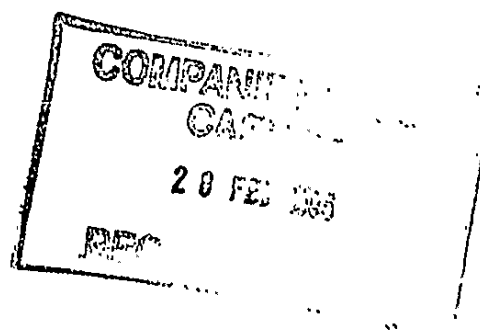


Huggins and Company, Limited

Directors' report and accounts

1 May 1994

Registered number 56674



COMPANIES HOUSE 28702795

Huggins and Company, Limited

Directors' report and accounts

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Huggins and Company, Limited

Directors' report

The directors present their annual report and the audited accounts for the seven months ended 1 May 1994.

Principal activities

The principal activity of the company is the management of a property estate in the United Kingdom.

Ultimate parent undertaking

On 31 October 1993, the entire share capital of Cleveland Place Holdings PLC, the immediate parent company of Huggins and Company, Limited, was acquired by Scottish & Newcastle plc. Therefore, the ultimate parent undertaking of the company from this date is Scottish & Newcastle plc.

Financial review

The directors do not recommend the payment of a dividend (1993: £Nil).

The profit for the period transferred to reserves was £17,244,000 (1993: loss of £27,824,000).

Fixed assets

All movements in fixed assets during the period are analysed in notes 9 and 10 to the accounts.

A statement concerning the current market values of the company's properties is included in note 1 to the accounts.

Directors and directors' interests

The directors who held office during the period were as follows:

I G Hannah	(appointed 1 November 1993)
S E Bubb	(appointed 1 November 1993)
C J Ripper	(appointed 1 November 1993)
R W Crichton	(appointed 20 December 1993)
D M Jacobs	(resigned 17 November 1993)
I C Shaw	(resigned 17 November 1993)
A L Griffiths	(resigned 1 November 1993)

None of the directors who served during the period had any disclosable interest in the shares of the company.

Huggins and Company, Limited

Directors' Report (Continued)

The directors who held office at the end of the financial period had the following interests in the shares of Scottish & Newcastle plc.

	Ordinary shares of 20p each At date of appointment and at end of period
I G Hannah	10,875
S E Bubb	2,694
C J Ripper	3,246
R W Crichton	<u>4,126</u>

Options

	At date of appointment	Granted	At end of period
I G Hannah	141,895	1,612	143,507
S E Bubb	34,322	12,054	46,376
C J Ripper	34,862	14,234	49,096
R W Crichton	11,070	806	11,876

Political and charitable contributions

The company made no political contributions or donations to UK charities in the year.

By order of the Board



C Cuthbertson
Secretary

11 November 1994

Riverside House
Riverside Way
Northampton
NN1 5NU

Huggins and Company, Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by law to prepare accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the result for that period. They are responsible for ensuring that proper and adequate accounting records have been kept to ensure that the accounts comply with the Companies Act 1985. They are also responsible for ensuring that appropriate procedures have been followed for safeguarding company assets and preventing and detecting fraud and other irregularities. Appropriate accounting policies which follow generally accepted accounting practice have been applied consistently in the preparation of the accounts on a going concern basis and reasonable and prudent judgements and estimates have been made.

Huggins and Company, Limited

REPORT OF THE AUDITORS

TO THE MEMBERS OF HUGGINS AND COMPANY, LIMITED

We have audited the accounts on pages 7 to 12, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

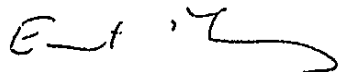
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 1 May 1994 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Edinburgh

14 November 1994

Huggins and Company, Limited

Profit and loss account

	Note	Seven months ended 1 May 1994 £000	Year ended 30 September 1993 £000
Turnover	2	45,714	68,708
Cost of sales		(17,762)	(27,629)
Operating profit		<u>27,952</u>	<u>41,079</u>
Loss on sale of fixed asset investments		-	(3,253)
Amounts written off investments		-	(2,913)
Profit/(loss) on sale of property		23,716	(63,254)
Other interest receivable and similar income	6	-	22,203
Interest payable and similar charges	7	(27,619)	-
Profit/(loss) on ordinary activities before taxation	2-7	<u>24,049</u>	<u>(6,138)</u>
Tax on profit on ordinary activities	8	(6,805)	(21,686)
Profit/(loss) on ordinary activities after taxation		<u>17,244</u>	<u>(27,824)</u>

The notes on pages 9 to 19 form part of these accounts.

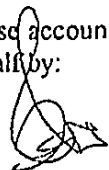
Huggins and Company, Limited

Balance sheet

	<i>Note</i>	1 May 1994		30 September 1993	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		482,836		439,134
Investments	10		489,193		489,193
			<u>972,029</u>		<u>928,327</u>
Current assets					
Debtors	11	63,463		206,860	
Cash at bank and in hand		-		47,593	
		<u>63,463</u>		<u>254,453</u>	
Creditors: amounts falling due within one year	13	(1,001,992)		(1,128,648)	
Net current liabilities			(938,529)		(874,195)
Total assets less current liabilities			<u>33,500</u>		<u>54,132</u>
Capital and reserves					
Called up share capital	14		326		326
Reserves					
Revaluation reserve	15		77,664		-
Profit and loss account	15		(44,490)		53,806
			<u>33,500</u>		<u>54,132</u>

The notes on pages 9 to 19 inclusive form part of these accounts.

These accounts were approved by the board of directors on 11 November 1994 and were signed on its behalf by:



S E C Bubh
Director

Huggins and Company, Limited

Notes

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention except that certain fixed assets are included at valuation. Net surpluses arising from time to time from professional valuations are taken direct to revaluation reserve. The accounts are prepared in accordance with applicable accounting standards.

Depreciation

Freehold land is not depreciated.

Freehold and long leasehold properties are not depreciated, it being group policy to maintain them to such standard that the estimated residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are at least equal to their book values. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

Buildings held on leases are depreciated over the unexpired term only when such term is 50 years or less.

Other tangible assets are written off over their estimated useful lives within the range 4-10 years.

Leases

Operating lease payments and receipts are taken to the profit & loss account on a straight line basis over the life of the lease.

Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax, which is expected to be recoverable in the future, is deducted from deferred tax or, if appropriate, included in debtors.

Retirement Benefits

The company's recent acquisition by Scottish & Newcastle plc has resulted in it being brought into that company's arrangements. The expected cost of pensions in respect of defined benefit pension schemes in the Scottish & Newcastle plc group is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme.

Turnover

Turnover includes rents receivable excluding VAT and property disposals.

Huggins and Company, Limited

Notes (continued)

2. **Analysis of turnover and profit on ordinary activities before taxation**
The turnover of the company is attributable to the one activity, that of the management of a property portfolio, all of which is carried out in the United Kingdom.

3. **Profit/(Loss) on ordinary activities before taxation**

Profit/(Loss) on ordinary activities before taxation is stated after charging:

	Seven months ended 1 May 1994 £000	Year ended 30 September 1993 £000
Staff costs	-	814
Depreciation of tangible fixed assets	1,162	1,680
Auditors' remuneration for audit services	-	15
Operating lease rentals	15,339	21,769
Other external charges	<u>1,261</u>	<u>-</u>

The auditors received £NIL (1993: £28,000) for non audit services.

Huggins and Company, Limited

Notes (continued)

4. Remuneration of directors

No directors received emoluments from the company during the period (1993: £nil).

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, was 5 (1993: 34).

The aggregate payroll costs of these persons were as follows:

	Seven months ended 1 May 1994 £000	Year ended 30 September 1993 £000
Wages and salaries	-	739
Social security costs	-	70
Other pension costs	-	5
	<hr/>	<hr/>
	-	814
	<hr/>	<hr/>

6. Other interest receivable and similar income

All interest received was from non group sources but is credited to the company via another group company.

7. Interest payable and similar charges

	Seven months ended 1 May 1994 £000	Year ended 30 September 1993 £000
Interest payable to a group company	27,619	-
	<hr/>	<hr/>

Huggins and Company, Limited

Notes (continued)

8. Taxation

	Seven months ended 1 May 1994 £000	Year ended 30 September 1993 £000
UK corporation tax at 33% (1993: 33%)	6,805	18,236
Under provision in prior years		
- current tax	-	2,247
- deferred tax	-	1,203
	<u>6,805</u>	<u>21,686</u>

Huggins and Company, Limited

Notes (continued)

9. Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures fittings tools and equipment	Total
	£000	£000	£000	£000
<i>Cost or valuation</i>				
At beginning of period	493,796	17	20	493,833
Additions - Group	109,353	-	-	109,353
Additions - External	660	-	-	660
Transfers	17	(17)	-	-
Revaluation	(95,145)	-	-	(95,145)
Disposals - External	(24,821)	-	-	(24,821)
Disposals - Group	-	-	(20)	(20)
At end of period	483,860	-	-	483,860
<i>Depreciation</i>				
At beginning of period	54,699	-	-	54,699
Charge for period	1,162	-	-	1,162
Revaluation	(57,269)	-	-	(57,269)
Additions - Group	2,432	-	-	2,432
At end of period	1,024	-	-	1,024
<i>Net book value</i>				
At 1 May 1994	482,836	-	-	482,836
At 30 September 1993	439,097	17	20	439,134

Huggins and Company, Limited

Notes (continued)

9. Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	1 May 1994	30 September 1993
	£000	£000
Freehold	413,051	374,228
Long leasehold	42,355	44,562
Short leasehold	27,430	20,307
	<u>482,836</u>	<u>439,097</u>

Included in the net book value of freehold properties is £413,051,000 (1993: £365,048,000) in respect of public houses. Depreciation is not charged on this amount.

Fixed assets are stated at cost or at professional valuation by qualified chartered surveyors. A revaluation of the group's properties took place on 1 November 1993 on an open market existing use basis.

Particulars relating to land and buildings are given below:

	1 May 1994	30 September 1993
	£000	£000
Historical cost to the Cleveland Place Holdings PLC group	195,941	152,362
Aggregate depreciation based on historical cost	(3,648)	(8,199)
Historical cost net book value	<u>192,293</u>	<u>144,163</u>

Other tangible fixed assets, including subsequent additions to land and buildings, are included at cost.

Huggins and Company, Limited

Notes (continued)

10. Fixed asset investments

Subsidiary
Undertakings
£000

Shares at cost

At 30 September 1993 and 1 May 1994

489,193

The company's subsidiary undertakings, all of which are dormant, wholly owned and registered in England and Wales are set out below:

Homespreads Limited (formerly Arnold and Hancock Limited)
Cleveland Place Nominee Company (No.2) Limited
Steward & Patterson Limited
Southern Inns Limited (formerly Tamplin's Brewery Limited)
Scottish & Newcastle Hotels Limited (formerly Tamplin's Licensed Properties Limited)
Cleveland Place Nominee Company (No.3) Limited
London Pub-Restaurants Limited (formerly The Palatine Bottling Company Limited)
Cleveland Place Nominee Company (No.4) Limited
Cleveland Place Nominee Company (No.1) Limited

All investments are in unlisted companies

11. Debtors: due within one year

	1 May 1994	30 September 1993
	£000	£000
Trade debtors	92	1,193
Amounts owed by parent or fellow subsidiary undertakings	62,442	204,331
Prepayments and accrued income	<u>929</u>	<u>1,336</u>
	<u>63,463</u>	<u>206,860</u>

Huggins and Company, Limited

Notes (continued)

12. Deferred tax

	1 May 1994 £000	30 September 1993 £000
Provided		
At beginning of year	-	1,203
Transfer to profit and loss in the period (refer note 8)	-	(1,203)
Amount held in debtors at end of period	<u>-</u>	<u>-</u>
Not provided		
Accelerated capital allowances liability/(asset)	<u>752</u>	<u>(714)</u>

The potential tax liabilities which might arise in the event of the disposal of revalued properties or for capital gains deferred under the terms of S152, Taxation of Chargeable Gains Act 1992, are not quantified as the Directors do not consider them to constitute timing differences, after taking account of expected rollover relief.

Huggins and Company, Limited

13. Creditors: amounts falling due within one year

	1 May 1994 £000	30 September 1993 £000
Trade creditors	45	49
Amounts owed to subsidiary undertakings	19,335	-
Amounts owed to parent or fellow subsidiary undertakings	974,558	1,127,399
Accruals and deferred income	1,249	1,200
Corporation tax	6,805	-
	<u>1,001,992</u>	<u>1,128,648</u>

14. Called up share capital

	1 May 1994 £000	30 September 1993 £000
<i>Authorised</i>		
Ordinary shares of £1 each	326	326
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	326	326
	<u> </u>	<u> </u>

Huggins and Company, Limited

Notes (continued)

15. Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and loss account £000	Revaluation reserve £000	Total £000
At 30 September 1992	326	81,630	-	81,956
Loss for year	-	(27,824)	-	(27,824)
At 30 September 1993	326	53,806	-	54,132
Retained profit for the period	-	17,244	-	17,244
Revaluation during the period	-	(115,710)	77,834	(37,876)
Realised surplus on revaluation in the period	-	170	(170)	-
At 1 May 1994	<u>326</u>	<u>(44,490)</u>	<u>77,664</u>	<u>33,500</u>

16. Contingent liabilities

The company's assets fall under a floating charge which secures £58,000,855 (1993: £67,536,300) of debenture stocks of its holding company Cleveland Place Holdings PLC. In the opinion of the directors no losses are likely to arise in respect of these undertakings.

17. Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made.

	1 May 1994 £000	30 September 1993 £000
Contracted	4,791	-
Authorised but not contracted	815	-
	<u> </u>	<u> </u>

Huggins and Company, Limited

18. Commitments *(continued)*

(ii) Annual commitments under non-cancellable operating leases are as follows:

	1 May 1994 Land and buildings £000	30 September 1993 Land and buildings £000
Operating leases which expire:		
Within one year	44	217
In the second to fifth years inclusive	409	462
Over five years	23,464	5,481
	<u>23,917</u>	<u>6,160</u>

19. Ultimate parent company and parent undertaking of larger group
The company is a subsidiary undertaking of Cleveland Place Holdings PLC, a company registered in England and Wales. The ultimate holding company at 1 May 1994 was Scottish & Newcastle plc, a company registered in Scotland. Group accounts for both companies may be obtained from Scottish & Newcastle plc, 111 Holyrood Road, Edinburgh EH8 8YS.