



HALL & WOODHOUSE

**REPORT AND
ACCOUNTS
2016**



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 JAMES, LLB (Hons)
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

† denotes member of the Nomination Committee

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)

Registered Office

The Brewery, Blandford St. Mary, Dorset DT11 9LS

Registered No

57696

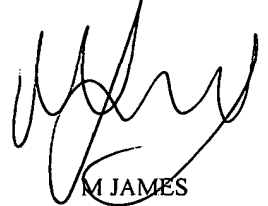
HALL & WOODHOUSE LIMITED

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

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND EIGHTEENTH ANNUAL GENERAL MEETING of the Company will be held at The Brewery Hall, The Brewery, Blandford St Mary, Dorset, DT11 9LS on Friday the 13th day of May, 2016 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 30 January 2016.
- 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 approve the ordinary share price for the purposes of the Hall & Woodhouse internal share market.
- 5) To re-elect a director appointed by the board, namely: DJ LIVESEY
- 6) To re-elect the Next Generation Family Director appointed by the board, namely: LR GRAY
- 7) To re-elect retiring directors, namely: JGG WILLIAMS
- 8) To re-appoint the auditors, Nexia Smith & Williamson.
- 9) To authorise the directors to determine the remuneration of the auditors.
- 10) To transact any other ordinary business of the Company.

By order of the Board



M JAMES
Secretary

THE BREWERY
BLANDFORD ST. MARY
DORSET
15 April 2016

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>52 weeks</i> 2016 £000	<i>53 weeks</i> 2015 £000	% Change Year on Year
TURNOVER	108,554	109,462	-0.8%
ONGOING OPERATING PROFIT	10,021	9,887	+1.47%
INTEREST RECEIVABLE	57	59	-3.4%
INTEREST PAYABLE	(2,040)	(2,232)	+8.6%
ONGOING PROFIT ON ORDINARY ACTIVITIES	8,038	7,714	+4.2%
ITEMS EXCLUDED FROM UNDERLYING RESULTS	3	(1,680)	-100.2%
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8,041	6,034	+33.3%
TAXATION PAYABLE	(851)	(1,854)	+54.1%
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7,190	4,180	+72.0%
EARNINGS PER ORDINARY SHARE	£11.97	£6.96	+72.0%
DIVIDEND PER ORDINARY SHARE* (Paid and proposed)	£3.92	£3.83	+2.3%

* 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

I am pleased to report that your Company has achieved another year of solid growth with ongoing profits before tax up by 4%.

We are now reporting under FRS102, the new reporting standard which came in at the start of 2016; this has resulted in a restatement of the 2015 numbers. A full reconciliation is provided within the detail of this report and accounts.

This year covers 52 weeks against last year's 53 weeks. Although Group Turnover fell by 1% to £108.6m (2015-£109.5m), Group Operating Profit, before items excluded from underlying profits, increased by 1% to £10.0m (2015-£9.9m), and Profit before Tax, on the same basis, increased by 4% to £8.0m (2015-£7.7m).

We achieved property sales of £6.6m (2015-£5.6m). We sold three more of the flats we developed at St Georges House, Twickenham, and a number of public houses which we believe are not viable in the long term.

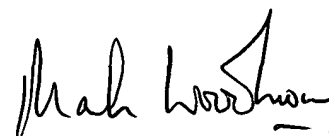
Capital investment was slightly higher this year at £18.0m (2015-£16.9m). We acquired two freehold public houses. The Plough, Bursledon, just east of Southampton and the Anvil, Pimperne, near Blandford. We continue to invest heavily in both our Business Partnership and Managed estates. The investment in the new Brewery and offices is nearly complete and we are very much enjoying being in our new home.

Total Borrowings increased by £5.2m to £52.5m (2015-£47.3m), reflecting the costs of the new Brewery and offices being incurred before we have received the proceeds of the sale of the old brewery site. We expect to announce the latter shortly.

I would encourage as many of you as possible to attend the AGM which will be held on the 13th May 2016 at The Brewery as it will be a good chance for you to see the progress we have made in making our home fit for brewing for the next 100 years. If any of your children who are not yet shareholders and over 16 would like to attend for the tour and lunch, they would be most welcome.

The Board is recommending an increase in the final dividend to 212p (2015-207p) which, together with the two interim dividends of 90p, (2015-88p) results in a total dividend of 392p (2015-383p). The final dividend will be paid on 16th May 2016 to shareholders on the register on 26th April 2016.

Finally, I would like to extend my thanks to all our team members for another year of hard work, especially during a year of disruption from moving out from the old brewery and offices.



MARK WOODHOUSE
Chairman

HALL & WOODHOUSE LIMITED

Strategic Report

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

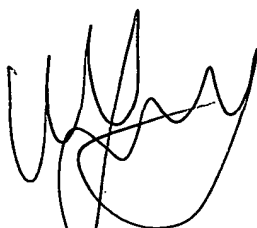
All other matters have been dealt with in the Chairman's statement.

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:

	2016	2015	Definition, method of calculation and analysis
Growth in sales (%)	(0.8%)	6.4%	Year on year sales movement expressed as a percentage. Sales decreased slightly due to 2016 being a 52 week year compared to 53 weeks in 2015.
Operating margin (%)	9.2%	9.0%	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 (%)	9.1%	9.4%	Operating Profit expressed as a percentage of net assets. This reflects the consistent performance in gross margin % above.

This report was approved and authorised for issue by the board of directors on 1 April 2016.



M JAMES

Secretary

1 April 2016

Directors' Report

PROFITS AND DIVIDEND

The Group profit for the year available for appropriation amounts to £7.190m (2015 - £4.180m). Ordinary interim dividends of £1.080m, a final dividend of £1.242m, and the preference dividend of £0.007m have been paid during the year. The balance of £5.137m (2015 - £1.272m) has been added to reserves.

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 Group 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 Group has entered into interest rate swap contracts for approximately 50% of borrowings for up to ten years.

The Group also hedges against its foreign exchange exposure.

PROPERTIES

Your directors are of the opinion that the market value of the Group'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 Group'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 £17.993m (2015 - £16.861m). A summary of the movement on fixed assets is shown in note 11 to the accounts.

TEAM MEMBER INVOLVEMENT

The Group 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.

There are numerous regular and project based meetings and opportunities for dialogue. The objective of these 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.

For instance, the Managing Director chairs a series of team briefings for team members based at the Brewery twice a year where the results of the Group 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.

Daily announcements are made on the company intranet providing information on topics from all parts of the Group.

Directors' Report (continued)

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 £103,587 (2015 - £107,570) 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 Group was a party during the year under review.

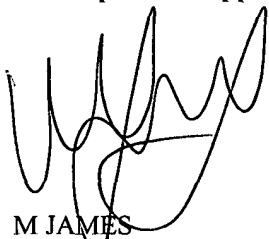
DISCLOSURE OF INFORMATION TO AUDITORS

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 Group'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 Group'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 1 April 2016.



M JAMES
Secretary

1 April 2016

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 Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 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 financial statements of Hall & Woodhouse Limited for the year ended 30 January 2016 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, The Consolidated Statement of Changes in Equity, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditor's 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 January 2016 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 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.



Andrew Edmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
1 April 2016

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

HALL & WOODHOUSE LIMITED

Consolidated Income Statement for the year ended 30 January, 2016

	Notes	52 weeks			53 weeks		
		2016	2016	2016	2015	2015	2015
		£000	£000	£000	£000	£000	£000
		Underlying Results	Underlying Results Items Excluded from	Total	Underlying Results	Underlying Results Items Excluded from	Total
Turnover	1	108,554	-	108,554	109,462	-	109,462
Operating costs	3(a)&(b)	(98,533)	(1,574)	(100,107)	(99,575)	(1,097)	(100,672)
Other gains and losses	3(b)	-	557	557	-	(1,378)	(1,378)
OPERATING PROFIT/(LOSS)	4	10,021	(1,017)	9,004	9,887	(2,475)	7,412
Profit/(Loss) on sales of properties	3(b)	-	1,260	1,260	-	1,103	1,103
PROFIT on ordinary activities before interest		10,021	243	10,264	9,887	(1,372)	8,515
Interest receivable	7	57	-	57	59	-	59
Interest payable and similar charges	8	(2,040)	-	(2,040)	(2,232)	-	(2,232)
Net interest on pension liabilities	8	-	(240)	(240)	-	(308)	(308)
PROFIT on ordinary activities before taxation		8,038	3	8,041	7,714	(1,680)	6,034
TAXATION on profit of ordinary activities	9	(851)	-	(851)	(1,854)	-	(1,854)
RETAINED PROFIT FOR THE YEAR		7,187	3	7,190	5,860	(1,680)	4,180

All amounts relate to continuing operations

Consolidated Statement of Comprehensive Income for the year ended 30 January, 2016

	Notes	2016 £000	2015 £000
PROFIT FOR THE FINANCIAL PERIOD		7,190	4,180
Actuarial profit/(loss) relating to net pension liability	27	534	(808)
Deferred tax associated with actuarial (loss)/gain relating to net pension liability		(258)	175
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		7,466	3,547

HALL & WOODHOUSE LIMITED

Statement of Changes in Equity as at 30 January, 2016

	<i>Share Capital £000</i>	<i>Revaluation Reserve £000</i>	<i>Profit and Loss Account £000</i>	<i>Total Equity £000</i>
At 25 January 2014	800	332	102,398	103,530
Profit for the period	-	-	4,180	4,180
At 31 January 2015	800	332	106,578	107,710
Actuarial gains/(losses) on pension scheme	-	-	(808)	(808)
Deferred tax associated with actuarial gain/(loss) relating to net pension liability	-	-	175	175
Other Comprehensive Income for the period	-	-	(633)	(633)
Total Comprehensive Income for the period	800	332	105,945	107,077
Dividends	-	-	(2,275)	(2,275)
At 31 January 2015	800	332	103,670	104,802
Profit for the period	-	-	7,190	7,190
At 30 January 2016	800	332	110,860	111,992
Actuarial gains/(losses) on pension scheme	-	-	534	534
Deferred tax associated with actuarial gain/(loss) relating to net pension liability	-	-	(258)	(258)
Other Comprehensive Income for the period	-	-	276	276
Total Comprehensive Income for the period	800	332	111,136	112,268
Dividends	-	-	(2,329)	(2,329)
At 30 January 2016	800	332	108,807	109,939

HALL & WOODHOUSE LIMITED

Statement of Financial Position as at 30 January, 2016

	Notes	Group		Company	
		2016 £000	2015 £000	2016 £000	2015 £000
Fixed Assets					
Plant, property and Equipment	11	184,392	177,298	184,392	177,298
Investments	12	1,140	854	1,140	854
		<u>185,532</u>	<u>178,152</u>	<u>185,532</u>	<u>178,152</u>
Current Assets					
Inventories	13	3,330	3,692	3,330	3,692
Debtors	14	8,415	7,703	8,381	7,680
Cash at bank and in hand	15	119	1,718	-	1,611
		<u>11,864</u>	<u>13,113</u>	<u>11,711</u>	<u>12,983</u>
Creditors: amounts falling due within one year	16	(17,943)	(26,906)	(18,005)	(26,873)
Net Current Liabilities		<u>(6,079)</u>	<u>(13,793)</u>	<u>(6,294)</u>	<u>(13,890)</u>
Total Assets less Current Liabilities		<u>179,453</u>	<u>164,359</u>	<u>179,238</u>	<u>164,262</u>
Creditors: amounts falling due after more than one year	17	(54,219)	(43,373)	(54,219)	(43,373)
Provisions for Liabilities and Charges	20	(9,065)	(9,681)	(9,065)	(9,681)
		<u>116,169</u>	<u>111,305</u>	<u>115,954</u>	<u>111,208</u>
Net Assets excluding Pension Liability		<u>116,169</u>	<u>111,305</u>	<u>115,954</u>	<u>111,208</u>
Pension Liability net of Deferred Tax	27	(6,230)	(6,503)	(6,230)	(6,503)
Net Assets including Pension Liability		<u>109,939</u>	<u>104,802</u>	<u>109,724</u>	<u>104,705</u>
Capital and Reserves					
Called-up share capital	21	800	800	800	800
Revaluation reserve	26	332	332	332	332
Profit and loss account	26	108,807	103,670	108,592	103,573
Total Equity		<u>109,939</u>	<u>104,802</u>	<u>109,724</u>	<u>104,705</u>

M J M Woodhouse

Directors

J M Scott

1 April 2016

HALL & WOODHOUSE LIMITED

Cash Flow Statement as at 30 January, 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
PROFIT FOR THE FINANCIAL YEAR			9,004		7,412
ADJUSTMENTS FOR					
Depreciation of plant property and equipment		5,543		5,507	
Decrease/(Increase) in debtors		(712)		919	
Decrease/(Increase) in inventories		362		(421)	
(Decrease)/Increase in creditors		(1,295)		558	
Decrease in provisions		(33)		(33)	
Defined benefit operating profit charges less contributions paid		-		68	
Revaluation of interest rate swaps		(557)		1,378	
CASH FROM OPERATIONS			12,312		15,388
Income taxes paid		(1,267)		(1,883)	
NET CASH GENERATED FROM OPERATING ACTIVITIES			11,045		13,505
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant property and equipment		6,616		5,564	
Purchases of plant property and equipment	11	(17,993)		(16,861)	
Interest received	7	57		59	
Trade loans advanced	12	(613)		(310)	
Trade loans repaid	12	327		622	
NET CASH FROM INVESTING ACTIVITIES			(11,606)		(10,926)
CASH FLOW FROM FINANCING ACTIVITIES					
Movement in loans	15	2,500		3,375	
Interest paid	8	(2,280)		(2,540)	
Dividends paid on ordinary shares	10	(2,322)		(2,268)	
Dividends paid on preference shares	10	(7)		(7)	
NET CASH USED IN FINANCING ACTIVITIES			(2,109)		(1,440)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15		(2,670)		(1,139)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 30 JANUARY, 2016

	Notes	2016 £000	2015 £000
(Decrease)/Increase in cash		(2,670)	1,139
Increase in debt from movement in loans		(2,500)	(3,375)
MOVEMENT IN NET DEBT	15	(5,170)	(2,236)
NET DEBT AT BEGINNING OF YEAR		(47,282)	(45,046)
NET DEBT AT END OF YEAR	15	(52,452)	(47,282)

Statement of Accounting Policies

Basis of Preparation of Financial Statements

The Accounts are prepared under the historical cost convention, except for the revaluation of freehold and leasehold properties incorporated within these Accounts, and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

Basis of Consolidation

The Group income statement and statement of financial position include the accounts of Hall & Woodhouse Limited and its subsidiary undertakings for the year ended 30 January 2016. 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 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. The value of assets under construction at the year end is included within note 23, Capital Commitments.

Foreign Currency

The Group financial statements are presented in pounds sterling and rounded to thousands. At each year end foreign currency balances are translated using the closing rate. Foreign exchange gains and losses resulting from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Items Excluded From Underlying Results

The Group classifies certain charges or credits that do not fall within normal operating activities but that have a material impact on the Group's financial results as 'Items Excluded From Underlying Results'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Financial Liabilities

Basic financial instruments including trade and other payables, and bank loans are initially recognised at transaction price. Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Finance and Operating 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.

Lease Incentives

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the profit and loss account over the period to the first review date.

Business Combinations

In preparing the Consolidated Financial Statements, the Group has elected to adopt the business combination transition exemption, which allows the Group to not restate business combinations that occurred before the balance sheet date.

Inventories

Inventories are 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.

Statement of Accounting Policies (continued)

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 Company operates two defined benefit pension schemes. Under FRS102 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 Company also makes contributions into private pension plans. The Company's contributions are charged to the profit and loss account in the period they arise.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of Goods: Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- * the Group has transferred the significant risks and rewards of ownership to the buyer
- * the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- * the amount of revenue can be measured reliably
- * it is probable that the Group will receive the consideration due under the transaction; and
- * the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Judgements in applying accounting policies and key sources of estimations

Estimates and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that potentially have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group are outlined below:

Fixed Assets: As described above, the Group reviews the residual values, estimated useful lives and depreciation rates of its tangible fixed assets at each reporting date to identify where any evidence of significant change exists since the last reporting date. For the period ending 30 January 2016 the group has provided to write off assets worth £1,119k, as shown in note 3(b).

Obsolete Stock Provision: At each reporting date, the Group's stock holding is analysed to identify items which may be obsolete and a provision is made against these items. The value of this provision at 30 January 2016 was £192,300.

Bad Debt Provision: At each reporting date and throughout the year, the Group's debtor balance is reviewed to identify any impairment required, and specific provisions are made against this balance. The value of these provisions at 30 January 2016 was £45,156.

Retrospective And Promotional Discounts: Certain supermarket promotions are funded retrospectively, the cost of these promotions cannot be confirmed until the promotion has finished and the supermarket submits a claim. For the duration of the promotion estimates are prepared at each reporting date. Provisions are only made when a promotion has concluded and available sales data can be used to estimate the costs that will occur. The carrying amount at 30 January 2016 was £185,754.

Dilapidations: Leases exist within the Group which include clauses obliging the Group to return the property in the condition at the date of entry into the lease. The costs to bring the property back into that conditions cannot be confirmed until the Group leaves the property and a schedule of dilapidations can be confirmed. In the intervening years estimates of the costs are prepared at each reporting date. Provision is only made for potential dilapidation payments when they can be reliably estimated and it is probable that they will occur. The carrying amount at 30 January 2016 was £140,798.

HALL & WOODHOUSE LIMITED

Notes to the Accounts

1 REVENUE

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 REVENUE 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. All revenue of the Group is generated in the United Kingdom.

3(a) OPERATING COSTS

	Before Items Excluded from Underlying Results 2016 £000	Items Excluded from Underlying Results 2016 £000	Total 2016 £000	Before Items Excluded from Underlying Results 2015 £000	Items Excluded from Underlying Results 2015 £000	Total 2015 £000
Decrease/(Increase) in stocks of finished goods and work in progress	266	-	266	(430)	-	(430)
Raw materials, consumables and goods for resale	30,101	-	30,101	30,528	-	30,528
Staff costs - wages and salaries	24,969	-	24,969	24,815	-	24,815
- social security costs	2,087	-	2,087	2,056	-	2,056
- other pension costs	626	-	626	631	-	631
Depreciation - owned assets	5,543	-	5,543	5,507	-	5,507
Other operating income	(246)	-	(246)	(102)	-	(102)
Other operating charges	35,187	1,574	36,761	36,570	1,097	37,667
	<u>98,533</u>	<u>1,574</u>	<u>100,107</u>	<u>99,575</u>	<u>1,097</u>	<u>100,672</u>

3(b) EXCEPTIONAL ITEMS

Operating Costs:

Old Brewery asset write off	1,119	-
New Brewery exceptional items	344	279
Pension interest charge	240	308
Prior year balance sheet adjustment	(21)	-
Interest rate swap fair value movement	(557)	1,378
Leasehold dilapidations	20	368
Onerous rent provision on leased pubs	112	126
Visitor Centre asset write off	-	324
	<u>1,257</u>	<u>2,783</u>

Property Disposals:

Profit on sale of property	1,260	1,103
	<u>1,260</u>	<u>1,103</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

4	OPERATING PROFIT is stated after charging:	2016	2015
		£000	£000
	Hire of plant and equipment	329	273
	Auditors' remuneration - Audit services	40	35
	Non audit services paid to Auditor related companies - Taxation Services	16	17
5	EMOLUMENTS OF DIRECTORS	2016	2015
		£000	£000
	Emoluments	1,729	1,792
	Total company contributions to :-		
	Defined contribution pension scheme	127	125
		Number	Number
	Members of defined contribution pension scheme	5	5
	The amounts in respect of the highest paid director are as follows :-	2016	2015
		£000	£000
	Basic salary, fees and benefits	253	248
	Annual bonus	71	118
	Total Emoluments	324	366
	Contribution to defined contribution pension scheme	35	35
6	STAFF NUMBERS		
	The average number of persons employed by the Company, including directors, during the year was as follows:-	2016	2015
		Number	Number
	Brewery Site	219	215
	Managed Houses	1,236	1,213
		<u>1,455</u>	<u>1,428</u>
7	INTEREST RECEIVABLE	2016	2015
		£000	£000
	Interest on trade and other loans	57	59
		<u>57</u>	<u>59</u>
8	INTEREST PAYABLE AND SIMILAR CHARGES	2016	2015
		£000	£000
	Overdraft	16	32
	Bank Loans	1,916	2,129
	Other	108	71
	Interest payable before net interest on pension liability	2,040	2,232
	Net interest on pension liability	240	308
		<u>2,280</u>	<u>2,540</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

9	TAXATION	2016	2015
		£000	£000
	Analysis of current tax:		
	UK corporation tax at 20.17% (2015-21.34%)	1,462	1,444
	Adjustments relating to prior years	(28)	(18)
		<u>1,434</u>	<u>1,426</u>
	Deferred taxation:		
	Adjustments relating to prior years	13	-
	Deferred taxation	283	428
	Effect of tax rate change on opening balances	(879)	-
		<u>851</u>	<u>1,854</u>
	Factors affecting tax charge:		
	Expected tax charge on Profit on Ordinary Activities at 20.17% (2015-21.34%)	1,622	1,288
	Fixed asset differences	428	-
	Expenses not deductible for tax purposes	43	675
	Income not taxable for tax purposes	(35)	-
	Adjustments to brought forward values	(7)	-
	Amounts (charged)/credited directly to equity or otherwise transferred	(170)	-
	Adjustment to tax charge in respect of prior periods	(28)	-
	Adjustment to tax charge in respect of prior periods - deferred tax	13	428
	Effect of tax rate change on opening balances - deferred tax	(879)	-
	Deferred taxation	283	(18)
	Defined benefit scheme timing differences	136	(60)
	Capital Allowances in Excess of Depreciation	(555)	(434)
	Movement in short term timing differences	-	(22)
	Other tax adjustments	-	(2)
	Marginal Relief	-	(1)
		<u>851</u>	<u>1,854</u>
	Current tax charge for the period	<u>851</u>	<u>1,854</u>

Factors that may affect 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.

10	DIVIDENDS	2016	2015
		£000	£000
	Preference	7	7
	Ordinary :-		
	– final in respect of prior year	207p per share (2015: 202p)	1,242
	– first interim for current year	90p per share (2015: 88p)	540
	– second interim for current year	90p per share (2015: 88p)	540
		<u>2,329</u>	<u>2,275</u>

The Board will be recommending a final dividend of 212p. In accordance with Accounting Standard FRS102, these are not accrued within these accounts.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

11 PROPERTY, PLANT AND EQUIPMENT

	<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 & COMPANY						
Cost or valuation						
At 31 January 2015	178,278	1,759	11,404	14,865	25,925	232,231
Additions	8,581	-	869	4,820	3,723	17,993
Reclassification	1	-	-	-	(1)	-
Disposals	(3,714)	(212)	(466)	(876)	(1,766)	(7,034)
At 30 January 2016	<u>183,146</u>	<u>1,547</u>	<u>11,807</u>	<u>18,809</u>	<u>27,881</u>	<u>243,190</u>
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	<u>181,689</u>	<u>1,535</u>	<u>11,793</u>	<u>18,809</u>	<u>27,881</u>	<u>241,707</u>
	<u>183,146</u>	<u>1,547</u>	<u>11,807</u>	<u>18,809</u>	<u>27,881</u>	<u>243,190</u>
Depreciation						
At 31 January 2015	22,357	433	8,095	8,928	15,120	54,933
Charge for the year	1,884	33	368	555	2,703	5,543
Reclassification	-	-	-	-	-	-
Disposals	(305)	(29)	(320)	(433)	(591)	(1,678)
At 30 January 2016	<u>23,936</u>	<u>437</u>	<u>8,143</u>	<u>9,050</u>	<u>17,232</u>	<u>58,798</u>
Net book values						
At 30 January 2016	<u>159,210</u>	<u>1,110</u>	<u>3,664</u>	<u>9,759</u>	<u>10,649</u>	<u>184,392</u>
At 31 January 2015	<u>155,921</u>	<u>1,326</u>	<u>3,309</u>	<u>5,937</u>	<u>10,805</u>	<u>177,298</u>

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.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

12 FIXED ASSET INVESTMENTS

	GROUP		COMPANY	
	<i>Trade loans £000</i>	<i>Total £000</i>	<i>Trade loans £000</i>	<i>Total £000</i>
COST				
At 31 January 2015	854	854	854	854
Advances	613	613	613	613
Repayments/Write Offs	(327)	(327)	(327)	(327)
At 30 January 2016	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>
NET BOOK VALUE				
At 30 January 2016	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>
At 31 January 2015	<u>854</u>	<u>854</u>	<u>854</u>	<u>854</u>

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

Trading Companies	Percentage of Voting Shares held	Country of Incorporation
Badger Ales Limited	100%	England
Non-Trading Companies	Percentage of Voting Shares held	Country of Incorporation
Woodhouse Inns Limited	100%	England
Badger Inns Limited	100%	England
Blandford Beer Company Limited	100%	England
King & Barnes Limited	100%	England
Rio Drinks Limited	100%	England
Woodhouse Wines Limited	100%	England
470 Ringwood Road Management Company Limited	100%	England

13 INVENTORIES

	Group		Company	
	<i>2016 £000</i>	<i>2015 £000</i>	<i>2016 £000</i>	<i>2015 £000</i>
Raw materials and consumables	521	543	521	543
Finished goods	2,160	2,425	2,160	2,425
Goods for resale	501	542	501	542
Other stocks	148	182	148	182
	<u>3,330</u>	<u>3,692</u>	<u>3,330</u>	<u>3,692</u>

14 DEBTORS

	Group		Company	
	<i>2016 £000</i>	<i>2015 £000</i>	<i>2016 £000</i>	<i>2015 £000</i>
Trade debtors	5,344	4,548	5,302	4,517
Prepayments and accrued income	3,071	3,155	3,071	3,155
Owed by Group Companies	-	-	8	8
	<u>8,415</u>	<u>7,703</u>	<u>8,381</u>	<u>7,680</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

15 ANALYSIS OF NET DEBT

	At 31 January 2015 £000	Cash Flow £000	At 30 January 2016 £000
Cash at bank & in hand	1,718	(1,599)	119
Bank Overdrafts	-	(1,071)	(1,071)
Cash	1,718	(2,670)	(952)
Loans	(49,000)	(2,500)	(51,500)
	<u>(47,282)</u>	<u>(5,170)</u>	<u>(52,452)</u>

16 CREDITORS - amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	6,031	5,799	6,031	5,798
Other creditors	635	592	635	592
Social security and other taxes	3,135	3,533	3,135	3,533
Taxation	621	455	592	428
Accruals and deferred income	5,002	6,056	4,997	6,051
Tenants' and other deposits	1,350	1,471	1,350	1,471
Bank Overdraft	1,071	-	1,167	-
Bank loans (secured)	-	9,000	-	9,000
Interest Rate Swaps	98	-	98	-
	<u>17,943</u>	<u>26,906</u>	<u>18,005</u>	<u>26,873</u>

17 CREDITORS - amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2016 £000	2015 £000	2016 £000	2015 £000
Interest Rate Swaps	2,719	3,373	2,719	3,373
Bank loans (secured)	51,500	40,000	51,500	40,000
	<u>54,219</u>	<u>43,373</u>	<u>54,219</u>	<u>43,373</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

18 LOANS

	<i>Group & Company</i>	
	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Wholly repayable within 10 years:		
HSBC Bank plc		
£20m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR.	20,000	20,000
M&G Investments Ltd		
£20m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR.	20,000	20,000
Barclays Bank plc		
£20m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR.	11,500	-
£8.125m revolving credit loan facility with a variable interest rate linked to a fixed margin over LIBOR.	-	4,000
£5m term loan facility with a variable interest rate linked to a fixed margin over LIBOR.	-	5,000
	<u>51,500</u>	<u>49,000</u>
Amounts repayable:		
In one year or less, or on demand	-	9,000
In more than one year but not more than two years	-	20,000
In more than two years but not more than five years	31,500	-
In more than five years but not more than ten years	20,000	20,000
	<u>51,500</u>	<u>49,000</u>

19 FINANCIAL INSTRUMENTS

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Financial Assets				
Financial assets that are debt instruments measured at amortised cost	5,344	4,548	5,302	4,517
Financial Liabilities				
Financial liabilities measured at amortised cost	64,343	60,850	64,410	60,822
Financial liabilities measured at fair value through profit and loss	2,816	3,373	2,816	3,373
	<u>67,159</u>	<u>64,223</u>	<u>67,226</u>	<u>64,195</u>

The change in fair value of the Group's interest rate swaps of £557k (2015 - (£1,378k)) has been recognised with 'Other gains and losses' in the Consolidated Income Statement.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

20 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred taxation	8,197	8,780	8,197	8,780
King & Barnes Ltd unfunded pension scheme	849	882	849	882
Other provisions	19	19	19	19
	<u>9,065</u>	<u>9,681</u>	<u>9,065</u>	<u>9,681</u>

Movement in deferred taxation provision:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 January 2015	8,780	8,352	8,780	8,352
Charge for the year	283	428	283	428
Prior year adjustment	13	-	13	-
Effect of change of tax rate	(879)	-	(879)	-
At 30 January 2016	<u>8,197</u>	<u>8,780</u>	<u>8,197</u>	<u>8,780</u>

The balance comprises:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</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	8,630	9,060	8,630	9,060
Other timing differences	(433)	(280)	(433)	(280)
	<u>8,197</u>	<u>8,780</u>	<u>8,197</u>	<u>8,780</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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</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

The Company has entered into Fixed Interest Rate Swaps totalling £30.0m (2015-£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 30 January 2016 authorised future capital expenditure amounted to:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under operating leases as at 30 January 2016 fall due as follows:	3,537	4,169	3,537	4,169
	<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(a) within one year	337	279	337	279
(b) in two to five years	605	529	605	529
	<u>942</u>	<u>808</u>	<u>942</u>	<u>808</u>

24 CONTROLLING PARTIES

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

25 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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
J G G Williams	-	-	261	255
A W Woodhouse	71	69	227	222
M J M Woodhouse	153	149	59	57

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

All of the Group's Key Management Personnel are members of the Board of Directors and details of their remuneration are given in note 5.

26 RESERVES

Revaluation Reserve

The Revaluation Reserve represents gains on revaluation of property up to 1963.

Profit and Loss Account

The Profit and Loss Account represents cumulative losses and gains, after dividends paid.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS

The Group 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 30 January 2016. In addition, following the acquisition of King & Barnes in April 2000, the Group 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 Sheet of the Group.

The contributions made by the Group to the Plan over the financial year have been £0.240m (2015 - £0.240m) 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 £0.240m. 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

	2016 (£000)			2015 (£000)			2014 (£000)		
	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total
Assets	30,274	2,812	33,086	32,794	2,945	35,739	28,864	2,781	31,645
Liabilities	36,342	4,342	40,684	39,417	4,451	43,868	35,294	3,604	38,898
(Deficit)/ Surplus	(6,068)	(1,530)	(7,598)	(6,623)	(1,506)	(8,129)	(6,430)	(823)	(7,253)
Related deferred tax asset/(liability)	1,093	275	1,368	1,325	301	1,626	1,286	165	1,451
Net Pension asset/(liability)	(4,975)	(1,255)	(6,230)	(5,298)	(1,205)	(6,503)	(5,144)	(658)	(5,802)

Under FRS102, 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	13,268	130	13,398	14,090	130	14,220	14,539	130	14,669
Emerging Markets	1,412	-	1,412	1,477	-	1,477	-	-	-
Bonds	7,130	-	7,130	8,049	-	8,049	6,768	-	6,768
Gilts	8,412	536	8,948	9,139	536	9,675	7,518	536	8,054
Company Pension Promise	-	849	849	-	882	882	-	915	915
Other	52	1,297	1,349	39	1,397	1,436	39	1,200	1,239
Total	30,274	2,812	33,086	32,794	2,945	35,739	28,864	2,781	31,645

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 Balance Sheet.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

27 PENSION COSTS (continued)

Reconciliation of the present value of the defined benefit obligation

	2016 £000	2015 £000
Present value of defined benefit obligation at beginning of year	43,868	38,898
Interest cost	1,291	1,640
Actuarial loss on Plan liabilities	(2,823)	4,894
Benefits paid	(1,652)	(1,564)
Present value of defined benefit obligation at end of year	<u>40,684</u>	<u>43,868</u>

Reconciliation of fair value of Plan assets

	2016 £000	2015 £000
Fair value of Plan assets at start of year	35,739	31,645
Expected return on Plan assets	1,051	1,332
Actuarial gain on Plan assets	(2,289)	4,086
Contributions by the Company	240	240
Contributions by members	-	-
Prior year adjustment	(3)	-
Benefits paid	(1,652)	(1,564)
Fair value of Plan assets at end of year	<u>33,086</u>	<u>35,739</u>

Amounts to be recognised in the balance sheet

	2016 £000	2015 £000
Present value of funded obligation	33,086	35,739
Fair value of Plan assets	(40,684)	(43,868)
Net liability in balance sheet	<u>(7,598)</u>	<u>(8,129)</u>

Amounts to be recognised in the P&L statement

	2016 £000	2015 £000
Interest on obligation	1,291	1,640
Expected return on Plan assets	(1,051)	(1,332)
Total expense	<u>240</u>	<u>308</u>

Notes to the Accounts (continued)

27 PENSION COSTS (continued)

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.

	2016 £000	2015 £000
Actuarial return on Plan assets	<u>(1,238)</u>	<u>5,418</u>

Principal actuarial assumptions at the balance sheet date

	2016	2015	2014
RPI Inflation	3.00%	2.75%	N/A
CPI inflation	1.90%	1.75%	2.30%
Rate of increase in salaries	N/A	N/A	N/A
Pension increases:			
- Pension accrued before 6 April 1997	0.00%	0.00%	0.00%
- Pension accrued after 6 April 1997	3.00%	2.70%	3.20%
- Pension accrued after 6 April 2005	2.20%	2.00%	2.10%
Discount Rate	3.60%	3.00%	4.30%

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 2036 (2016) at age 65 will live on average for a further 25 (25) years after retirement if they are male and for a further 27 (27) years after retirement if they are female

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 13%
Rate of inflation	Increase/decrease by 1%	Increase/decrease by 10%

Future contributions

Contribution to be paid to the Plan by the Group next year is £240,000.

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

28 TRANSITION TO FRS 102

Reconciliation of Profit and Loss for the year ended 31 January 2015

	UK GAAP	Note 1	Note 2	Total Adjustments	FRS102
	2015 £000	£000	£000	£000	2015 £000
Turnover	109,462	-	-	-	109,462
Operating Costs	(100,672)	-	-	-	(100,672)
Other gains and losses	-	(1,378)	-	(1,378)	(1,378)
OPERATING PROFIT/(LOSS)	8,790	(1,378)	-	(1,378)	7,412
Profit/(loss) on sale of properties	1,103	-	-	-	1,103
Profit on ordinary activities before interest	9,893	(1,378)	-	(1,378)	8,515
Interest receivable	59	-	-	-	59
Interest payable and similar charges	(2,232)	-	-	-	(2,232)
Net interest on pension liabilities	41	-	(349)	(349)	(308)
PROFIT on ordinary activities before taxation	7,761	(1,378)	(349)	(1,727)	6,034
TAXATION on profit of ordinary activities before	(1,854)	-	-	-	(1,854)
RETAINED PROFIT FOR THE YEAR	5,907	(1,378)	(349)	(1,727)	4,180
Actuarial (loss) on defined benefit pension scheme	(1,157)	-	349	349	(808)
Deferred tax associated with actuarial gain/(loss) relating to net pension liability	175	-	-	-	175
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	4,925	(1,378)	-	(1,378)	3,547

Note 1 - Interest Rate Swap Revaluation

Note 2 - Defined Benefit Pension Scheme

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

28 TRANSITION TO FRS 102 (continued)

Reconciliation of the Statement of Financial Position as at 26 January 2014

	UK GAAP	Note 1	Total	FRS102
	2014		Adjustments	2014
	£000	£000	£000	£000
Fixed Assets				
Property Plant and Equipment	170,405	-	-	170,405
Investments	1,166	-	-	1,166
	<u>171,571</u>	<u>-</u>	<u>-</u>	<u>171,571</u>
Current Assets				
Inventories	3,271	-	-	3,271
Debtors	8,622	-	-	8,622
Cash at bank and in hand	579	-	-	579
	<u>12,472</u>	<u>-</u>	<u>-</u>	<u>12,472</u>
Creditors: amounts falling due within one year	(18,429)	-	-	(18,429)
Net Current Liabilities	<u>(5,957)</u>	<u>-</u>	<u>-</u>	<u>(5,957)</u>
Total Assets less Current Liabilities	165,614	-	-	165,614
Creditors: amounts falling due after more than one year	(45,000)	(1,995)	(1,995)	(46,995)
Provisions for Liabilities and Charges	(9,287)	-	-	(9,287)
Net Assets	<u>111,327</u>	<u>(1,995)</u>	<u>(1,995)</u>	<u>109,332</u>
Pension Liability Net of Deferred Tax	(5,802)	-	-	(5,802)
Net Assets including Pension Liability	<u>105,525</u>	<u>(1,995)</u>	<u>(1,995)</u>	<u>103,530</u>
Capital and Reserves				
Called-up share capital	800	-	-	800
Revaluation reserve	332	-	-	332
Profit and loss account	104,393	(1,995)	(1,995)	102,398
Total Equity	<u>105,525</u>	<u>(1,995)</u>	<u>(1,995)</u>	<u>103,530</u>

Note 1 - Interest Rate Swap Revaluation

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

28 TRANSITION TO FRS 102 (continued)

Reconciliation of the Statement of Financial Position for the year end 31 January 2015

	UK GAAP	Note 1	Total	FRS102
	2015		Adjustments	2015
	£000	£000	£000	£000
Fixed Assets				
Property Plant and Equipment	177,298	-	-	177,298
Investments	854	-	-	854
	<u>178,152</u>	<u>-</u>	<u>-</u>	<u>178,152</u>
Current Assets				
Inventories	3,692	-	-	3,692
Debtors	7,703	-	-	7,703
Cash at bank and in hand	1,718	-	-	1,718
	<u>13,113</u>	<u>-</u>	<u>-</u>	<u>13,113</u>
Creditors: amounts falling due within one year	(26,906)	-	-	(26,906)
Net Current Liabilities	<u>(13,793)</u>	<u>-</u>	<u>-</u>	<u>(13,793)</u>
Total Assets less Current Liabilities	164,359	-	-	164,359
Creditors: amounts falling due after more than one year	(40,000)	(3,373)	(3,373)	(43,373)
Provisions for Liabilities and Charges	(9,681)	-	-	(9,681)
Net Assets	<u>114,678</u>	<u>(3,373)</u>	<u>(3,373)</u>	<u>111,305</u>
Pension Liability Net of Deferred Tax	<u>(6,503)</u>	<u>-</u>	<u>-</u>	<u>(6,503)</u>
Net Assets including Pension Liability	108,175	(3,373)	(3,373)	104,802
Capital and Reserves				
Called-up share capital	800	-	-	800
Revaluation reserve	332	-	-	332
Profit and loss account	107,043	(3,373)	(3,373)	103,670
Total Equity	<u>108,175</u>	<u>(3,373)</u>	<u>(3,373)</u>	<u>104,802</u>

Note 1 - Interest Rate Swap Revaluation

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

28 TRANSITION TO FRS 102 (continued)

Reconciliation of Changes in Equity

	Share Capital	Revaluation Reserve	Profit & Loss Account	Total Equity
	£000	£000	£000	£000
Previously Stated At 25 January 2014	800	332	104,393	105,525
FRS 102 Adjustment: Interest Rate Swaps	-	-	(1,995)	(1,995)
FRS 102 Equity At 25 January 2014	800	332	102,398	103,530
Previously Stated At 31 January 2015	800	332	107,043	108,175
FRS 102 Adjustment: Interest Rate Swaps 2014	-	-	(1,995)	(1,995)
FRS 102 Adjustment: Interest Rate Swaps 2015	-	-	(1,378)	(1,378)
FRS 102 Equity At 31 January 2015	800	332	103,670	104,802

29 TRANSITION TO FRS 102 - CHANGES IN TERMINOLOGY

FRS 102 uses the same terminology as International Financial Reporting Standards, and as a result, there are some changes between the language used in these financial statement, and those prepared under “old” UK GAAP, as listed below:

FRS 102 - “New” UK GAAP	“Old” UK GAAP
Income Statement	Profit and Loss Account
Statement of Comprehensive Income.....	Statement of Total Recognised Gains and Losses
Statement of Financial Position	Balance Sheet
Statement of Changes in Equity	Shareholders Funds and Reserves
Plant, Property and Equipment.....	Fixed Assets
Inventories	Stock

HALL & WOODHOUSE LIMITED

Five-Year Statement

	FRS 102		"OLD" UK GAAP		
	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
ASSETS EMPLOYED					
Overdraft	(1,071)	-	-	-	(96)
Net Current Liabilities	(5,008)	(13,793)	(5,957)	(9,430)	(8,769)
Investments and Trade Loans	1,140	854	1,166	1,578	1,099
Fixed Assets	184,392	177,298	170,405	171,319	167,553
	<u>179,453</u>	<u>164,359</u>	<u>165,614</u>	<u>163,467</u>	<u>159,787</u>
CAPITAL EMPLOYED					
Equity	109,739	104,602	105,325	102,831	100,798
Preference Capital	200	200	200	200	200
Medium Term Liabilities	54,219	43,373	45,000	45,625	44,250
Long Term Liabilities	9,065	9,681	9,287	10,319	10,802
Net Pension Liability	6,230	6,503	5,802	4,492	3,737
	<u>179,453</u>	<u>164,359</u>	<u>165,614</u>	<u>163,467</u>	<u>159,787</u>
PROFITS and DIVIDENDS					
	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Turnover	108,554	109,462	102,855	96,805	94,129
Operating Profit	10,021	9,887	9,015	8,312	7,704
Items excluded from underlying results	(1,017)	(2,475)	387	(318)	(161)
Operating Profit	<u>9,004</u>	<u>7,412</u>	<u>9,402</u>	<u>7,994</u>	<u>7,543</u>
Interest Receivable	57	59	56	60	53
Interest Payable	(2,280)	(2,540)	(2,066)	(2,049)	(2,083)
Trading Profit before Taxation	<u>6,781</u>	<u>4,931</u>	<u>7,392</u>	<u>6,005</u>	<u>5,513</u>
Profit on Sales of Assets	1,260	1,103	(370)	321	209
Profit before Taxation	<u>8,041</u>	<u>6,034</u>	<u>7,022</u>	<u>6,326</u>	<u>5,722</u>
Taxation	(851)	(1,854)	(811)	(1,269)	(1,512)
Preference Dividend	(7)	(7)	(7)	(7)	(7)
Earnings for Ordinary Shareholders	<u>7,183</u>	<u>4,173</u>	<u>6,204</u>	<u>5,050</u>	<u>4,203</u>
Ordinary Dividends	(2,322)	(2,268)	(2,214)	(2,160)	(2,106)
Transfer to Reserves	<u>4,861</u>	<u>1,905</u>	<u>3,990</u>	<u>2,890</u>	<u>2,097</u>
Earnings per Ordinary Share	£11.97	£6.96	£10.34	£8.42	£7.01
Dividend per £1 Ordinary Share	Pence	Pence	Pence	Pence	Pence
Net Ordinary Dividend Paid/Proposed	392	383	374	365	356

Printed by The Minster Press

The Old Brewery, 14 Mill Lane, Wimborne, Dorset BH21 1LN

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