

Huggins and Company, Limited

Directors' report and financial statements

30 April 1995

Registered number 56674



Huggins and Company, Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	3-4
Statement of Directors' responsibilities	5
Auditors' Report	6
Profit and loss account	7
Balance sheet	8
Notes	9-16

Huggins and Company, Limited

Directors' report

The directors present their annual report and the audited accounts for the year ended 30 April 1995.

Principal activity

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

Ultimate parent undertaking

The ultimate parent undertaking of the company is Scottish & Newcastle plc.

Financial review

The directors do not recommend the payment of a dividend (1994: £Nil).

The loss for the year is shown in the profit and loss account on page 7.

Fixed Assets

All movements in fixed assets during the period are analysed in notes 8 and 9 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 year were as follows:

I G Hannah
S E Bubb
C J Ripper
R W Crichton
R L Ivell (appointed 3 March 1995)

During the year the company maintained liability insurance for its directors and officers.

None of the directors who served during the year 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 year had the following interests in the 20p Ordinary Shares of Scottish & Newcastle plc:

	Ordinary Shares	
	At 1 May 1994 or date of appointment	At 30 April 1995
I G Hannah	10,875	11,630
S E Bubb	2,694	2,619
C J Ripper	3,246	4,332
R W Crichton	4,126	4,407
R L Ivell	-	-

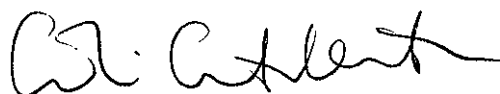
Options over Ordinary Shares

	At 1 May 1994 or date of appointment	Granted in the year	At 30 April 1995
I G Hannah	143,507	9,856	153,363
S E Bubb	46,376	22,523	68,899
C J Ripper	49,096	19,023	68,119
R W Crichton	11,876	15,056	26,932
R L Ivell	61,006	-	61,006

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

10 July 1995

Riverside House
Riverside Way
Northampton
NN1 5NU

Huggins and Company, Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of the result for that year. 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 16, 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.

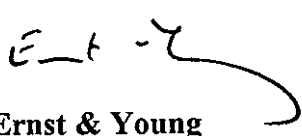
Basis of opinion

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 30 April 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants,
Registered Auditor
Edinburgh

17 July 1995

Huggins and Company, Limited

Profit and loss account

	<i>Note</i>	Year ended 30 April 1995 £000	Seven months ended 1 May 1994 £000
Turnover	2	55,264	45,714
Cost of sales		(26,716)	(17,762)
Operating profit		<u>28,548</u>	<u>27,952</u>
Profit on sale of property		3,153	23,716
			-
Interest payable and similar charges	6	(48,728)	(27,619)
(Loss)/profit on ordinary activities before taxation	2-6	<u>(17,027)</u>	<u>24,049</u>
Tax on profit on ordinary activities	7	9,173	(6,805)
(Loss)/profit on ordinary activities after taxation	14	<u>(7,854)</u>	<u>17,244</u>

Statement of total recognised gains and losses

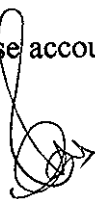
	<i>Note</i>	Year ended 30 April 1995 £000	Seven months ended 1 May 1994 £000
(Loss)/profit on ordinary activities after taxation		(7,854)	17,244
Net deficit on revaluation of freehold land and buildings	14	-	(37,876)
Total recognised gains and losses related to the year		<u>(7,854)</u>	<u>(20,632)</u>

Huggins and Company, Limited

Balance sheet

	<i>Note</i>	30 April 1995		1 May 1994	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		494,834		482,836
Investments	9		489,193		489,193
			<u>984,027</u>		<u>972,029</u>
Current assets					
Debtors	10	83,492		63,463	
Creditors: amounts falling due within one year	12	(1,041,873)		(1,001,992)	
Net current liabilities			<u>(958,381)</u>		<u>(938,529)</u>
Total assets less current liabilities			<u>25,646</u>		<u>33,500</u>
Capital and reserves					
Called up share capital	13		326		326
Revaluation reserve	14		76,980		77,664
Profit and loss account	14		(51,660)		(44,490)
			<u>25,646</u>		<u>33,500</u>

These accounts were approved by the board of directors on 10 July 1995 and were signed on its behalf by:



S E C Bubb
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.

Leases

Operating lease payments and receipts are taken to the profit and 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.

Turnover

Turnover includes rent 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 one continuing activity, that of the management of a property portfolio, all of which is carried out in the United Kingdom.

3. (Loss)/profit on ordinary activities before taxation

	Year ended 30 April 1995 £000	Seven months ended 1 May 1994 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	2,776	1,162
Operating lease rentals (mainly property)	23,798	15,339
Other external charges	<u>92</u>	<u>1,261</u>

The auditors received £Nil (Seven months to 1 May 1994: £NIL) for non audit services.

4. Remuneration of directors

No directors received emoluments from the company during the year (Seven months to 1 May 1994: £nil).

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, was 4 (1994: 5).

The aggregate payroll cost of these persons was £Nil (Seven months ended 1 May 1994: £Nil)

6. Interest payable and similar charges

	Year ended 30 April 1995 £000	Seven months ended 1 May 1994 £000
Interest payable to group undertaking	<u>48,728</u>	<u>27,619</u>

Huggins and Company, Limited

Notes (continued)

7. Tax on profit on ordinary activities

	Year ended 30 April 1995 £000	Seven months ended 1 May 1994 £000
UK corporation tax at 33% (1994: 33%)	5,862	(6,805)
Over provision in prior years		
- current tax	3,311	-
	<u>9,173</u>	<u>(6,805)</u>

8. Tangible fixed assets

	Land and buildings £000	Fixtures fittings tools and equipment £000	Total £000
<i>Cost or valuation</i>			
At beginning of year	483,860	-	483,860
Additions - Group	16,889	172	17,061
Disposals - External	(2,111)	(172)	(2,283)
At end of year	<u>498,638</u>	<u>-</u>	<u>498,638</u>
<i>Depreciation</i>			
At beginning of year	1,024	-	1,024
Charge for year	2,776	-	2,776
Additions - Group	-	151	151
Disposals - External	4	(151)	(147)
At end of year	<u>3,804</u>	<u>-</u>	<u>3,804</u>
<i>Net book value</i>			
At 30 April 1995	<u>494,834</u>	<u>-</u>	<u>494,834</u>
At 1 May 1994	<u>482,836</u>	<u>-</u>	<u>482,836</u>

Huggins and Company, Limited

8. Tangible fixed assets *(continued)*.

The net book value of land and buildings comprises:

	30 April 1995 £000	1 May 1994 £000
Freehold	423,803	413,051
Long leasehold	40,725	42,355
Short leasehold	30,306	27,430
	<u>494,834</u>	<u>482,836</u>

Included in the net book value of freehold properties is £423,803,000 (1994: £413,051,000) 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.

The total at cost or valuation for land and buildings comprises:

	30 April 1995 £m	1 May 1994 £m
At 1993 professional valuation	432,516	434,617
At cost	66,122	49,243
	<u>498,638</u>	<u>483,860</u>

Particulars relating to land and buildings are given below:

	30 April 1995 £000	1 May 1994 £000
Historical cost to the Cleveland Place Holdings PLC group	211,192	195,941
Aggregate depreciation based on historical cost	(4,132)	(3,648)
Historical cost net book value	<u>207,060</u>	<u>192,293</u>

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

Huggins and Company, Limited

Notes (continued)

9. Fixed asset investments

**Subsidiary
Undertakings
£000**

Shares at cost

At 30 April 1995 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)

John Barras & Co Limited (formerly Cleveland Place Nominee Company (No.4) Limited)

Cleveland Place Nominee Company (No.1) Limited

All investments are in unlisted companies.

Group accounts are not submitted by virtue of Section 228 of the Companies Act 1985, as the company is a wholly owned subsidiary undertaking of Cleveland Place Holdings PLC, which is registered in England and Wales.

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Huggins and Company, Limited

Notes (continued)

10. Debtors: due within one year

	30 April 1995 £000	1 May 1994 £000
Trade debtors	-	92
Amounts owed by parent or fellow subsidiary undertaking	81,475	62,442
Prepayments and accrued income	2,017	929
	<u>83,492</u>	<u>63,463</u>

11. Deferred tax not provided

	30 April 1995 £000	1 May 1994 £000
Accelerated capital allowances liability	<u>1,165</u>	<u>752</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 roll-over relief.

12. Creditors: amounts falling due within one year

	April 30 1995 £000	May 1 1994 £000
Trade creditors	-	45
Amounts owed to subsidiary undertakings	19,335	19,335
Amounts owed to parent or fellow subsidiary undertakings	1,017,422	974,558
Accruals and deferred income	1,622	1,249
Corporation tax	3,494	6,805
	<u>1,041,873</u>	<u>1,001,992</u>

Huggins and Company, Limited

Notes (continued)

13. Called up share capital

	30 April 1995 £000	1 May 1994 £000
<i>Authorised</i>		
326,250 ordinary shares of £1 each	<u>326</u>	<u>326</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>326</u>	<u>326</u>

14. Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and loss account £000	Revaluation Reserve £000	Total £000
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	326	(44,490)	77,664	33,500
Retained loss for the period	-	(7,854)	-	(7,854)
Realised surplus on revaluation in the period	-	684	(684)	-
At 30 April 1995	<u>326</u>	<u>(51,660)</u>	<u>76,980</u>	<u>25,646</u>

15. Contingent liabilities

The company's assets fall under a floating charge which secures £58,000,855 (1994: £58,000,855) 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.

Huggins and Company, Limited

Notes (continued)

16. Commitments

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

	30 April 1995 £000	1 May 1994 £000
Contracted	952	4,791
Authorised but not contracted	<u>2,632</u>	<u>815</u>

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

	30 April 1995 Land and buildings £00	1 May 1994 Land and buildings £000
Operating leases which expire:		
Within one year	63	44
In the second to fifth years inclusive	629	409
Over five years	23,388	23,464
	<u>24,080</u>	<u>23,917</u>

17. Ultimate parent company and parent undertaking of larger group

The ultimate parent undertaking, which is also the parent for the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Scottish & Newcastle plc, a company registered in Scotland.

The parent for the smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Cleveland Place Holdings PLC, a company registered in England and Wales.

Group accounts for both companies may be obtained from the Company Secretary, Scottish & Newcastle plc, 111 Holyrood Road, Edinburgh EH8 8YS.