

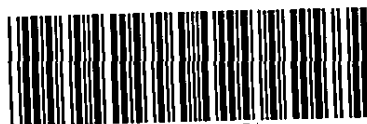


HALL & WOODHOUSE

INDEPENDENT FAMILY BREWERS

REPORT AND ACCOUNTS 2010

WEDNESDAY



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COMPANIES HOUSE



HALL & WOODHOUSE LIMITED

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HALL & WOODHOUSE LIMITED

Directors and Advisers

Directors

The Rt Hon the LORD ROCKLEY * (*Chairman*)
D J FRENCH, BA (Hons), MBA
D H C HOARE, BA (Hons), MBA
M R KEARSEY, BA (Hons) (Appointed on 30th March 2009)
T M A PETERS, MSc (Resigned on 11th February 2009)
J M SCOTT, BA (Hons), ACMA
M A STREET, OBE * (Appointed on 12th January 2010)
J G G WILLIAMS *
A W WOODHOUSE, MA (*Joint Managing*)
M J M WOODHOUSE, MBA (*Joint Managing*)

* denotes member of the Audit and Remuneration Committees

Auditors

NEXIA SMITH & WILLIAMSON
Imperial House, 18-21 Kings Park Road, Southampton SO15 2AT

Bankers

NATWEST BANK PLC
25 Market Place, Blandford Forum, Dorset DT11 7AQ

Solicitors

TAYLOR WESSING LLP
Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX

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

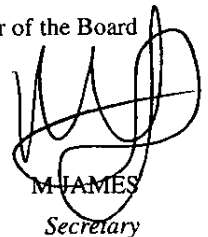
HALL & WOODHOUSE LIMITED

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

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND TWELFTH ANNUAL GENERAL MEETING of the Company will be held in the Visitor Centre, The Brewery, Blandford St Mary, Dorset on Friday the 21st day of May, 2010 at 12 00 noon to transact the following business

- 1) To receive and consider the report of the directors and audited statement of accounts for the year ended 30 January 2010
- 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 A STREET
- 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 adopt the new articles of association of the Company
- 9) To transact any other ordinary business of the Company

By order of the Board



M. JAMES
Secretary

THE BREWERY
BLANDFORD ST MARY
DORSET
16 April 2010

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>2010</i>	<i>Restated</i>	
	<i>2010</i>	<i>2009</i>	<i>% Change</i>
	<i>£000</i>	<i>£000</i>	<i>Year on Year</i>
TURNOVER	89,332	90,957	-1.8%
ONGOING GROUP OPERATING PROFIT	8,434	8,690	-2.9%
INTEREST RECEIVABLE	37	330	-88.8%
INTEREST PAYABLE	(1,918)	(3,504)	-45.3%
ONGOING PROFIT ON ORDINARY ACTIVITIES	6,553	5,516	+18.8%
ONEROUS RENT PROVISION	(691)	-	-100.0%
PROFIT ON SALE OF PROPERTY	700	322	+117.4%
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6,562	5,838	+12.4%
TAXATION PAYABLE	(1,982)	(1,953)	+1.5%
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	4,580	3,885	+17.9%
EARNINGS PER ORDINARY SHARE	£7.62	£6.46	+18.0%
DIVIDEND PER ORDINARY SHARE* (Paid and proposed)	£3.47	£3.47	+0.0%

* 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

It is very pleasing to report your Company has made good progress despite a very difficult economic backdrop. The executive team have shown clear leadership in this critical year. The future strategy for the Company has been clearly defined and communicated throughout the Company and despite an external environment of uncertainty we are confident that the Company will continue to go from strength to strength.

The most important measure of total profit from ongoing activities (pre tax profit before onerous rent provision and profit on sale of property) increased by 19% to £6.6m (2009-£5.5m). Operating profit before onerous rent provision fell slightly to £8.4m (2009-£8.7m) but this was more than offset by savings on interest which fell to £1.9m (2009-£3.5m) as a result of lower borrowings and the fall in the base rate. Property sales were £2.1m (2009-£1.5m) resulting in a profit of £0.7m (2009-£0.3m). In the year we took a provision for onerous rents of £0.7m on property sold and leased back in previous years. Taking these two transactions together, they have nil effect on profit for the year.


Borrowings were driven down by £6.4m to £53.5m at year end compared with £59.9m in 2009. We had total banking facilities of over £60m with only the £5m overdraft due for renewal in 2010. We are in discussions with a number of banks to provide replacement facilities for those maturing in 2011. We took the opportunity to lock into lower long term borrowing costs by fixing an additional £20m of our existing borrowings at what we believe to be very attractive rates.

The Board, after due consideration to the strength of the cash flow and balance sheet, is recommending no change in the final dividend of 187p (2009-187p) which, together with the two interim dividends of 80p, results in an unchanged total dividend of 347p (2009-347p).

As announced in January, having been Chairman for 9 years and having reached the age of 75, I believe it is time for me to step down and I will be retiring at the AGM in May 2010. Mark Woodhouse will become Chairman and Anthony Woodhouse will become sole Managing Director. Mike Street, OBE joined the board in January 2010 as a Non-Executive Director. Mike retired from British Airways Plc in September 2005 after 42 years' service. It is our intention to appoint a further Non-Executive Director very shortly.

With the sad loss of David Woodhouse in January 2009, the year had the potential to go terribly wrong. However the employees showed how talented they are in excelling in difficult times. I wish formally to put on record your Board's gratitude for their hard work, support and commitment.

I have much enjoyed my tenure at Hall & Woodhouse which has embraced many changes and covered very interesting times in a difficult trading environment which regrettably still persists in the current year. However, I believe we have built a powerful executive team who have well demonstrated their abilities and skills in bringing us to the position we are in today. I am confident therefore that the Company is in a strong position to maintain its heritage and prosper in the future and I leave it in the very capable hands of the new Board.



The Rt Hon the LORD ROCKLEY
Chairman

HALL & WOODHOUSE LIMITED

Directors' Report

PROFITS AND DIVIDEND

The group profit for the year available for appropriation amounts to £4 580m (2009 - £3 885m) Ordinary interim dividends of £1 440m, a final dividend of £1 122m, and the preference dividend of £0 007m have been paid during the year The balance of £2 011m (2009 - £2 276m) 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

	2010	2009	Definition, method of calculation and analysis
Growth in sales (%)	-1 8%	3 4%	Year on year sales growth expressed as a percentage Sales increase in the Retail and Beer Company were offset by lower sales in the Tenanted Division
Gross margin (%)	9 4%	9 6%	Gross margin is the ratio of operating profit before interest and property disposals to sales expressed as a percentage This was due to changes in the sales mix
Return on invested capital (%)	8 9%	9 2%	Operating profit expressed as a percentage of net assets This was slightly lower due to the reduction in debt

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 multi-option overdraft facility In order to protect itself from upward movements in interest rates, the Company has entered into interest rate swap contracts covering the term of the loan The short term borrowings carry floating rates of interest based on LIBOR and Royal Bank of Scotland base rates

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

HALL & WOODHOUSE LIMITED

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 £3 294m (2009 - £12 811m) plus transfer of £0 896m (2009 - nil) from current assets. A summary of the movement on fixed assets is shown in note 12 to the accounts.

EMPLOYEE INVOLVEMENT

The group has always encouraged and fostered mutually supportive employee relationships both formally through the shop stewards and union representatives, and informally by personal contact, meetings and notices.

The Joint Managing Directors chair a management briefing twice a year where the results of the Company are presented by each Divisional Director. Following this meeting the Joint Managing Directors present a summary of the trading results and an update on current issues to all Blandford based non management employees.

Once a year the Retail Conference is held which is attended by pub and regional managers. The results for the proceeding year are announced and the plans for the next financial year are outlined.

The objective of these meetings is to ensure effective dissemination of information to employees at all levels, and to provide feedback to management.

At all the meetings the employees are encouraged to ask questions and exchange views.

The group issues a monthly publication entitled 'News & Brews' supplying information about employees in the news, new developments, new plant installations and other items of general interest.

The group offers attractive bonus schemes to enable employees 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 Company'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 employees who become disabled whilst working within the group.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group contributed £54,939 (2009 - £53,857) 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)

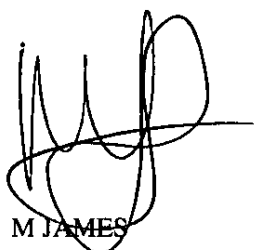
DISCLOSURE OF INFORMATION TO AUDITORS

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 23 March 2010.

A handwritten signature in black ink, appearing to be 'M. James', written over the printed name.

M JAMES

Secretary

23 March 2010

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.

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 30 January 2010 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 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/UKNP.

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 30 January 2010 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.

Christopher Appleton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
24 March 2010

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

HALL & WOODHOUSE LIMITED

Group Profit and Loss Account for the year ended 30 January, 2010

	<i>Notes</i>	<i>2010</i> <i>£000</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>	<i>Restated</i> <i>2009</i> <i>£000</i>
Turnover	1		89,332		90,957
Operating costs (including onerous rent provision)	3(a)		(81,589)		(82,267)
<hr/>					
Group operating profit before onerous rent provision		8,434		8,690	
Onerous rent provision		(691)		-	
<hr/>					
GROUP OPERATING PROFIT	4		7,743		8,690
Profit on sales of properties			700		322
<hr/>					
PROFIT on ordinary activities before interest			8,443		9,012
<hr/>					
Interest receivable	7		37		330
Interest payable and similar charges	8		(1,918)		(3,504)
<hr/>					
PROFIT on ordinary activities before taxation			6,562		5,838
TAXATION on profit of ordinary activities	9		(1,982)		(1,953)
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RETAINED PROFIT FOR THE YEAR			4,580		3,885
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Group Statement of Recognised Gains and Losses for the year ended 30 January, 2010

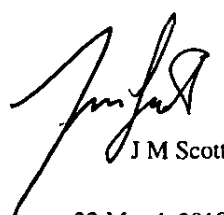
	<i>Notes</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
RETAINED PROFIT FOR THE YEAR		4,580	3,885
Actuarial loss relating to net pension liability	27	(2,492)	(4,486)
Deferred tax associated with actuarial loss relating to net pension liability		796	1,196
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TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		2,884	595
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HALL & WOODHOUSE LIMITED

Balance Sheets as at 30 January, 2010

	Notes	Group		Company	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed Assets					
Tangible assets	12	168,237	170,859	165,763	167,499
Investments	13	646	297	1,237	888
		<u>168,883</u>	<u>171,156</u>	<u>167,000</u>	<u>168,387</u>
Current Assets					
Stocks	14	2,950	2,830	2,950	2,830
Debtors	15	8,048	10,371	17,528	21,259
Cash at bank and in hand	16	16	16	16	16
		<u>11,014</u>	<u>13,217</u>	<u>20,494</u>	<u>24,105</u>
Creditors amounts falling due within one year	17	(16,092)	(17,521)	(23,713)	(25,664)
Net Current Liabilities		<u>(5,078)</u>	<u>(4,304)</u>	<u>(3,219)</u>	<u>(1,559)</u>
Total Assets less Current Liabilities		163,805	166,852	163,781	166,828
Creditors amounts falling due after more than one year	18	(52,146)	(57,950)	(52,146)	(57,950)
Provisions for Liabilities and Charges	20	(12,070)	(11,670)	(12,070)	(11,670)
Net Assets excluding Pension Liability		99,589	97,232	99,565	97,208
Pension Liability Net of Deferred Tax	26	(5,116)	(3,074)	(5,116)	(3,074)
Net Assets including Pension Liability		<u>94,473</u>	<u>94,158</u>	<u>94,449</u>	<u>94,134</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	93,341	93,026	93,317	93,002
Total Shareholders' Funds		<u>94,473</u>	<u>94,158</u>	<u>94,449</u>	<u>94,134</u>


The Rt Hon the Lord Rockley


J M Scott

Directors

23 March 2010

HALL & WOODHOUSE LIMITED

Group Statement of Cash Flows for the year ended 30 January, 2010

	<i>Notes</i>	<i>2010 £000</i>	<i>2010 £000</i>	<i>2009 £000</i>	<i>2009 £000</i>
NET CASH INFLOW FROM OPERATING ACTIVITY	3(b)		10,663		17,556
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	7	37		330	
Interest paid	8	(1,918)	(1,881)	(3,504)	(3,174)
TAXATION			2,673		(2,200)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets and transfer from current assets	12	(4,190)		(12,811)	
Receipts from sales of tangible fixed assets		2,095		1,483	
Trade loans advanced	13	(537)		(116)	
Trade loans repaid	13	188	(2,444)	555	(10,889)
EQUITY DIVIDENDS PAID					
On ordinary shares	11	(2,562)		(1,602)	
On preference shares	11	(7)	(2,569)	(7)	(1,609)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			6,442		(316)
FINANCING					
Movement in long term loans			(5,804)		2,903
INCREASE IN CASH	16		638		2,587

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT for the year ended 30 January 2010

	<i>Notes</i>	<i>2010 £000</i>	<i>2009 £000</i>
Increase in cash		638	2,587
Cash inflow/(outflow) from movement in loans		5,804	(2,903)
MOVEMENT IN NET DEBT	16	6,442	(316)
NET DEBT AT BEGINNING OF YEAR	16	(59,937)	(59,621)
NET DEBT AT END OF YEAR	16	(53,495)	(59,937)

HALL & WOODHOUSE LIMITED

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 30 January 2010. 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	5-20 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 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 was previously stated inclusive of net rents received, with rent payable deducted from rents receivable within turnover. The directors have amended this policy so that turnover is now stated inclusive of rents receivable only, with rents payable now included within operating costs. Group operating profit remains unchanged. This has led to restatement of the comparative figures as disclosed in note 3(c). 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

	<i>2010</i> <i>£000</i>	<i>Restated</i> <i>2009</i> <i>£000</i>
(Increase)/Decrease in stocks of finished goods and work in progress	(203)	419
Raw materials, consumables and goods for resale	21,223	18,900
Other external charges	11,992	12,909
Staff costs - wages and salaries	20,726	20,332
- social security costs	1,701	1,772
- other pension costs	409	526
Depreciation - owned assets	5,417	4,973
Other operating charges	20,324	22,436
	<u>81,589</u>	<u>82,267</u>

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

	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
Group operating profit	7,743	8,690
Depreciation of tangible fixed assets	5,417	4,973
(Increase)/Decrease in stocks	(120)	664
(Increase)/Decrease in debtors	(990)	365
(Decrease)/Increase in creditors	(1,716)	3,105
Defined benefit operating profit charge less contributions paid	346	(216)
(Decrease) in provisions	(17)	(25)
Net cash flow from operating activities	<u>10,663</u>	<u>17,556</u>

3(c) PRIOR YEAR ADJUSTMENT

As disclosed in Note 1, there has been a change in accounting policy during the year. This has led to the restatement of the prior year figures as described below.

	Year Ended 31 January 2009	
	As Previously Reported	As Restated
	Group £000	Group £000
Turnover	88,012	90,957
Operating Costs	(79,322)	(82,267)

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

4	OPERATING PROFIT is stated after charging:	2010	2009
		£000	£000
	Hire of plant and equipment	233	248
	Auditors' remuneration - Audit services	25	26
	Non audit services paid to Auditor related companies - Taxation Services	32	45
5	EMOLUMENTS OF DIRECTORS	2010	2009
		£000	£000
	Emoluments	1,038	1,008
	Long term incentive scheme	100	-
	Compensation for loss of office	-	150
	Total company contributions to		
	Defined contribution pension scheme	78	62
	Defined benefit pension scheme	23	58
		Number	Number
	Members of defined contribution pension scheme	5	4
	Members of company defined benefit pension scheme	2	3
	The amounts in respect of the highest paid director are as follows -	2010	2009
		£000	£000
	Basic salary, fees and benefits	172	177
	Annual bonus	51	1
	Long term incentive scheme	50	-
	Total Emoluments	273	178
	Contribution to defined contribution pension scheme	24	27
6	STAFF NUMBERS		
	The average number of persons employed by the Company, including directors, during the year was as follows -	2010	2009
		Number	Number
	Brewery Site	200	206
	Managed houses	1,205	1,249
		<u>1,405</u>	<u>1,455</u>
7	INTEREST RECEIVABLE	2010	2009
		£000	£000
	Interest on trade and other loans	14	49
	Interest on Corporation Tax refunds	-	231
	Sundry interest receivable	23	50
		<u>37</u>	<u>330</u>
8	INTEREST PAYABLE AND SIMILAR CHARGES	2010	2009
		£000	£000
	Overdraft	16	143
	Bank Loans	1,434	3,294
	Other	25	2
	Interest payable before net interest on pension liability	1,475	3,439
	Net interest on pension liability	443	65
		<u>1,918</u>	<u>3,504</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

9 TAXATION	2010	2009
	£000	£000
Analysis of tax charge on ordinary activities		
UK corporation tax at 28.00%	1,565	1,707
Deferred taxation	410	596
Adjustments relating to prior years		
UK corporation tax	-	(3,924)
Deferred taxation	7	3,574
	<u>1,982</u>	<u>1,953</u>
Factors affecting tax charge		
Expected tax charge on Profit on Ordinary Activities	1,837	1,655
Expenses not deductible for tax purposes	(63)	96
Depreciation on assets not qualifying for capital allowances	261	263
Capital allowances in excess of depreciation	(352)	(745)
Movement in short term timing differences	(115)	(68)
Trade losses carried back	-	436
Other differences including rollover relief and indexation on chargeable gains	(3)	70
Current tax charge for the period	<u>1,565</u>	<u>1,707</u>

Factors that may effect the future tax charge

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. The estimated amount of tax that would become payable in these circumstances is £6.788m (2009 - £6.512m).

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 for the year, £4.580m (2009 - £3.885m) has been dealt with in the accounts of the Company.

11 DIVIDENDS

	2010	2009
	£000	£000
Preference	7	7
Ordinary – second interim for prior year 80p per share (2008 - 80p)	480	-
– final in respect of prior year 187p per share (2009 - 187p)	1,122	1,122
– first interim for current year 80p per share (2009 - 80p)	480	480
– second interim for current year 80p per share (2009 - 80p)	480	-
	<u>2,569</u>	<u>1,609</u>

The Board will be recommending a final dividend of 187p. In accordance with Accounting Standard, FRS21 - 'Events after the balance sheet date' the recommended final dividend is 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 31 January 2009	170,258	1,892	13,740	30,473	17,545	233,908
Additions	1,502	11	15	337	1,429	3,294
Transfer from current assets	896	-	-	-	-	896
Removal of Fully Depreciated Assets	(5,527)	(68)	(1,458)	(22,639)	(6,469)	(36,161)
Disposals	(1,058)	-	(404)	(2)	(740)	(2,204)
At 30 January 2010	<u>166,071</u>	<u>1,835</u>	<u>11,893</u>	<u>8,169</u>	<u>11,765</u>	<u>199,733</u>
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	<u>164,614</u>	<u>1,823</u>	<u>11,879</u>	<u>8,169</u>	<u>11,765</u>	<u>198,250</u>
	<u>166,071</u>	<u>1,835</u>	<u>11,893</u>	<u>8,169</u>	<u>11,765</u>	<u>199,733</u>
Depreciation						
At 31 January 2009	17,087	322	7,109	27,208	11,323	63,049
Charge for the year	2,477	43	703	852	1,342	5,417
Removal of Fully Depreciated Assets	(5,527)	(68)	(1,458)	(22,639)	(6,469)	(36,161)
Disposals	(242)	(1)	(326)	(3)	(237)	(809)
At 30 January 2010	<u>13,795</u>	<u>296</u>	<u>6,028</u>	<u>5,418</u>	<u>5,959</u>	<u>31,496</u>
Net book values						
At 30 January 2010	<u>152,276</u>	<u>1,539</u>	<u>5,865</u>	<u>2,751</u>	<u>5,806</u>	<u>168,237</u>
At 31 January 2009	<u>153,171</u>	<u>1,570</u>	<u>6,631</u>	<u>3,265</u>	<u>6,222</u>	<u>170,859</u>
COMPANY						
Cost or valuation						
At 31 January 2009	170,258	1,892	13,740	30,473	7,301	223,664
Additions	1,502	11	15	337	1,429	3,294
Transfer from Current Assets	896	-	-	-	-	896
Removal of Fully Depreciated Assets	(5,527)	(68)	(1,458)	(22,639)	(3,324)	(33,016)
Disposals	(1,058)	-	(404)	(2)	(702)	(2,166)
At 30 January 2010	<u>166,071</u>	<u>1,835</u>	<u>11,893</u>	<u>8,169</u>	<u>4,704</u>	<u>192,672</u>
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	<u>164,614</u>	<u>1,823</u>	<u>11,879</u>	<u>8,169</u>	<u>4,704</u>	<u>191,189</u>
	<u>166,071</u>	<u>1,835</u>	<u>11,893</u>	<u>8,169</u>	<u>4,704</u>	<u>192,672</u>
Depreciation						
At 31 January 2009	17,087	322	7,109	27,208	4,439	56,165
Charge for the year	2,477	43	703	852	476	4,551
Removal of Fully Depreciated Assets	(5,527)	(68)	(1,458)	(22,639)	(3,324)	(33,016)
Disposals	(242)	(1)	(326)	(3)	(219)	(791)
At 30 January 2010	<u>13,795</u>	<u>296</u>	<u>6,028</u>	<u>5,418</u>	<u>1,372</u>	<u>26,909</u>
Net book values						
At 30 January 2010	<u>152,276</u>	<u>1,539</u>	<u>5,865</u>	<u>2,751</u>	<u>3,332</u>	<u>165,763</u>
At 31 January 2009	<u>153,171</u>	<u>1,570</u>	<u>6,631</u>	<u>3,265</u>	<u>2,862</u>	<u>167,499</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		
	Trade loans £000	Total £000	Trade loans £000	Subsidiary undertakings £000	Total £000
COST					
At 31 January 2009	297	297	297	591	888
Advances	537	537	537	-	537
Repayments/write offs	(188)	(188)	(188)	-	(188)
At 30 January 2010	<u>646</u>	<u>646</u>	<u>646</u>	<u>591</u>	<u>1,237</u>
NET BOOK VALUE					
At 30 January 2010	<u>646</u>	<u>646</u>	<u>646</u>	<u>591</u>	<u>1,237</u>
At 31 January 2009	<u>297</u>	<u>297</u>	<u>297</u>	<u>591</u>	<u>888</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 is in the business of management of public houses and hotels		
Non-Trading Companies		
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	
	2010 £000	2009 £000	2010 £000	2009 £000
Raw materials and consumables	466	493	466	493
Work in progress	1	36	1	36
Finished goods	1,627	1,389	1,627	1,389
Goods for resale	604	585	604	585
Other stocks	<u>252</u>	<u>327</u>	<u>252</u>	<u>327</u>
	<u>2,950</u>	<u>2,830</u>	<u>2,950</u>	<u>2,830</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

15 DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	5,200	4,090	5,200	4,090
Amounts owed by group undertakings	-	-	9,480	10,889
Taxation	-	2,673	-	2,673
Prepayments and accrued income	2,848	3,608	2,848	3,607
	<u>8,048</u>	<u>10,371</u>	<u>17,528</u>	<u>21,259</u>

16 ANALYSIS OF NET DEBT

	At 31 January 2009	Group Cash Flow	At 30 January 2010
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank & in hand	16	-	16
Bank overdrafts	(1,378)	638	(740)
Cash	(1,362)	638	(724)
Loans	(58,575)	5,804	(52,771)
	<u>(59,937)</u>	<u>6,442</u>	<u>(53,495)</u>

17 CREDITORS - amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft (unsecured)	740	1,378	740	1,378
Trade creditors	3,625	4,163	3,625	4,163
Other creditors	383	316	383	316
Social security and other taxes	2,393	4,899	2,393	4,899
Taxation	925	-	925	-
Accruals and deferred income	6,108	4,814	6,108	4,814
Tenants' and other deposits	1,293	1,326	1,293	1,326
Amounts owed to Group Companies	-	-	7,621	8,143
Bank loan (unsecured)	625	625	625	625
	<u>16,092</u>	<u>17,521</u>	<u>23,713</u>	<u>25,664</u>

18 CREDITORS - amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans (unsecured)	51,486	56,878	51,486	56,878
Floating Rate Guaranteed Loan Notes 2010	660	1,072	660	1,072
	<u>52,146</u>	<u>57,950</u>	<u>52,146</u>	<u>57,950</u>

Notes to the Accounts (continued)

19 LOANS	<i>Group & Company</i>	
	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Not wholly repayable within 5 years:		
Barclays Bank plc £5m bank facility with a variable interest rate linked to a fixed margin over LIBOR	5,000	5,000
Barclays Bank plc £5m bank facility with a variable interest rate linked to a fixed margin over LIBOR	-	3,750
	<u>5,000</u>	<u>8,750</u>
Wholly repayable within 5 years:		
Royal Bank of Scotland plc £22m bank loan with a variable interest rate linked to a fixed margin over LIBOR	22,000	22,000
Royal Bank of Scotland plc £8m bank facility with a variable interest rate linked to a fixed margin over LIBOR	-	8,000
Royal Bank of Scotland plc £12m bank facility with a variable interest rate linked to a fixed margin over LIBOR	10,986	10,753
Floating Rate Guaranteed Loan Notes 2010 Repayable at the option of the loan note holder on the interest payment dates, half yearly Interest is fixed to a margin of 0.5% less than the LIBOR rate for 6 monthly deposits	660	1,072
Fortis Bank plc £8m facility under a revolving credit agreement Interest is linked to a fixed margin over LIBOR	8,000	8,000
Barclays Bank plc £5m bank facility with a variable interest rate linked to a fixed margin	3,125	-
Barclays Bank plc £9m bank facility with a variable interest rate linked to a fixed margin	3,000	-
	<u>52,771</u>	<u>58,575</u>
Amounts repayable:		
In one year or less, or on demand	625	625
In more than one year but not more than two years	45,271	12,450
In more than two years but not more than five years	1,875	39,875
	<u>47,771</u>	<u>52,950</u>
In more than five years	5,000	5,625
	<u>52,771</u>	<u>58,575</u>

Floating Rate Guaranteed Loan Notes 2010 to the value of £15,859m were issued on 12 May 2000 to King & Barnes Limited shareholders as an alternative to cash consideration on the purchase of King & Barnes Limited.

The loan notes are unconditionally guaranteed by Royal Bank of Scotland plc. Any loan notes not previously redeemed will become repayable in full, at par, on 31 December 2010. If at any time the nominal amount outstanding is below £100,000 the Company has the right to redeem all of the outstanding loan notes on any subsequent interest payment date.

Royal Bank of Scotland plc have confirmed that they will convert any unutilised part of the loan note guarantee into a committed loan for a term not exceeding the remaining term of the loan notes (£10,986m of the original guarantee has been converted).

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

20 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred taxation	10,983	10,566	10,983	10,566
King & Barnes Ltd unfunded pension scheme	1,063	1,080	1,063	1,080
Other provisions	24	24	24	24
	<u>12,070</u>	<u>11,670</u>	<u>12,070</u>	<u>11,670</u>

Movement in deferred taxation provision

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 January 2009	10,566	6,396	10,566	6,396
Transfer from subsidiary	-	-	(153)	(115)
Charge for the year	410	596	563	711
Prior year adjustment	7	3,574	7	3,574
At 30 January 2010	<u>10,983</u>	<u>10,566</u>	<u>10,983</u>	<u>10,566</u>

The balance comprises

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</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	11,312	10,952	11,312	10,952
Other timing differences	(329)	(386)	(329)	(386)
	<u>10,983</u>	<u>10,566</u>	<u>10,983</u>	<u>10,566</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>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</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

At 30 January 2010 guarantees were in place with Royal Bank of Scotland plc whereby Hall & Woodhouse Limited and Woodhouse Inns Limited each provided an unlimited guarantee to Royal Bank of Scotland plc in respect of the debts of the other 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 (2009-£10.0m) with Barclays Bank plc as a hedge against adverse interest rate movements.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

23 FINANCIAL COMMITMENTS

At 30 January, 2010 authorised future capital expenditure amounted to

<i>Group</i>		<i>Company</i>	
<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
1,554	101	1,554	101

Obligations under operating leases as at 30 January, 2010 fall due as follows

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(a) within one year	49	149	49	149
(b) in two to five years	137	168	137	168
(c) over five years	-	-	-	-
	<u>186</u>	<u>317</u>	<u>186</u>	<u>317</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 26 January 2008	800	332	94,040	95,172
Retained profit for the period	-	-	3,885	3,885
Dividends	-	-	(1,609)	(1,609)
Actuarial loss relating to net pension liability (net of tax)	-	-	(3,290)	(3,290)
Balance at 31 January 2009	800	332	93,026	94,158
Retained profit for the period	-	-	4,580	4,580
Dividends	-	-	(2,569)	(2,569)
Actuarial loss relating to net pension liability (net of tax)	-	-	(1,696)	(1,696)
Balance at 30 January 2010	<u>800</u>	<u>332</u>	<u>93,341</u>	<u>94,473</u>
COMPANY				
Balance at 26 January 2008	800	332	94,016	95,148
Retained profit for the period	-	-	3,885	3,885
Dividends	-	-	(1,609)	(1,609)
Actuarial loss relating to net pension liability (net of tax)	-	-	(3,290)	(3,290)
Balance at 31 January 2009	800	332	93,002	94,134
Retained profit for the period	-	-	4,580	4,580
Dividends	-	-	(2,569)	(2,569)
Actuarial loss relating to net pension liability (net of tax)	-	-	(1,696)	(1,696)
Balance at 30 January 2010	<u>800</u>	<u>332</u>	<u>93,317</u>	<u>94,449</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>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
J G G Williams	-	-	288	70
A W Woodhouse	80	50	243	42
M J M Woodhouse	152	95	151	94

The apparent increase in dividends relates to the timing of the second interim dividend for 2009 delayed until 2010 as shown in Note 11

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 scheme was carried out by an independent qualified actuary as at 1 April 2008 and updated on an approximate basis to 30 January 2010. 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 funded 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 £0.227m (2009 - £0.564m) 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 £0.213m. 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

	2010 (£000)			2009 (£000)			2008 (£000)		
	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total
Assets	23,087	2,863	25,950	19,550	2,738	22,288	22,445	2,563	25,008
Liabilities	30,099	2,957	33,056	24,114	2,444	26,558	21,629	1,700	23,329
(Deficit)/ Surplus	(7,012)	(94)	(7,106)	(4,564)	294	(4,270)	816	863	1,679
Related deferred tax asset/(liability)	1,963	27	1,990	1,278	(82)	1,196	(245)	(259)	(504)
Net Pension (liability)/asset	(5,049)	(67)	(5,116)	(3,286)	212	(3,074)	571	604	1,175

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. In 2008 the directors considered there was insufficient basis to anticipate either outcome and the surplus was, consequently, not recognised.

Assets

Equities	10,915	130	11,045	8,281	130	8,411	9,449	-	9,449
Bonds	5,478	-	5,478	4,394	-	4,394	3,502	-	3,502
Gilts	6,150	536	6,686	6,306	536	6,842	9,567	-	9,567
Company Pension Promise	-	1,063	1,063	-	1,080	1,080	-	1,101	1,101
Other	544	1,134	1,678	569	992	1,561	(73)	1,462	1,389
Total	23,087	2,863	25,950	19,550	2,738	22,288	22,445	2,563	25,008

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

	2010 £000	2009 £000
Present value of defined benefit obligation at beginning of year	26,558	23,329
Service cost (Employer Cost)	128	283
Interest cost	1,749	1,439
Members' contributions	91	117
Actuarial loss on scheme liabilities	5,675	2,772
Benefits paid	(1,145)	(1,382)
Present value of defined benefit obligation at end of year	<u>33,056</u>	<u>26,558</u>

Reconciliation of fair value of scheme assets

	2010 £000	2009 £000
Fair value of scheme assets at start of year	22,288	25,008
Expected return on scheme assets	1,306	1,374
Actuarial gain / (loss) on scheme assets	3,183	(3,393)
Contributions by the Company	227	564
Contributions by members	91	117
Benefits paid	(1,145)	(1,382)
Fair value of scheme assets at end of year	<u>25,950</u>	<u>22,288</u>

Amounts to be recognised in the balance sheet

	2010 £000	2009 £000
Present value of funded obligation	33,056	26,558
Fair value of scheme assets	(25,950)	(22,288)
Net liability in balance sheet	<u>7,106</u>	<u>4,270</u>

Amounts to be recognised in the P&L

	2010 £000	2009 £000
Current service cost	128	283
Interest on obligation	1,749	1,439
Expected return on scheme assets	(1,306)	(1,374)
Total expense	<u>571</u>	<u>348</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS (continued)

Cumulative amount of actuarial gains and losses recognised in STRGL

	2010 £000	2009 £000
Total amount recognised in the statement of total recognised gains and losses (STRGL)	(4,516)	(2,024)

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.

Actual return on scheme assets

	2010 £000	2009 £000
Actuarial gain / (loss) recognised in STRGL	4,489	(2,020)

Principal actuarial assumptions at the balance sheet date

	2010	2009
Discount rate	5.50%	6.70%
Expected return on scheme assets at the end of the year	6.01%	6.00%
Rate of increase in salaries	3.60%	3.30%
Price inflation	3.60%	3.30%
Pension increases		
- Pension accrued before 6 April 1997	0.00%	0.00%
- Pension accrued after 6 April 1997	3.60%	3.30%
- Pension accrued after 6 April 2005	2.50%	2.50%

Mortality 110% of PXA00 projected by year of birth with a long cohort projection and 1% improvement underpin

	2010	2009
Retiring today		
Males	88.1	88.0
Females	90.6	90.0
Retiring in 20 years		
Males	90.1	90.5
Females	92.5	92.4

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 scheme liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 1%	Decrease/increase by 18%
Rate of inflation	Increase/decrease by 1%	Increase/decrease by 10%
Rate of salary growth	Increase/decrease by 1%	Increase/decrease by 2%

History of assets, liabilities and actuarial gains and losses

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	33,056	26,558	23,329	26,382	28,727
Fair value of assets	25,950	22,288	25,008	25,318	25,422
Surplus/(deficit)	(7,106)	(4,270)	1,679	(1,064)	(3,305)
Experience gain / (loss) on Plan liabilities					
Amount (£'000s)	501	(4,354)	(108)	(142)	
Percentage of present value of the Plan liabilities	2%	(16%)	0%	(1%)	
Difference between the expected and actual return on Plan assets					
Amount (£'000s)	3,183	(3,393)	(1,554)	(1,032)	
Percentage of present value of the Plan assets	12%	(15%)	(6%)	(4%)	

Estimated contributions

The employer's best estimate of contributions to be paid to the Plan by the Company next year is £213,000

The employer's best estimate of contributions to be paid to the scheme by employees next year is £88,000

HALL & WOODHOUSE LIMITED

Group Five-Year Statement

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
ASSETS EMPLOYED					
Overdraft	(740)	(1,378)	(3,968)	(1,076)	(444)
Net Current Liabilities	(4,338)	(2,926)	(6,456)	(3,100)	(3,242)
Investments and Trade Loans	646	297	736	827	825
Fixed Assets	168,237	170,859	164,182	155,316	138,056
	<u>163,805</u>	<u>166,852</u>	<u>154,494</u>	<u>151,967</u>	<u>135,195</u>
CAPITAL EMPLOYED					
Equity	94,273	93,958	94,972	88,228	81,737
Preference Capital	200	200	200	200	200
Medium Term Loans	52,146	57,950	51,797	54,068	42,973
Long Term Liabilities	12,070	11,670	7,525	8,758	7,971
Net Pension Liability	5,116	3,074	-	713	2,314
	<u>163,805</u>	<u>166,852</u>	<u>154,494</u>	<u>151,967</u>	<u>135,195</u>
PROFITS and DIVIDENDS					
	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Turnover	89,332	90,957	90,625	88,882	84,767
Group Operating Profit before Onerous Rent Provision	8,434	8,690	11,540	11,346	10,522
Onerous Rent Provision	(691)	-	-	-	-
Group Operating Profit	7,743	8,690	11,540	11,346	10,522
Investment Income	37	330	115	134	83
Interest Payable	(1,918)	(3,504)	(3,291)	(2,694)	(2,668)
Trading Profit before Taxation	5,862	5,516	8,364	8,786	7,937
Profit on Sale of FT / Brand	-	-	637	-	-
Profit on Sales of Assets	700	322	1,208	1,583	3,780
Profit before Taxation	6,562	5,838	10,209	10,369	11,717
Deduct Taxation	(1,982)	(1,953)	(1,639)	(3,308)	(2,531)
Preference Dividend	(7)	(7)	(7)	(7)	(7)
Earnings for Ordinary Shareholders	4,573	3,878	8,563	7,054	9,179
Deduct Ordinary Dividends	(2,562)	(1,602)	(2,028)	(1,944)	(816)
Transfer to Reserves	<u>2,011</u>	<u>2,276</u>	<u>6,535</u>	<u>5,110</u>	<u>8,363</u>
Earnings per Ordinary Share	£7 62	£6 46	£14 27	£11 76	£15 30
Dividend per £1 Ordinary Share	Pence	Pence	Pence	Pence	Pence
Net ordinary dividend paid/proposed	347	347	347	334	304