



HALL & WOODHOUSE

**REPORT AND
ACCOUNTS
2013**



HALL & WOODHOUSE LIMITED

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HALL & WOODHOUSE LIMITED

Directors and Advisers

Directors

M J M WOODHOUSE, MBA (*Chairman*)

T CLARKE, MA *

D J FRENCH, BA (Hons), MBA

D H C HOARE, BA (Hons), MBA

M R KEARSEY, BA (Hons)

J M SCOTT, BA (Hons), ACMA

M A STREET, OBE *

J G G WILLIAMS *

A W WOODHOUSE, MA (*Managing*)

* denotes member of the Audit and Remuneration Committees

Auditors

NEXIA SMITH & WILLIAMSON

Imperial House, 18-21 Kings Park Road, Southampton SO15 2AT

Bankers

BARCLAYS BANK PLC

15 Queen Square, Bristol, BS1 4NP

Solicitors

PARIS SMITH LLP

Number 1 London Road, Southampton, SO15 2AE

BLANCHARDS BAILEY LLP

Bunbury House, Stour Park, Blandford DT11 9LQ

Secretary

M JAMES, LLB (Hons) Solicitor

Registered Office

The Brewery, Blandford St Mary, Dorset DT11 9LS

Registered No

57696

Registrars

EQUINITI LIMITED

Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA


HALL & WOODHOUSE LIMITED

Notice of Meeting of Hall & Woodhouse Limited (the Company)

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND FIFTEENTH ANNUAL GENERAL MEETING of the Company will be held at "Hall & Woodhouse", Chandlery Square Newfoundland Way, Portishead, BS20 7DF on Friday the 17th day of May, 2013 at 12 00 to transact the following business

- 1) To receive and consider the report of the directors and audited statement of accounts for the year ended 26 January 2013
- 2) To adopt and ratify the action of the directors in paying a dividend at the rate of 3.5% per annum on the preference shares
- 3) To declare a dividend on the ordinary shares
- 4) To re-elect a director appointed by the Board, namely M JAMES
- 5) To re-elect retiring directors, namely J G G WILLIAMS
- 6) To re-appoint the auditors, Nexia Smith & Williamson
- 7) To authorise the directors to determine the remuneration of the auditors
- 8) To transact any other ordinary business of the Company

By order of the Board



M JAMES
Secretary

THE BREWERY
BLANDFORD ST MARY
DORSET
12 April 2013

NOTE 1

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy and such a proxy need not also be a member of the Company

NOTE 2

A holding of preference shares does NOT confer any right of voting at any general meeting of the Company, except in special circumstances as stated in the articles of association of the Company

HALL & WOODHOUSE LIMITED

Results at a Glance

	<i>2013</i>	<i>2012</i>	<i>% Change</i>
	<i>£000</i>	<i>£000</i>	<i>Year on Year</i>
TURNOVER	96,805	94,129	+2.8%
ONGOING GROUP OPERATING PROFIT	8,312	7,704	+7.9%
INTEREST RECEIVABLE	60	53	+13.2%
INTEREST PAYABLE	(2,049)	(2,083)	+1.6%
ONGOING PROFIT ON ORDINARY ACTIVITIES	6,323	5,674	+11.4%
EXCEPTIONAL ITEMS	3	48	-93.8%
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6,326	5,722	+10.5%
TAXATION PAYABLE	(1,269)	(1,512)	+16.1%
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	5,057	4,210	+20.1%
EARNINGS PER ORDINARY SHARE	£8.42	£7.01	+20.1%
DIVIDEND PER ORDINARY SHARE* (Paid and proposed)	£3.65	£3.56	+2.5%

* Dividend per ordinary share is calculated using total dividends in respect of a financial year regardless of the accounting period in which they are recognised

Chairman's Statement

2012 was an important year for the Company with the opening of the New Brewery, the acquisition of a number of top quality sites, the opening of Portishead, the Badger bottle and label redesign and the Badger garden at Hampton Court. However, I am also delighted to report that the Company delivered a strong trading performance despite the economic headwinds, the wettest English summer on record and the distractions of London 2012 and the Euro Football Championships.

We again saw growth across all divisions with Group Turnover increased by 2.8% to £96.8m (2012-£94.1m). Group Operating Profit, before exceptional items, increased by 7.9% to £8.3m (2012-£7.7m), and Profit before Tax up by 11.4% to £6.3m (2012-£5.7m). This improvement has been achieved due to the consistent high level of investment in our teams, the Badger brand, our public house estate and the systems required to make our guests' day.

We achieved net property sales of £4.0m (2012-2.6m), as we continued to sell underperforming assets. This includes the sale of the Greenridge site, Poole where we achieved a significant increase in value following the successful planning application to convert it into sheltered accommodation and retail. It has never been so important to recycle capital out of public houses that are not viable in the long term to reinvest in those of the future.

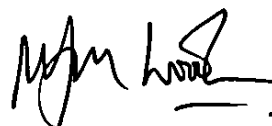
Despite funding the building of Hall & Woodhouse Portishead, the acquisition of two large public houses in Milford on Sea and Bristol and completing the New Brewery, borrowings only increased by £1.2m to £46.2m (2012-£45.0m). We have committed facilities in place of circa £60m allowing us to take advantage of any opportunities in the market should they meet our investment criteria.

The Board, with cautious optimism, is recommending an increase in the final dividend to 197p (2012-192p) which together with the two interim dividends of 84p, (2012-82p) results in a total dividend of 365p (2012-356p). The Company is well placed to continue its progress, but economic uncertainty remains and a further deterioration would inevitably adversely affect trading.

We held our first Next Generation Weekend on the 16th and 17th of February which 25 shareholders and potential shareholders between the age of 16 and 38 attended. I am pleased to say it was a fantastic success and both Anthony and I came away with a strong understanding of the talents and objectives of the next generation and hopefully they in turn were excited and proud to be involved in Hall & Woodhouse. In order to continue to be a growing independent family company for many years to come, the engagement and nurturing of the next generation is essential. We are planning a series of further initiatives, many of which were suggested at the weekend.

Last year we held the AGM slightly later in the half term so that we could show off our lovely new brewery to as many Shareholders and Family as possible. This year the AGM will take place on the 17th May 2013 at our latest public house H&W Portishead.

Finally I would like to put on record my thanks to all our team members who, despite all the headwinds against us have turned 2012 into a year to remember.



M J M WOODHOUSE
Chairman

HALL & WOODHOUSE LIMITED

Directors' Report

PROFITS AND DIVIDEND

The Group profit for the year available for appropriation amounts to £5 057m (2012 - £4 210m). Ordinary interim dividends of £1 008m, a final dividend of £1 152m, and the preference dividend of £0 007m have been paid during the year. The balance of £2 890m (2012 - £2 097m) has been added to reserves.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of the brewing and packaging of beer and the ownership and management of public houses and hotels.

TRADING REVIEW AND SUBSEQUENT EVENTS

All other matters have been dealt with in the Chairman's statement.

KEY PERFORMANCE INDICATORS

The Board monitors progress on the overall Group strategy and the individual strategic elements by reference to three KPIs. Performance during the year, together with historical trend data is set out in the table below.

	2013	2012	Definition, method of calculation and analysis
Growth in sales (%)	2.8%	4.0%	Year on year sales growth expressed as a percentage. Sales increased in the Beer Company Take Home Sector and in the Retail Pub Sector.
Operating margin (%)	8.6%	8.2%	Gross margin is the ratio of operating profit before interest and property disposals, to sales expressed as a percentage. The margin % increased on the previous year's level despite a difficult trading environment.
Return on invested capital (%)	8.1%	7.6%	Operating Profit expressed as a percentage of net assets. This reflects the consistent performance in gross margin % above.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

In order to minimise credit risk relating to financial loss resulting from a customer's failure to meet their liabilities, checks are carried out to establish credit worthiness before deferred terms are granted. Credit terms are applied for each customer to control debt exposure.

The Company manages liquidity risk by monitoring daily cash balances and producing monthly rolling cash flow forecasts. Capital expenditure is approved by the Board with investment appraisal models used to evaluate proposed expenditure.

Borrowings comprise a mixture of long term borrowings, a revolving credit facility and a committed overdraft facility. In order to protect itself from upward movements in interest rates, the Company has entered into interest rate swap contracts for approximately 50% of borrowings for up to ten years.

At present, the Company does not hedge against foreign exchange exposure as it is considered low risk with low levels of transactions.

Directors' Report (continued)

PROPERTIES

Your directors are of the opinion that the market value of the Company's properties is in excess of the book value. The amount of such excess could only be obtained by revaluations carried out at frequent intervals by professional valuers, such valuations would be very expensive and your directors do not consider such expenditure justified.

Most of the properties are maintained for use in the Company's business as licensed public houses. Some of these properties have a value in excess of present trading value if used for other purposes.

FIXED ASSETS

The Group has continued to invest substantial amounts in fixed assets. During the year this investment was £12.947m (2012 - £10.782m). A summary of the movement on fixed assets is shown in note 12 to the accounts.

TEAM MEMBER INVOLVEMENT

The company refers to employees as team members. The group has always encouraged and fostered mutually supportive team member relationships both formally through the shop stewards and union representatives, and informally by personal contact, meetings and notices.

The Managing Director chairs a series of team briefings for team members based at the Brewery twice a year where the results of the Company are presented and an update on strategic progress is given.

General Managers of the managed public houses gather twice a year where similar updates are given.

The objective of these meetings is to ensure effective dissemination of information to team members at all levels, and to provide feedback to management. At all the meetings the team members are encouraged to ask questions and exchange views. Daily announcements are made on the Company intranet providing information on topics from all parts of the Group.

Every team member attends a workshop on the "Ways of Woodhouse" as part of his/her induction looking at the Company's history, vision, values and ways of working. A Team Member Forum has been established at the Brewery chaired by the Managing Director to seek views and agree proposals on a broad range of issues.

The Group offers attractive bonus schemes to enable team members to share in increased productivity and profits. These schemes are tailored to the appropriate type of operation. Profit related bonuses are paid annually when the financial results for the year are known.

DISABLED PERSONS

The Group's policy is to give full and fair consideration to applications for employment by disabled persons and to continuing the employment, with appropriate training, of those team members who become disabled whilst working within the Group.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Group contributed £90,132 (2012 - £82,717) for charitable purposes.

DIRECTORS

The names of all directors who held office during the year are set out on page 2.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract to which the Company or a subsidiary was a party during the year under review.

HALL & WOODHOUSE LIMITED

Directors' Report (continued)

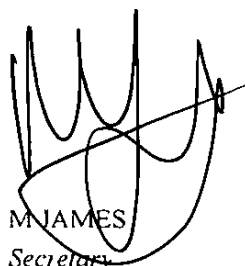
DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

A resolution will be put to the Annual General Meeting proposing the re-appointment of Nexia Smith & Williamson as auditors to the Company

This report was approved and authorised for issue by the board of directors on 28 March 2013.



M. JAMES
Secretary

28 March 2013

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HALL & WOODHOUSE LIMITED

Independent Auditors' Report

to the Members of Hall & Woodhouse Limited (Registered No 57696)

We have audited the Group and Parent Company accounts of Hall & Woodhouse Limited for the year ended 26 January 2013 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 26 January 2013 and of the Group's profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nexia Smith & Williamson

Christopher Appleton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
28 March 2013

Imperial House
18 – 21 Kings Park Road
Southampton
SO15 2AT

HALL & WOODHOUSE LIMITED

Group Profit and Loss Account for the year ended 26 January, 2013

	Notes	2013 £000	2013 £000	2013 £000	2012 £000	2012 £000	2012 £000
		Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items	Exceptional Items	Total
Turnover	1	96 805	-	96,805	94,129	-	94 129
Operating costs	3(a)&(b)	(88,493)	(318)	(88,811)	(86,425)	(161)	(86,586)
GROUP OPERATING PROFIT/(LOSS)	4	8,312	(318)	7,994	7,704	(161)	7,543
Profit on sales of properties	3(b)	-	321	321	-	209	209
PROFIT on ordinary activities before interest		8,312	3	8,315	7 704	48	7,752
Interest receivable	7	60	-	60	53	-	53
Interest payable and similar charges	8	(2,012)	-	(2,012)	(1,940)	-	(1,940)
Net interest on pension liabilities	8	(37)	-	(37)	(143)	-	(143)
PROFIT on ordinary activities before taxation		6,323	3	6,326	5,674	48	5,722
TAXATION on profit of ordinary activities	9	(1,269)	-	(1,269)	(1,512)	-	(1,512)
RETAINED PROFIT FOR THE YEAR		5,054	3	5,057	4,162	48	4,210

All amounts relate to continuing operations

Group Statement of Recognised Gains and Losses for the year ended 26 January, 2013

	Notes	2013 £000	2012 £000
RETAINED PROFIT FOR THE YEAR		5,057	4,210
Actuarial (loss) relating to net pension liability	27	(959)	(30)
Deferred tax associated with actuarial (loss) relating to net pension liability		126	42
TOTAL GAINS RECOGNISED SINCE LAST ANNUAL REPORT		4,224	4 222

HALL & WOODHOUSE LIMITED

Balance Sheets as at 26 January, 2013

		Group		Company	
	Notes	2013 £000	2012 £000	2013 £000	2012 £000
Fixed Assets					
Tangible assets	12	171,319	167,553	171,319	166,296
Investments	13	987	1,099	1,578	1,690
		<u>172,306</u>	<u>168,652</u>	<u>172,897</u>	<u>167,986</u>
Current Assets					
Stocks	14	3,163	2,940	3,163	2,940
Debtors	15	6,759	8,042	15,309	19,156
Cash at bank and in hand	16	88	13	88	13
		<u>10,010</u>	<u>10,995</u>	<u>18,560</u>	<u>22,109</u>
Creditors amounts falling due within one year	17	(18,825)	(19,860)	(27,990)	(30,332)
Net Current Liabilities		<u>(8,815)</u>	<u>(8,865)</u>	<u>(9,430)</u>	<u>(8,223)</u>
Total Assets less Current Liabilities		163,491	159,787	163,467	159,763
Creditors amounts falling due after more than one year	18	(45,625)	(44,250)	(45,625)	(44,250)
Provisions for Liabilities and Charges	20	(10,319)	(10,802)	(10,319)	(10,802)
Net Assets excluding Pension Liability		<u>107,547</u>	<u>104,735</u>	<u>107,523</u>	<u>104,711</u>
Pension Liability Net of Deferred Tax	27	(4,492)	(3,737)	(4,492)	(3,737)
Net Assets including Pension Liability		<u>103,055</u>	<u>100,998</u>	<u>103,031</u>	<u>100,974</u>
Capital and Reserves					
Called-up share capital	21	800	800	800	800
Revaluation reserve	24	332	332	332	332
Profit and loss account	24	101,923	99,866	101,899	99,842
Total Shareholders' Funds		<u>103,055</u>	<u>100,998</u>	<u>103,031</u>	<u>100,974</u>



M J M Woodhouse

J M Scott

Directors

28 March 2013

HALL & WOODHOUSE LIMITED

Group Statement of Cash Flows for the year ended 26 January, 2013

	<i>Notes</i>	<i>2013 £000</i>	<i>2013 £000</i>	<i>2012 £000</i>	<i>2012 £000</i>
NET CASH INFLOW FROM OPERATING ACTIVITY	3(c)		14,127		12 055
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	7	60		53	
Interest paid	8	(2,049)	(1,989)	(2,083)	(2,030)
TAXATION			(2,386)		(1,275)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets and transfers from current assets	12	(12,947)		(10,782)	
Net receipts from sales of tangible fixed assets		4,046		2,570	
Trade loans advanced	13	(316)		(341)	
Trade loans repaid	13	428	(8,789)	288	(8 265)
EQUITY DIVIDENDS PAID					
On ordinary shares	11	(2,160)		(2,106)	
On preference shares	11	(7)	(2,167)	(7)	(2,113)
NET CASH OUTFLOW BEFORE FINANCING			(1,204)		(1 628)
FINANCING					
Movement in long term loans			1,375		(125)
INCREASE/(DECREASE) IN CASH	16		171		(1,753)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT for the year ended 26 January 2013					
	<i>Notes</i>	<i>2013 £000</i>		<i>2012 £000</i>	
Increase/(Decrease) in cash		171		(1 753)	
Cash (outflow)/inflow from movement in loans		(1,375)		125	
MOVEMENT IN NET DEBT	16		(1,204)		(1,628)
NET DEBT AT BEGINNING OF YEAR	16		(44,958)		(43,330)
NET DEBT AT END OF YEAR	16		(46,162)		(44,958)

Statement of Accounting Policies

Accounting Convention

The Accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards, except for the revaluation of freehold and leasehold properties incorporated within these Accounts

Basis of Consolidation

The Group profit and loss account and balance sheet include the accounts of Hall & Woodhouse Limited and its subsidiary undertakings for the year ended 26 January 2013. Intra Group sales and profit are eliminated fully on consolidation.

Goodwill arising on acquisitions prior to 31 December 1997 was previously written off against reserves and, to the extent that such assets are disposed of in the future, related goodwill will be reinstated and charged to the profit and loss account.

Fixed Assets

The gross amounts of freehold and leasehold properties, including fixtures and fittings, are as valued by Mason & Son in 1963, with acquisitions since this date included at cost.

All tangible fixed assets, except freehold land, are depreciated to write off their carrying value, less estimated residual value, over their expected useful lives. The methods adopted for this purpose are as follows:

Freehold & Long Leasehold Properties	50 years
Short Leasehold Properties	Term of the lease
Fixtures & Fittings	3-10 years
Plant & Machinery	5-50 years
Motor Vehicles	3-7 years

The carrying value of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leased Assets

Assets held under leasing arrangements that transfer substantially all of the risks and rewards of ownership to the Company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a rate commensurate with the capital balance outstanding. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Stocks

Stock is valued on a basis consistent with previous years, at the lower of cost or net realisable value. Cost comprises purchase price or direct production cost with manufacturing overheads and duty as appropriate.

Deferred Taxation

Deferred tax is provided for on a full provision basis on all timing differences that have arisen at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets or liabilities recognised have not been discounted.

Pensions

The group operates two defined benefit pension schemes. Under FRS17 pension scheme assets are measured using fair values. Pension scheme liabilities are measured using an attained age method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The pension scheme surplus/deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating and financing items in the profit and loss account and the statement of total recognised gains and losses. The full service cost of the pension provision is the increase in the pension value of the liabilities expected to arise in the future as a result of the benefits earned during the year by employees and is charged to operating profit. The net impact of the unwinding of the discount rate on scheme liabilities and the expected return on the scheme net assets is included within other finance costs. Actuarial gains or losses, arising from any difference between the expected return on assets and that actually achieved and any differences that arise from experience or assumption changes are charged through the statement of total recognised gains and losses. The pension scheme closed on 5th April 2012. The Group also makes contributions into private pension plans. The Company's contributions are charged to the profit and loss account in the period they arise.

HALL & WOODHOUSE LIMITED

Notes to the Accounts

1 TURNOVER

Turnover comprises the net retail sales of the Company including contract packaging fees, income from amusement gaming and vending machines and rents receivable. Turnover is recognised at the point of delivery and is exclusive of VAT.

2 ANALYSIS OF TURNOVER AND PROFITS BETWEEN ACTIVITIES AND MARKETS

The activities of the Group are the normal activities of a regional brewing company, and in the opinion of the directors no further analysis between market sectors is appropriate.

3(a) OPERATING COSTS

	Before Exceptional Items 2013 £000	Exceptional Items 2013 £000	Total 2013 £000	Before Exceptional Items 2012 £000	Exceptional Items 2012 £000	Total 2012 £000
(Increase) in stocks of finished goods and work in progress	(61)	-	(61)	(167)	-	(167)
Raw materials, consumables and goods for resale	25,253	-	25,253	25,396	-	25,396
Staff costs - wages and salaries	22,711	-	22,711	21,582	-	21,582
- social security costs	1,888	-	1,888	1,832	-	1,832
- other pension costs	447	-	447	453	-	453
Depreciation - owned assets	5,142	314	5,456	5,487	-	5,487
Other operating income	(86)	-	(86)	(105)	-	(105)
Other operating charges	33,199	4	33,203	31,947	161	32,108
	<u>88,493</u>	<u>318</u>	<u>88,811</u>	<u>86,425</u>	<u>161</u>	<u>86,586</u>

3(b) EXCEPTIONAL ITEMS

Operating Costs		
Asset write down of Lager Fonts	-	68
Brewery Transition costs	-	93
HB Royalty Termination	277	-
Onerous rent provision on leased pubs	(273)	-
Asset write down of Tech Service Plant	314	-
	<u>318</u>	<u>161</u>
Property Disposals		
Profit on sale of property	321	209
	<u>321</u>	<u>209</u>

3(c) RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Group operating profit	7,994	7,543
Depreciation of tangible fixed assets	5,456	5,487
(Increase) in stocks	(223)	(84)
Decrease/(Increase) in debtors	1,283	(641)
(Decrease) in creditors	(291)	(348)
Defined benefit operating profit charge less contributions paid	(79)	121
(Decrease) in provisions	(13)	(23)
Net cash flow from operating activities	<u>14,127</u>	<u>12,055</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

4	OPERATING PROFIT is stated after charging:	2013	2012
		£000	£000
	Hire of plant and equipment	243	240
	Auditors' remuneration - Audit services	34	32
	Non audit services paid to Auditor related companies - Taxation Services	18	10
5	EMOLUMENTS OF DIRECTORS	2013	2012
		£000	£000
	Emoluments	1,350	1,232
	Total company contributions to -		
	Defined contribution pension scheme	128	90
	Defined benefit pension scheme *	7	36
		Number	Number
	Members of defined contribution pension scheme	6	4
	Members of company defined benefit pension scheme *	-	2
	* The pension scheme closed on 5th April 2012		
	The amounts in respect of the highest paid director are as follows -	2013	2012
		£000	£000
	Basic salary, fees and benefits	198	192
	Annual bonus	54	48
	Total Emoluments	252	240
	Contribution to defined contribution pension scheme	27	26
6	STAFF NUMBERS		
	The average number of persons employed by the Group, including directors during the year was as follows -	2013	2012
		Number	Number
	Brewery Site	200	196
	Managed houses	1,212	1,250
		<u>1,412</u>	<u>1,446</u>
7	INTEREST RECEIVABLE	2013	2012
		£000	£000
	Interest on trade and other loans	60	53
		<u>60</u>	<u>53</u>
8	INTEREST PAYABLE AND SIMILAR CHARGES	2013	2012
		£000	£000
	Overdraft	25	1
	Bank Loans	1,876	1,761
	Other	111	178
	Interest payable before net interest on pension liability	2,012	1,940
	Net interest on pension liability	37	143
		<u>2 049</u>	<u>2 083</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

9 TAXATION

	2013	2012
	£000	£000
Analysis of tax charge on ordinary activities		
UK corporation tax at 24.34%	1,838	1,744
Deferred taxation	29	22
Adjustments relating to prior years		
UK corporation tax	(99)	529
Deferred taxation	178	(7)
Effect of tax rate change on opening balances	(677)	(776)
	<u>1,269</u>	<u>1,512</u>
Factors affecting tax charge		
Expected tax charge on Profit on Ordinary Activities	1,540	1,594
Expenses not deductible for tax purposes	506	212
Amounts charged directly to the STRGL	(18)	(4)
Depreciation on assets not qualifying for capital allowances	(340)	3
Capital gains	116	-
Tax Credits	(6)	-
Movement in short term timing differences	41	-
Losses Group relieved	-	(61)
Other differences	(1)	-
Current tax charge for the period	<u>1,838</u>	<u>1,744</u>

Factors that may affect the future tax charge

The tax assessed for the period is higher than the standard rate of corporation tax of 24%

Deferred tax has not been provided on revaluations of fixed assets. Tax will be payable if the assets are sold and rollover relief is not obtained.

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained.

10 PROFIT FOR THE YEAR

In accordance with the exemptions allowed by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account. Of the profit before tax for the year, £6.326m (2012 - £5.722m) has been dealt with in the accounts of the Company.

11 DIVIDENDS

	2013	2012
	£000	£000
Preference	7	7
Ordinary -		
- final in respect of prior year	192p per share (2012 187p)	1,152
- first interim for current year	84p per share (2012 82p)	504
- second interim for current year	84p per share (2012 82p)	504
	<u>2,167</u>	<u>2,113</u>

The Board will be recommending a final dividend of 197p. In accordance with Accounting Standard, FRS21 - 'Events after the balance sheet date', these are not accrued within these accounts.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

12 TANGIBLE FIXED ASSETS

	<i>Freehold property and fixtures £000</i>	<i>Leasehold property and fixtures over 50 years £000</i>	<i>under 50 years £000</i>	<i>Plant and vehicles £000</i>	<i>Containers furniture & effects £000</i>	<i>Total £000</i>
GROUP						
Cost or valuation						
At 28 January 2012	169,355	1,612	11,005	10,512	16,530	209,014
Additions	6,918	25	99	2,412	3,493	12,947
Reclassification	(34)	(20)	46	6	2	-
Disposals	(3,586)	(6)	(374)	(38)	(824)	(4,828)
At 26 January 2013	<u>172,653</u>	<u>1,611</u>	<u>10,776</u>	<u>12,892</u>	<u>19,201</u>	<u>217,133</u>
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	<u>171,196</u>	<u>1,599</u>	<u>10,762</u>	<u>12,892</u>	<u>19,201</u>	<u>215,650</u>
	<u>172,653</u>	<u>1,611</u>	<u>10,776</u>	<u>12,892</u>	<u>19,201</u>	<u>217,133</u>
Depreciation						
At 28 January 2012	17,899	325	7,172	6,963	9,102	41,461
Charge for the year	1,931	36	457	1,034	1,998	5,456
Reclassification	(30)	-	2	5	23	-
Disposals	(343)	-	(373)	(38)	(349)	(1,103)
At 26 January 2013	<u>19,457</u>	<u>361</u>	<u>7,258</u>	<u>7,964</u>	<u>10,774</u>	<u>45,814</u>
Net book values						
At 26 January 2013	<u>153,196</u>	<u>1,250</u>	<u>3,518</u>	<u>4,928</u>	<u>8,427</u>	<u>171,319</u>
At 28 January 2012	<u>151,456</u>	<u>1,287</u>	<u>3,833</u>	<u>3,549</u>	<u>7,428</u>	<u>167,553</u>
COMPANY						
Cost or valuation						
At 28 January 2012	169,355	1,612	11,005	10,512	9,551	202,035
Additions	6,918	25	99	2,412	3,493	12,947
Reclassification	(34)	(20)	46	6	2	-
Transfers	-	-	-	-	6,979	6,979
Disposals	(3,586)	(6)	(374)	(38)	(824)	(4,828)
At 26 January 2013	<u>172,653</u>	<u>1,611</u>	<u>10,776</u>	<u>12,892</u>	<u>19,201</u>	<u>217,133</u>
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	<u>171,196</u>	<u>1,599</u>	<u>10,762</u>	<u>12,892</u>	<u>19,201</u>	<u>215,650</u>
	<u>172,653</u>	<u>1,611</u>	<u>10,776</u>	<u>12,892</u>	<u>19,201</u>	<u>217,133</u>
Depreciation						
At 28 January 2012	17,899	325	7,172	6,963	3,380	35,739
Charge for the year	1,931	36	457	1,034	1,581	5,039
Reclassification	(30)	-	2	5	23	-
Transfers	-	-	-	-	6,139	6,139
Disposals	(343)	-	(373)	(38)	(349)	(1,103)
At 26 January 2013	<u>19,457</u>	<u>361</u>	<u>7,258</u>	<u>7,964</u>	<u>10,774</u>	<u>45,814</u>
Net book values						
At 26 January 2013	<u>153,196</u>	<u>1,250</u>	<u>3,518</u>	<u>4,928</u>	<u>8,427</u>	<u>171,319</u>
At 28 January 2012	<u>151,456</u>	<u>1,287</u>	<u>3,833</u>	<u>3,549</u>	<u>6,171</u>	<u>166,296</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

12 TANGIBLE FIXED ASSETS (continued)

Freehold and leasehold land, buildings and built in fixtures and fittings were revalued at 31 July 1963 on the going concern (existing use) basis, by Mason & Son. Depreciation provided has been based on the revalued amount and additions at cost thereafter. The difference between book value at cost and the revalued amount is not material.

13 FIXED ASSET INVESTMENTS

	GROUP		COMPANY		
	<i>Trade loans</i>	<i>Total</i>	<i>Trade loans</i>	<i>Subsidiary undertakings</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
COST					
At 28 January 2012	1,099	1,099	1,099	591	1,690
Advances	316	316	316	-	316
Repayments/Write Offs	(428)	(428)	(428)	-	(428)
At 26 January 2013	<u>987</u>	<u>987</u>	<u>987</u>	<u>591</u>	<u>1,578</u>
NET BOOK VALUE					
At 26 January 2013	<u>987</u>	<u>987</u>	<u>987</u>	<u>591</u>	<u>1,578</u>
At 28 January 2012	<u>1,099</u>	<u>1,099</u>	<u>1,099</u>	<u>591</u>	<u>1,690</u>

Investments in wholly-owned subsidiary companies represent ordinary shares in the following companies

Trading Companies

	Percentage of Voting Shares held	Country of Incorporation
Woodhouse Inns Limited	100%	England

Woodhouse Inns Limited traded throughout the year and then transferred all of its assets to Hall & Woodhouse Limited on 26th January 2013 and ceased to trade on that day.

Non-Trading Companies

	Percentage of Voting Shares held	Country of Incorporation
Badger Inns Limited	100%	England
Blandford Beer Company Limited	100%	England
King & Barnes Limited	100%	England
Rio Drinks Limited	100%	England
Badger Ales Limited	100%	England
Woodhouse Wines Limited	100%	England

All of these subsidiaries have been consolidated in the group financial statements.

14 STOCKS

	Group		Company	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials and consumables	649	467	649	467
Finished goods	1,808	1,747	1,808	1,747
Goods for resale	574	638	574	638
Other stocks	132	88	132	88
	<u>3,163</u>	<u>2,940</u>	<u>3,163</u>	<u>2,940</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

15 DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	4,136	5,278	4,136	5,278
Amounts owed by group undertakings	-	-	8,550	11,114
Prepayments and accrued income	2,623	2,764	2,623	2,764
	<u>6,759</u>	<u>8,042</u>	<u>15,309</u>	<u>19,156</u>

16 ANALYSIS OF NET DEBT

	<i>At 28 January</i>	<i>Group</i>	<i>At 26 January</i>
	<i>2012</i>	<i>Cash Flow</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank & in hand	13	75	88
Bank overdrafts	(96)	96	-
Cash	<u>(83)</u>	<u>171</u>	<u>88</u>
Loans	<u>(44,875)</u>	<u>(1,375)</u>	<u>(46,250)</u>
	<u>(44,958)</u>	<u>(1,204)</u>	<u>(46,162)</u>

17 CREDITORS - amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft (secured)	-	96	-	96
Trade creditors	4,505	4,487	4,505	4,487
Other creditors	701	536	701	536
Social security and other taxes	3,541	3,727	3,541	3,727
Taxation	990	1,637	990	1,637
Accruals and deferred income	7,014	7,315	7,014	7,315
Tenants' and other deposits	1,449	1,437	1,449	1,437
Amounts owed to group undertakings	-	-	9,165	10,472
Bank loans (secured)	625	625	625	625
	<u>18,825</u>	<u>19,860</u>	<u>27,990</u>	<u>30,332</u>

18 CREDITORS - amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans (secured)	<u>45,625</u>	<u>44,250</u>	<u>45,625</u>	<u>44,250</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

19 LOANS	<i>Group & Company</i>	
	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>
Wholly repayable within 5 years		
HSBC Bank plc		
£20m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR	20,000	19,000
Lloyds TSB Bank plc		
£20m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR	20,000	19,000
Barclays Bank plc *		
£8 125m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR	-	-
£5m term loan facility with a variable interest rate linked to a fixed margin over LIBOR	5,000	5,000
£1 250m term loan facility with a variable interest rate linked to a fixed margin over LIBOR	1,250	1 875
	<u>46,250</u>	<u>44,875</u>
Amounts repayable		
In one year or less, or on demand	625	625
In more than one year but not more than two years	20,625	625
In more than two years but not more than five years	25,000	43,625
	<u>46,250</u>	<u>44,875</u>

* On 28th February 2012, the £9m revolving credit loan facility expired and was replaced with a £8 125m revolving credit loan facility. The £5m term loan facility with Barclays continues whilst the other term loan facility (originally £5m) continues to be paid at the rate of £0 625m per annum.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

20 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred taxation	9,263	9,733	9,263	9,733
King & Barnes Ltd unfunded pension scheme	1,033	1,045	1,033	1,045
Other provisions	23	24	23	24
	<u>10,319</u>	<u>10,802</u>	<u>10,319</u>	<u>10,802</u>

Movement in deferred taxation provision

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 28 January 2012	9,733	10,494	9,733	10,494
Charge for the year	29	22	29	22
Prior year adjustment	178	(7)	178	(7)
Effect of change of tax rate	(677)	(776)	(677)	(776)
At 26 January 2013	<u>9,263</u>	<u>9,733</u>	<u>9,263</u>	<u>9,733</u>

The balance comprises

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Corporation tax on excess of book value of fixed assets over tax written-down values	9,620	10,068	9,620	10,068
Other timing differences	(357)	(335)	(357)	(335)
	<u>9,263</u>	<u>9,733</u>	<u>9,263</u>	<u>9,733</u>

The deferred tax liability has not been discounted

21 CALLED-UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called-up and fully paid</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
3 5% cumulative preference shares of £1 each	200	200	200	200
Ordinary shares of £1 each	600	600	600	600
	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>

The preference share dividend is payable half yearly in arrears. The preference shares carry no votes at meetings. On a winding up the preference shareholders have a right to receive, in preference to ordinary shareholders, £1 per share plus any accrued dividend.

22 CONTINGENT LIABILITIES

As at 26 January 2013 guarantees were in place with Barclays Bank plc (as agent for Barclays Bank plc, HSBC Bank plc, and Lloyds TSB Bank plc) whereby Hall & Woodhouse Limited and Woodhouse Inns Limited each provided a guarantee to Barclays Bank plc in respect of the debts of each company. This cross company guarantee arrangement is normal banking practice for a group of companies and brings benefit to the Group by allowing the Group to pay overdraft interest only on the net overdraft of the Group.

The Company has entered into Fixed Interest Rate Swaps totalling £30.0m (2012-£30.0m) with Barclays Bank plc and Lloyds TSB Bank plc as a hedge against adverse interest rate movements, for up to ten years.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

23 FINANCIAL COMMITMENTS

At 26 January 2013 authorised future capital expenditure amounted to

<i>Group</i>		<i>Company</i>	
<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
1,150	892	1 150	892

Obligations under operating leases as at 26 January 2013 fall due as follows

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(a) within one year	208	186	208	186
(b) in two to five years	305	257	305	257
	<u>513</u>	<u>443</u>	<u>513</u>	<u>443</u>

24 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital</i>	<i>Revaluation Reserve</i>	<i>Profit and Loss Account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
GROUP				
Balance at 29 January 2011	800	332	97,757	98,889
Retained profit for the period	-	-	4,210	4,210
Dividends	-	-	(2,113)	(2,113)
Actuarial loss relating to net pension liability (net of tax)	-	-	12	12
Balance at 28 January 2012	800	332	99,866	100,998
Retained profit for the period	-	-	5,057	5,057
Dividends	-	-	(2,167)	(2,167)
Actuarial gain relating to net pension liability (net of tax)	-	-	(833)	(833)
Balance at 26 January 2013	<u>800</u>	<u>332</u>	<u>101,923</u>	<u>103,055</u>
COMPANY				
Balance at 29 January 2011	800	332	97 733	98,865
Retained profit for the period	-	-	4,210	4,210
Dividends	-	-	(2,113)	(2,113)
Actuarial loss relating to net pension liability (net of tax)	-	-	12	12
Balance at 28 January 2012	800	332	99,842	100,974
Retained profit for the period	-	-	5,057	5,057
Dividends	-	-	(2,167)	(2,167)
Actuarial gain relating to net pension liability (net of tax)	-	-	(833)	(833)
Balance at 26 January 2013	<u>800</u>	<u>332</u>	<u>101,899</u>	<u>103,031</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

25 CONTROLLING PARTIES

In the opinion of the directors, there is no single ultimate controlling party

26 RELATED PARTY TRANSACTIONS

The directors' entitlement to dividends during the year were as follows

	<i>Dividend on Ordinary Shares</i>			
	<i>Beneficial</i>		<i>As Trustee</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
J G G Williams	-	-	242	236
A W Woodhouse	65	65	212	206
M J M Woodhouse	129	125	127	124

The inclusion of all joint interests in the names of more than one director invalidates any significance in the totals

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS

The Company sponsors the Hall & Woodhouse Limited and Subsidiary Companies Retirement Benefits Plan (the 'Plan'), which is a defined benefit arrangement. The last full actuarial valuation of this Plan was carried out by an independent qualified actuary as at 1 April 2008 and updated on an approximate basis to 26 January 2013. In addition, following the acquisition of King & Barnes in April 2000, the Company has an additional liability in respect of the pensions in payment for former King & Barnes employees. The King & Barnes pension is also a defined benefit arrangement.

Assets in relation to the Plan are held separately from those of the Group in trustee administered funds. The King & Barnes obligation is unfunded and the liability for this is shown in the Balance Sheets of both the Group and Company.

The contributions made by the Company to the Plan over the financial year have been £0.144m (2012 - £0.210m) in accordance with the schedule of contributions. Following completion of the 1 April 2008 valuation, a new schedule of contributions has been agreed, accordingly the contributions to the Plan for the forthcoming year are expected to be £0.180m. As the Plan is closed to new entrants, the current service cost as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll.

Relationship between Hall & Woodhouse Limited and the Trustees of the defined benefit Plan

The pension assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the Plan are required to act in the best interest of the Plan's beneficiaries. The appointment of trustees to the Plan is determined by the Plan's trust documentation. Hall & Woodhouse Limited has a policy that one-third of all trustees should be nominated by members of the Plan, including at least one member by current pensioners.

Illustrative balance sheet figures

	2013 (£000)			2012 (£000)			2011 (£000)		
	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total
Assets	27,848	2,923	30,771	26,077	2,909	28,986	24,802	2,859	27,661
Liabilities	33,500	3,342	36,842	31,068	3,109	34,177	29,694	3,007	32,701
(Deficit)/ Surplus	(5,652)	(419)	(6,071)	(4,991)	(200)	(5,191)	(4,892)	(148)	(5,040)
Related deferred tax asset/(liability)	1,470	109	1,579	1,397	57	1,454	1,370	41	1,411
Net Pension asset/(liability)	(4,182)	(310)	(4,492)	(3,594)	(143)	(3,737)	(3,522)	(107)	(3,629)

Under FRS17, the amount of surplus that can be recognised is the amount of surplus that can be recovered through reduced contributions payable by the Company calculated as the value of future service benefits less employee contributions or by a refund of part or all of this surplus from the pension fund.

Assets

Equities	14,327	130	14,457	12,370	130	12,500	12,569	130	12,699
Bonds	6,276	-	6,276	6,070	-	6,070	5,480	-	5,480
Gilts	7,204	536	7,740	7,572	536	8,108	5,800	536	6,336
Company Pension Promise	-	1,033	1,033	-	1,045	1,045	-	1,068	1,068
Other	41	1,224	1,265	65	1,198	1,263	953	1,125	2,078
Total	27,848	2,923	30,771	26,077	2,909	28,986	24,802	2,859	27,661

The 'Other' assets consist primarily of insured annuity policies and cash.

The 'Company Pension Promise' represents the amount remaining of a provision recognised on the acquisition of King & Barnes Limited. At the time this provision was created it represented the present value of the pension liability to King & Barnes pensioners that was not covered by insured annuity contracts or other assets held separately from the Company. This provision has been adjusted annually to reflect the reducing liability as a result of making pension payments to pensioners during the year and, as recommended by accounting standards, increased to add a funding charge to the value of the liability carried in the Group and Company Balance Sheets.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS (continued)

Reconciliation of the present value of the defined benefit obligation

	2013 £000	2012 £000
Present value of defined benefit obligation at beginning of year	34,177	32,701
Service cost (Employer Cost)	31	188
Interest cost	1,594	1,774
Members' contributions	14	83
Actuarial loss on Plan liabilities	2,355	629
Benefits paid	(1,329)	(1,198)
Present value of defined benefit obligation at end of year	<u>36,842</u>	<u>34,177</u>

Reconciliation of fair value of Plan assets

	2013 £000	2012 £000
Fair value of Plan assets at start of year	28,986	27,661
Expected return on Plan assets	1,557	1,631
Actuarial gain on Plan assets	1,396	599
Contributions by the Company	147	210
Contributions by members	14	83
Benefits paid	(1,329)	(1,198)
Fair value of Plan assets at end of year	<u>30,771</u>	<u>28,986</u>

Amounts to be recognised in the balance sheet

	2013 £000	2012 £000
Present value of funded obligation	36,842	34,177
Fair value of Plan assets	<u>(30,771)</u>	<u>(28,986)</u>
Net liability in balance sheet	<u>6,071</u>	<u>5,191</u>

Amounts to be recognised in the P&L statement

	2013 £000	2012 £000
Current service cost	31	188
Interest on obligation	1,594	1,774
Expected return on Plan assets	<u>(1,557)</u>	<u>(1,631)</u>
Total expense	<u>68</u>	<u>331</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS (continued)

Cumulative amount of actuarial gains and losses recognised in STRGL

	2013 £000	Movement in year	2012 £000
Total amount recognised in the statement of total recognised gains and losses (STRGL)	(3,220)	(959)	(2,261)

Expected Return on Assets

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on property has been set equal to the expected return on equities. The expected return on other assets is the current interest rate set by the Bank of England.

	2013 £000	2012 £000
Actuarial return on Plan assets	<u>2,953</u>	<u>2,230</u>

Principal actuarial assumptions at the balance sheet date

	2013	2012	2011
Discount rate	4.50%	4.75%	5.50%
Expected return on Plan assets at the end of the year	5.71%	5.45%	5.99%
Rate of increase in salaries	N/A	2.00%	2.90%
Price inflation (CPI)	2.30%	2.00%	2.90%
Pension increases			
- Pension accrued before 6 April 1997	0.00%	0.00%	0.00%
- Pension accrued after 6 April 1997	3.10%	2.90%	3.60%
- Pension accrued after 6 April 2005	2.20%	2.10%	2.40%

Mortality assumption The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member who retires in 2032 (2013) at age 65 will live on average for a further 24 (23) years after retirement if they are male and for a further 26 (25) years after retirement if they are female.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS (continued)

Sensitivity analysis of the principal assumptions used to measure Plan liabilities:

The sensitivities regarding the principal assumptions used to measure the Plan liabilities are set out below

Assumption	Change in assumption	Impact on Plan liabilities
Discount rate	Increase/decrease by 1%	Decrease/increase by 17%
Rate of inflation	Increase/decrease by 1%	Increase/decrease by 8%

History of assets, liabilities and actuarial gains and losses

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Fair value of assets	30,771	28,986	27,661	25,950	22,288
Present value of defined benefit obligation	36,842	34,177	32,701	33,056	26,558
(Deficit) / surplus	(6,071)	(5,191)	(5,040)	(7,106)	(4,270)
Experience gain / (loss) on Plan liabilities					
Amount (£'000s)	50	(913)	286	501	(4,354)
Percentage of present value of the Plan liabilities	0%	(3%)	1%	2%	(16%)
Difference between the expected and actual return on Plan assets					
Amount (£ 000s)	1,396	599	1,186	3,183	(3,393)
Percentage of present value of the Plan assets	4%	2%	4%	12%	(15%)

Estimated contributions

Contribution to be paid to the Plan by the Company next year is £180,000

HALL & WOODHOUSE LIMITED

Group Five-Year Statement

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
ASSETS EMPLOYED					
Overdraft	-	(96)	-	(740)	(1,378)
Net Current Liabilities	(8,815)	(8,769)	(45,267)	(4,338)	(2,926)
Investments and Trade Loans	987	1,099	1,046	646	297
Fixed Assets	171,319	167,553	165,200	168,237	170,859
	<u>163,491</u>	<u>159,787</u>	<u>120,979</u>	<u>163,805</u>	<u>166,852</u>
CAPITAL EMPLOYED					
Equity	102,855	100,798	98,689	94,273	93,958
Preference Capital	200	200	200	200	200
Medium Term Loans	45,625	44,250	6,875	52,146	57,950
Long Term Liabilities	10,319	10,802	11,586	12,070	11,670
Net Pension Liability	4,492	3,737	3,629	5,116	3,074
	<u>163,491</u>	<u>159,787</u>	<u>120,979</u>	<u>163,805</u>	<u>166,852</u>
PROFITS and DIVIDENDS					
	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Turnover	96,805	94,129	90,468	89,332	90,957
Group Operating Profit	8,312	7,704	7,314	8,434	8,690
Exceptional Items	(318)	(161)	(3,290)	(691)	-
Group Operating Profit	<u>7,994</u>	<u>7,543</u>	<u>4,024</u>	<u>7,743</u>	<u>8,690</u>
Interest Receivable	60	53	69	37	330
Interest Payable	(2,049)	(2,083)	(1,826)	(1,918)	(3,504)
Trading Profit before Taxation	6,005	5,513	2,267	5,862	5,516
Profit on Sale of FT / Brand	-	-	-	-	-
Profit on Sales of Assets	321	209	3,327	700	322
Profit before Taxation	<u>6,326</u>	<u>5,722</u>	<u>5,594</u>	<u>6,562</u>	<u>5,838</u>
Taxation	(1,269)	(1,512)	(795)	(1,982)	(1,953)
Preference Dividend	(7)	(7)	(7)	(7)	(7)
Earnings for Ordinary Shareholders	<u>5,050</u>	<u>4,203</u>	<u>4,792</u>	<u>4,573</u>	<u>3,878</u>
Ordinary Dividends	(2,160)	(2,106)	(2,082)	(2,562)	(1,602)
Transfer to Reserves	<u>2,890</u>	<u>2,097</u>	<u>2,710</u>	<u>2,011</u>	<u>2,276</u>
Earnings per Ordinary Share	£8.42	£7.01	£7.99	£7.62	£6.46
Dividend per £1 Ordinary Share	Pence	Pence	Pence	Pence	Pence
Net ordinary dividend paid/proposed	365	356	347	347	347