govett Limited, 250 Bishopsgate, London EC2M 4AA

Equivalent market prices on 31 March 1982

Preference shares	34.5p
Ordinary shares	94.5p

Total number of shares held by all shareholders

	Number of holdings	Number of shares held	%
Range			
1-100	2,171	92,075	0.13
101-500	2,178	582,655	0.80
501-1,000	1,177	883,166	1.21
1,001-2,000	894	1,284,392	1.77
2,001-5,000	632	1,951,160	2.68
5,001-50,000	513	7,233,291	9.94
50,001-100,000	60	4,335,475	5.96
100,001+	97	56,395,233	77.51
Total	**7,722**	**72,757,447**	**100.0**

19
The Wolverhampton & Dudley Breweries, PLC Notice of meeting

Notice is hereby given that the one hundred and seventeenth annual general meeting of The Wolverhampton & Dudley Breweries, PLC will be held at Edgbaston Cricket Ground, Edgbaston, Birmingham B5 7QU on Friday 21 January 2005 at 1200 hours for the following purposes:

Ordinary business

1 To receive and to adopt the Company's accounts, and the reports of the Directors and Independent Auditors for the 53 weeks ended 2 October 2004.

2 To declare and to confirm dividends.

3 To re-elect Miles Emley as a Director.

4 To re-elect Stephen Oliver as a Director.

5 To re-elect Paul Inglett as a Director.

6 To re-appoint PricewaterhouseCoopers LLP as Independent Auditors of the Company and to authorise the Directors to fix their remuneration.

Special business

To propose the following as ordinary resolutions:

7 To approve the Directors' remuneration report for the year ended 2 October 2004 as set out on pages 26 to 32 of the annual report 2004.

8 That the Board be and is hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £7,154,482 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 20 April 2006, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

To propose the following as special resolutions:

9 That subject to the passing of the previous resolution the Board be and is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94(2) and Section 94(3A) of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with an issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal problems which may arise in any overseas territory or under the requirements of any regulatory body or any stock exchange; and

(b) to the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal value of £1,073,172.

This authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or, if earlier, 20 April 2006, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94(3A) of the Companies Act 1985 as if in the first paragraph of this resolution the words "pursuant to the authority conferred by the previous resolution" were omitted.

10 That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 to make market purchases (as defined by Section 163(3) of the said Act) of ordinary shares of 29.5p each in its capital, subject as follows:

(a) the maximum number of shares which may be so acquired is 10,906,341 (£3,217,370);

(b) the minimum price which may be paid for such shares is 29.5p per share;

(c) the maximum price which may be so paid for a share is a sum equal to 105% of the average of the middle market quotations of the ordinary shares of the Company in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is contracted to be purchased; and

(d) the authority conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 20 April 2006 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).

By order of the Board
Anne-Marie Brennan Secretary
3 December 2004

Notes

1 A member of the Company entitled to attend and to vote may appoint one or more proxies to attend and to vote instead. A proxy need not be a member. A proxy form is enclosed. Completed proxy forms must be received by the Registrar not less than 48 hours before the annual general meeting.

2 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only shareholders registered on the register of members of the Company at 1200 hours on 19 January 2005 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 1200 hours on 19 January 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3 The following are available for inspection at the Company's registered office during normal business hours on any weekday (excluding public holidays) and will be available for at least 15 minutes prior to, and during, the annual general meeting:
– the register of Directors' interests and those of their immediate families in the share capital of the Company;
– Directors' service contracts;
– a copy of the Company's memorandum and articles of association.

The Marston's national brand portfolio showing the striking new Pedigree identity to be rolled out nationally in 2005

The Wolverhampton & Dudley Breweries, PLC

Annual report 2004