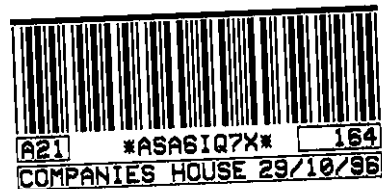


# **Huggins and Company, Limited**

## **Directors' report and financial statements**

**28 April 1996**

Registered in England, number 56674



## **Huggins and Company, Limited**

Directors' report and financial statements

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## Huggins and Company, Limited

### Directors' report

The directors present their annual report and the audited accounts for the year ended 28 April 1996.

### 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 (1995: £nil).

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

### Fixed assets

All movements in tangible fixed assets during the period are analysed in note 8 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

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.

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 30 April 1995	At 28 April 1996
S E Bubb	2,619	8,696
C J Ripper	4,332	8,037
R W Crichton	4,407	5,054
R L Ivell	-	490

## Huggins and Company, Limited

### Directors' report (*continued*)

	Options			
	At 30 April 1995	Granted in the year	Exercised in the year	At 28 April 1996
S E Bubb	69,778	3,294	28,281	44,791
C J Ripper	68,980	3,294	14,000	58,274
R W Crichton	27,289	8,502	-	35,791
R L Ivell	61,846	3,294	17,342	47,798

Options granted prior to and unexercised at the time of the Scottish & Newcastle plc Rights Issue announced on 18 May 1995 have been adjusted in accordance with the Rules of the Option Schemes and with the approval of the Inland Revenue and the Company's auditors. The 1995 option numbers have been restated accordingly.

Mr. I.G. Hannah is a director of Huggins and Company, Limited. He is also a director of Scottish & Newcastle plc, which has a 100% interest in Huggins and Company, Limited. Accordingly, his interests are disclosed in that company's reporting accounts.

Other than the above, no director had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the period in any significant contract with the company or any subsidiary undertaking.


#### **Policy on payment to suppliers**

The company agrees terms and conditions with suppliers before business takes place. The company's policy is to pay agreed invoices in accordance with terms of payment.

#### **Political and charitable contributions**

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

By order of the board



**N R Homer**  
*Secretary*

28 June 1996

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.

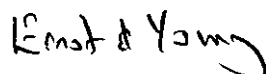
#### **Basis of opinion**

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 28 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young**

Chartered Accountants,  
Registered Auditor  
Luton

28 June 1996

## Huggins and Company, Limited

### Profit and loss account

	<i>Note</i>	<b>Year ended 28 April 1996 £000</b>	<b>Year ended 30 April 1995 £000</b>
<b>Turnover</b>	2	<b>54,809</b>	55,264
Cost of sales		<b>(26,902)</b>	(26,716)
<b>Operating profit</b>		<b>27,907</b>	28,548
(Loss)/profit on sale of property		<b>(735)</b>	3,153
Interest payable and similar charges	6	<b>(26,448)</b>	(48,728)
<b>Profit/(loss) on ordinary activities before taxation</b>	2-6	<b>724</b>	(17,027)
Tax on profit/(loss) on ordinary activities	7	<b>3,284</b>	9,173
<b>Profit/(loss) on ordinary activities after taxation</b>	14	<b><u>4,008</u></b>	<b><u>(7,854)</u></b>

There are no recognised gains or losses other than the gain of £4,008,000 (1995: loss of £7,854,000).

## Huggins and Company, Limited

### Balance sheet

	<i>Note</i>	<b>28 April 1996</b>		<b>30 April 1995</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	8		540,388		494,834
Investments	9		489,193		489,193
			<u>1,029,581</u>		<u>984,027</u>
<b>Current assets</b>					
Debtors	10	70,754		83,492	
Creditors: amounts falling due within one year	12	(1,070,681)		(1,041,873)	
<b>Net current liabilities</b>			<u>(999,927)</u>		<u>(958,381)</u>
<b>Total assets less current liabilities</b>			<u>29,654</u>		<u>25,646</u>
<b>Capital and reserves</b>					
Called up share capital	13		326		326
Revaluation reserve	14		76,223		76,980
Profit and loss account	14		(46,895)		(51,660)
			<u>29,654</u>		<u>25,646</u>

These accounts were approved by the board of directors on 28 June 1996 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. **Profit/(loss) on ordinary activities before taxation**

	Year ended 28 April 1996 £000	Year ended 30 April 1995 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	3,062	2,776
Operating lease rentals on land and buildings	23,670	23,798
Other external charges	92	92
Repairs and maintenance	<u>21</u>	<u>-</u>

Fees in respect of services provided by the auditors were: statutory audit of the company £nil (1995: £nil) and other services £nil (1995: £nil)

4. **Remuneration of directors**

No directors received emoluments from the company during the year (1995: £nil).

5. **Staff numbers and costs**

The average number of persons employed by the company (including directors) during the period, was 5 (1995 : 4).

The aggregate payroll cost of these persons was £nil (1995 : £nil)

6. **Interest payable and similar charges**

	Year ended 28 April 1996 £000	Year ended 30 April 1995 £000
Interest payable to group undertaking	<u>26,448</u>	<u>48,728</u>

# Huggins and Company, Limited

## Notes (continued)

### 7. Tax on profit on ordinary activities

	Year ended 28 April 1996 £000	Year ended 30 April 1995 £000
UK corporation tax at 33% (1995 : 33%)	(1,192)	5,862
Over provision in prior years		
- current tax	4,476	3,311
	<u>3,284</u>	<u>9,173</u>

### 8. Tangible fixed assets

	Land and buildings £000
<i>Cost or valuation</i>	
At beginning of year	498,638
Additions - Group	50,133
Disposals - External	(123)
Disposals - Group	(990)
At end of year	<u>547,658</u>
<i>Depreciation</i>	
At beginning of year	3,804
Charge for year	3,062
Additions - Group	415
Disposals - External	(11)
At end of year	<u>7,270</u>
<i>Net book value</i>	
At 28 April 1996	<u>540,388</u>
At 30 April 1995	<u>494,834</u>

## Huggins and Company, Limited

### 8. Tangible fixed assets (*continued*)

The net book value of land and buildings comprises:

	28 April 1996 £000	30 April 1995 £000
Freehold	463,736	423,803
Long leasehold	40,358	40,725
Short leasehold	36,294	30,306
	<u>540,388</u>	<u>494,834</u>

The net book value of freehold properties of £463,736,000 (1995: £423,803,000) is 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:

	28 April 1996 £000	30 April 1995 £000
At 1993 professional valuation	431,440	432,516
At cost	116,218	66,122
	<u>547,658</u>	<u>498,638</u>

Particulars relating to land and buildings are given below:

	28 April 1996 £000	30 April 1995 £000
Historical cost to the Cleveland Place Holdings PLC group	258,595	211,192
Aggregate depreciation based on historical cost	(4,842)	(4,132)
Historical cost net book value	<u>253,753</u>	<u>207,060</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

	<b>Subsidiary Undertakings £000</b>
Shares at cost	
At 28 April 1996 and 30 April 1995	<b><u>489,193</u></b>

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

Homespreads Limited  
Steward & Patterson Limited  
Southern Inns Limited  
Scottish & Newcastle Hotels Limited  
London Pub-Restaurants Limited  
John Barras & Co Limited  
Cleveland Place Nominee Company (No.1) Limited  
Little London Pubs Limited (formerly Cleveland Place Nominee Company (No. 2) Limited)  
London Tourist Pubs Limited (formerly Cleveland Place Nominee Company (No. 3) 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. As Huggins and Company, Limited is a wholly owned subsidiary of a group the transactions with other companies within the group have not been separately disclosed.

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

	28 April 1996 £000	30 April 1995 £000
Amounts owed by parent or fellow subsidiary undertaking	67,211	81,475
Prepayments and accrued income	3,543	2,017
	<u>70,754</u>	<u>83,492</u>

#### 11. Deferred tax not provided

	28 April 1996 £000	30 April 1995 £000
Accelerated capital allowances liability	<u>612</u>	<u>1,165</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

	28 April 1996 £000	30 April 1995 £000
Amounts owed to subsidiary undertakings	19,335	19,335
Amounts owed to parent or fellow subsidiary undertakings	1,049,733	1,017,422
Accruals and deferred income	1,403	1,622
Corporation tax	210	3,494
	<u>1,070,681</u>	<u>1,041,873</u>

## Huggins and Company, Limited

### Notes (continued)

#### 13. Called up share capital

	28 April 1996 £000	30 April 1995 £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 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	<u>-</u>	<u>684</u>	<u>(684)</u>	<u>-</u>
At 30 April 1995	326	(51,660)	76,980	25,646
Retained profit for the period	-	4,008	-	4,008
Realised surplus on revaluation in the period	-	757	(757)	-
At 28 April 1996	<u>326</u>	<u>(46,895)</u>	<u>76,223</u>	<u>29,654</u>

#### 15. Contingent liabilities

The company's assets fall under a floating charge which secures £58,000,855 (1995 : £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.

	28 April 1996 £000	30 April 1995 £000
Contracted	3,499	952
Authorised but not contracted	<u>1,092</u>	<u>2,632</u>

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

	28 April 1996 Land and buildings £000	30 April 1995 Land and buildings £000
Operating leases which expire:		
Within one year	105	63
In the second to fifth years inclusive	1,072	629
Over five years	22,671	23,388
	<u>23,848</u>	<u>24,080</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.