



HALL & WOODHOUSE

**REPORT AND
ACCOUNTS
2019**

WEDNESDAY



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COMPANIES HOUSE



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Directors and Advisers

Directors

M J M WOODHOUSE, MBA (*Chairman*)[†]
T CLARKE, MA *[†]
D H C HOARE, BA (Hons), MBA
L R GRAY, BSC (Hons), MA
M JAMES, LLB (Hons)
M R KEARSEY, BA (Hons)
D J LIVESEY, FCIPD
D J FRENCH, (Resigned 31st January 2018)
M J OWEN, ACMA
J M SCOTT, BA (Hons), ACMA
M A STREET, OBE *[†]
A W WOODHOUSE, MA (*Managing*)

* denotes member of the Audit and Remuneration Committees

[†] denotes member of the Nominations Committee

Auditors

NEXIA SMITH & WILLIAMSON
Cumberland House, 15-17 Cumberland Place, Southampton SO15 2BG

Bankers

BARCLAYS BANK PLC
4th Floor, Bridgewater House, Counterslip, Finzels Reach, Bristol BS1 6BX

Solicitors

BLANCHARDS BAILEY LLP
Bunbury House, Stour Park, Blandford DT11 9LQ

Secretary

M JARVIS

Registered Office

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

Registered No

00057696

HALL & WOODHOUSE LIMITED

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

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND TWENTY-FIRST ANNUAL GENERAL MEETING of the Company will be held at The Brewery, Blandford St Mary, DT11 9LS on Friday the 10th day of May, 2019 at 12 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 26 January 2019.
- 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 retiring directors, namely: M A STREET.
- 6) To re-appoint the auditors, Nexia Smith & Williamson.
- 7) To authorise the directors to determine the remuneration of the auditors.
- 8) To transact any other ordinary business of the Company.

By order of the Board



M JARVIS
Secretary

THE BREWERY
BLANDFORD ST. MARY
DORSET
26 March 2019

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>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>	<i>% Change</i> <i>Year on Year</i>
TURNOVER	114,808	110,110	+4.3%
ONGOING OPERATING PROFIT	8,967	7,944	+12.9%
INTEREST RECEIVABLE	49	46	+6.5%
INTEREST PAYABLE	(1,987)	(1,985)	-0.1%
ONGOING PROFIT ON ORDINARY ACTIVITIES	7,029	6,005	+17.0%
EXCEPTIONAL ITEMS	(1,009)	3,281	-130.7%
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6,020	9,286	-35.2%
TAXATION PAYABLE	(1,525)	(1,635)	+6.7%
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	4,495	7,651	-41.2%
EARNINGS PER ORDINARY SHARE*	£7.49	£12.74	-41.2%
DIVIDEND PER ORDINARY SHARE** (Paid and proposed)	£3.96	£3.92	+1.0%

* Earnings per ordinary share is calculated profit on ordinary activities after taxation divided by the number of ordinary shares.

** 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

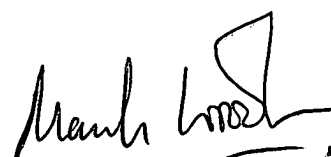
I am pleased to report that your Company has performed strongly last year with Ongoing Profits Before Tax up 17% to £7.0m on the back of 4.3% growth in Group Turnover on the previous year to £114.8m. Although we continue to face significant cost headwinds across a number of areas within the business, we have mitigated a large proportion of these costs through a number of efficiency initiatives.

The year has delivered a very strong performance from both our Managed House and Business Partnership estates. This is set against a backdrop of the continued legislative headwinds countered by the excellent summer weather that delivered top line growth. Our Off-trade business performed in line with our strategy: the Badger brand gained some successes in the top grocery accounts whilst Rio performed very strongly aligned to our sugar tax strategy and the good summer weather.

As with previous years and in line with our on-going strategy, we continue to invest heavily behind our pubs, our brands and our teams. Borrowings increased slightly to £56.5m (2018 - £51.5m).

During the course of the year, we announced forthcoming changes to the senior management team that we have been planning for a number of years, including Matthew Kearsey becoming Managing Director effective 28th January 2019. Anthony Woodhouse will replace me as Chairman when I step down at the AGM.

Finally I would like to put on record my thanks to our dedicated teams for all their hard work over the last year.



M J M WOODHOUSE
Chairman

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

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

PRINCIPAL RISKS AND UNCERTAINTIES


The Board regularly reviews the principal risks and uncertainties facing the Group and maintains a risk register. The directors consider the most pertinent current risks to be the attraction and retention of staff, the increasing level of competition within the on-trade sector, the effect on margins of price inflation, and the wider impacts of Brexit to the Group's on-going business. The directors are actively monitoring these risks and the Group is undertaking a number of initiatives to manage and mitigate their impact.

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:

	2019	2018	Definition, method of calculation and analysis
Increase/(Decline) in sales (%)	4.3%	2.2%	Year on year sales movement expressed as a percentage. We continue to benefit from the on-going investment in our pub estate, as well as benefiting from the excellent summer weather, delivering very strong revenue growth over the last year.
Operating margin (%)	7.8%	7.2%	Operating margin is the ratio of operating profit before interest and property disposals, to sales expressed as a percentage. We have grown this margin despite the hospitality industry as a whole continuing to face cost pressures across the P&L, with the main impacts coming through the minimum wage and customer mix in the Off-Trade.
Return on invested capital (%)	7.4%	6.7%	Operating Profit expressed as a percentage of net assets. The increase reflects the positive movement above in the operating margin.

This report was approved and authorised for issue by the Board of Directors on 26 March 2019.


M JARVIS
Secretary

Directors' Report

PROFITS AND DIVIDEND

The Group profit for the year available for appropriation amounts to £4.495m (2018 - £7.651m). Ordinary interim dividends of £1.080m, a final dividend of £1.272m, and the preference dividend of £0.007m have been paid during the year. A balance of £1.607m (2018 - £6.816m) has been added to reserves, including £0.529m in other comprehensive income (2018 - (£1.524m)).

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 entered into interest rate swap contracts up to ten years for approximately 70% of borrowings; we have contracts in place until 2028.

The Group does hedge against foreign exchange exposure where it considers it to be appropriate. This hedge never exceeds 18 months and currently is in place until April 2019.

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 the Directors do not consider such expenditure justified.

Most of the properties 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 £13.768m (2018 - £15.108m). 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 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 each year where similar updates are given.

Daily announcements are made on the Group 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 Group'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 £125,621 (2018 - £125,676) 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 26 March 2019.



M JARVIS

Secretary

26 March 2019

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 Company and of the profit or loss of the Company 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 00057696)

OPINION

We have audited the financial statements of Hall & Woodhouse Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 26 January 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Financial Position, Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 26 January 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

Independent Auditors' Report (continued)

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. 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's 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Edmonds, Senior Statutory Auditor
for and on behalf of
Nexia Smith & Williamson
Chartered Accountants
26 March 2019

Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

HALL & WOODHOUSE LIMITED

Consolidated Income Statement for the year ended 26 January, 2019

	Notes	2019 £000	2019 £000 Items Excluded from	2019 £000 Total	2018 £000	2018 £000 Items Excluded from	2018 £000 Total
		Underlying Results	Underlying Results		Underlying Results	Underlying Results	
Turnover	1	114,808	-	114,808	110,110	-	110,110
Operating costs	3(a)&(b)	(105,841)	(776)	(106,617)	(102,166)	(570)	(102,736)
Other gains		-	69	69	-	818	818
OPERATING PROFIT	4	8,967	(707)	8,260	7,944	248	8,192
Profit/(Loss) on sales of properties	3(b)	-	(138)	(138)	-	3,262	3,262
PROFIT on ordinary activities before interest		8,967	(845)	8,122	7,944	3,510	11,454
Interest receivable	7	49	-	49	46	-	46
Interest payable and similar charges	8	(1,987)	-	(1,987)	(1,985)	-	(1,985)
Net interest on pension liabilities	8	-	(164)	(164)	-	(229)	(229)
PROFIT on ordinary activities before taxation		7,029	(1,009)	6,020	6,005	3,281	9,286
TAXATION on profit of ordinary activities	9	(1,525)	-	(1,525)	(1,635)	-	(1,635)
RETAINED PROFIT FOR THE YEAR		5,504	(1,009)	4,495	4,370	3,281	7,651

All amounts relate to continuing operations

Consolidated Statement of Comprehensive Income for the year ended 26 January, 2019

	Notes	2019 £000	2018 £000
PROFIT FOR THE FINANCIAL PERIOD		4,495	7,651
Actuarial (loss)/profit relating to net pension liability	28	(621)	1,839
Deferred tax associated with actuarial (gain)/loss relating to net pension liability		92	(315)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,966	9,175

Consolidated Statement of Changes in Equity as at 26 January, 2019

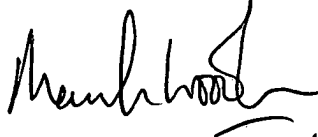

	<i>Share Capital £000</i>	<i>Revaluation Reserve £000</i>	<i>Profit and Loss Account £000</i>	<i>Total Equity £000</i>
At 28 January 2017	800	332	110,942	112,074
Profit for the period	-	-	7,651	7,651
At 27 January 2018	800	332	118,593	119,725
Actuarial gains/(losses) on pension scheme	-	-	1,839	1,839
Deferred tax associated with actuarial gain/(loss) relating to net pension liability	-	-	(315)	(315)
Other Comprehensive Income for the period	-	-	1,524	1,524
Total Comprehensive Income for the period	800	332	120,117	121,249
Dividends	-	-	(2,359)	(2,359)
At 27 January 2018	800	332	117,758	118,890
Profit for the period	-	-	4,495	4,495
At 26 January 2019	800	332	122,253	123,385
Actuarial gains/(losses) on pension scheme	-	-	(621)	(621)
Deferred tax associated with actuarial gain/(loss) relating to net pension liability	-	-	92	92
Other Comprehensive Income for the period	-	-	(529)	(529)
Total Comprehensive Income for the period	800	332	121,724	122,856
Dividends	-	-	(2,359)	(2,359)
At 26 January 2019	800	332	119,365	120,497

The Statement of Changes in Equity of the Parent Company has not been separately presented as it is not materially different to that of the Group.

Consolidated and Company Statement of Financial Position as at 26 January, 2019

		<i>Group</i>		<i>Company</i>	
	<i>Notes</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Fixed Assets					
Plant, property and Equipment	11	199,362	193,634	195,440	193,634
Investments	12	879	956	879	956
		<u>200,241</u>	<u>194,590</u>	<u>196,319</u>	<u>194,590</u>
Current Assets					
Inventories	13	4,097	3,947	4,097	3,947
Debtors	14	8,376	7,457	12,348	7,449
Cash at bank and in hand	15	94	39	94	39
		<u>12,567</u>	<u>11,443</u>	<u>16,539</u>	<u>11,435</u>
Creditors: amounts falling due within one year	16	(19,687)	(18,654)	(20,089)	(19,011)
Net Current Liabilities		<u>(7,120)</u>	<u>(7,211)</u>	<u>(3,550)</u>	<u>(7,576)</u>
Total Assets less Current Liabilities		<u>193,121</u>	<u>187,379</u>	<u>192,769</u>	<u>187,014</u>
Creditors: amounts falling due after more than one year	17	(56,456)	(53,107)	(56,456)	(53,107)
Provisions for Liabilities and Charges	20	(9,184)	(8,943)	(9,184)	(8,943)
		<u>127,481</u>	<u>125,329</u>	<u>127,129</u>	<u>124,964</u>
Net Assets excluding Pension Liability		<u>127,481</u>	<u>125,329</u>	<u>127,129</u>	<u>124,964</u>
Pension Liability	28	(6,984)	(6,439)	(6,984)	(6,439)
Net Assets including Pension Liability		<u>120,497</u>	<u>118,890</u>	<u>120,145</u>	<u>118,525</u>
Capital and Reserves					
Called-up share capital	21	800	800	800	800
Revaluation reserve		332	332	332	332
Income Statement		119,365	117,758	119,013	117,393
		<u>120,497</u>	<u>118,890</u>	<u>120,145</u>	<u>118,525</u>
Total Equity		<u>120,497</u>	<u>118,890</u>	<u>120,145</u>	<u>118,525</u>

The Company retained profit for the year totalled £4.509m (2018 - £7.558m).

 M J M Woodhouse
 M J Owen

} Directors

26 March 2019

HALL & WOODHOUSE LIMITED

Consolidated Cash Flow Statement as at 26 January, 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
PROFIT FOR THE FINANCIAL YEAR			4,495		7,651
ADJUSTMENTS FOR					
Depreciation of plant property and equipment	11	6,481		6,335	
(Increase)/Decrease in trade & other receivables		(919)		1,559	
(Increase)/Decrease in inventories		(150)		(700)	
(Decrease)/Increase in trade & other payables		(780)		1,506	
(Decrease) in provisions		(33)		(31)	
Defined benefit operating profit charges less contributions paid		(76)		(11)	
Revaluation of financial instruments		(83)		(825)	
Taxation		1,525		1,635	
Loss/(Profit) from sale of plant property and equipment		138		(3,262)	
Interest received		(49)		(46)	
Interest paid		1,987		1,985	
Net interest on pension liabilities		164		229	
CASH FROM OPERATIONS			<u>12,700</u>		<u>16,025</u>
Income taxes paid		(997)		(1,220)	
NET CASH GENERATED FROM OPERATING ACTIVITIES			<u>11,703</u>		<u>14,805</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant property and equipment		1,421		8,512	
Purchases of plant property and equipment	11	(13,768)		(15,108)	
Interest received	7	49		46	
Trade loans advanced	12	(495)		(313)	
Trade loans repaid	12	572		370	
NET CASH FROM INVESTING ACTIVITIES			<u>(12,221)</u>		<u>(6,493)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Movement in loans	15	3,500		(5,000)	
Interest paid	8	(2,151)		(2,214)	
Dividends paid on ordinary shares	10	(2,352)		(2,352)	
Dividends paid on preference shares	10	(7)		(7)	
NET CASH FROM FINANCING ACTIVITIES			<u>(1,010)</u>		<u>(9,573)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	15		<u>(1,528)</u>		<u>(1,261)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 26 JANUARY, 2019					
	Notes	2019 £000		2018 £000	
(Decrease) in cash	15	(1,528)		(1,261)	
(Increase) in debt from movement in loans	15	(3,500)		5,000	
MOVEMENT IN NET DEBT	15	<u>(5,028)</u>		<u>3,739</u>	
NET DEBT AT BEGINNING OF YEAR	15	<u>(51,461)</u>		<u>(55,200)</u>	
NET DEBT AT END OF YEAR	15	<u>(56,489)</u>		<u>(51,461)</u>	

The Parent Company has taken advantage of the exemption available to it under FRS102 not to prepare a Cashflow Statement.

Statement of Accounting Policies

General Information

Hall & Woodhouse Limited is a private limited company which is limited by shares and incorporated in England & Wales. The address of the registered office is The Brewery, Blandford St. Mary, Dorset DT11 9LS and the registered number is 00057696. See the Strategic Report for additional information.

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.

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 26 January 2019. 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.

Parental Guarantee

The below subsidiaries are included within the consolidated accounts and the exemption under Section 479A of the Companies Act 2016 has been claimed. Therefore there individual accounts have not been audited.

Badger Ales Limited	Reg no. 01189094	Incorporated in England
Hall & Woodhouse Developments Limited	Reg no. 11141146	Incorporated in England

Parent Company Profit for the Year

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 and has not presented its own Income Statement or Statement of Comprehensive Income in these Financial Statements. The profits after tax of the Parent are noted on the Statement of Financial Position.

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 committed future expenditure on assets under construction at the year end is included within note 23, Financial 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 Income Statement.

Statement of Accounting Policies (continued)

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 Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short term bank deposits with original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

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 Income Statement so as to produce a rate commensurate with the capital balance outstanding. Rentals in respect of all other leases are charged to the Income Statement 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 Income Statement over the period to the first review 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.

Deferred Taxation

Deferred tax is provided for on a full provision basis on all timing differences that have arisen at the Statement of Financial Position date. A deferred tax asset is not realised 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 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 Statement of Financial Position. The movement in the scheme surplus/deficit is split between operating and financing items in the Income Statement and the statement of total recognised gains and losses.

Statement of Accounting Policies (continued)

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. Interest income is recognised in the Income Statement using the effective interest method.

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 main estimates and assumptions 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. The Net Book Value of these assets at 26 January 2019 was £199.362m (2018 - £193.634m).

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 26 January 2019 was £217,923 (2018- £172,844).

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 26 January 2019 was £14,370 (2018 - £34,570).

Retros/Promos: 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 26 January 2019 was £77,030 (2018 - £154,793).

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 condition 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 26 January 2019 was £NIL (2018 - £50,798).

HALL & WOODHOUSE LIMITED

Notes to the Accounts

1 REVENUE

Turnover comprises the net retail sales of the Group 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 Company is generated in the United Kingdom.

3(a) OPERATING COSTS

	Before Items Excluded from Underlying Results 2019 £000	Items Excluded from Underlying Results 2019 £000	Total 2019 £000	Before Items Excluded from Underlying Results 2018 £000	Items Excluded from Underlying Results 2018 £000	Total 2018 £000
Decrease/(Increase) in stocks of finished goods and work in progress	279	-	279	(541)	-	(541)
Raw materials, consumables and goods for resale	35,338	-	35,338	32,770	-	32,770
Team costs - wages and salaries	27,182	-	27,182	26,306	-	26,306
- social security costs	2,393	-	2,393	2,331	-	2,331
- other pension costs	725	-	725	622	-	622
Depreciation - owned assets	6,481	-	6,481	6,335	-	6,335
Other operating income	(114)	-	(114)	(106)	-	(106)
Other operating charges	33,557	776	34,333	34,449	570	35,019
	<u>105,841</u>	<u>776</u>	<u>106,617</u>	<u>102,166</u>	<u>570</u>	<u>102,736</u>

3(b) EXCEPTIONAL ITEMS

	2019 £000	2018 £000
Operating Costs:		
Old Brewery asset write off	-	(41)
New Brewery exceptional items	-	(2)
Leasehold dilapidations	264	12
Onerous rent provision on leased pubs	62	63
Other items	450	538
	<u>776</u>	<u>570</u>
Other Gains:		
Interest rate swap fair value movement	(83)	(824)
Forward Foreign Exchange Contracts	14	6
	<u>(69)</u>	<u>(818)</u>
Pension interest charge	<u>164</u>	<u>229</u>
Property Disposals:		
(Loss)/Profit on sale of property	<u>(138)</u>	<u>3,262</u>
(Loss)/Profit on Ordinary Activities	<u>(1,009)</u>	<u>3,281</u>

HALL & WOODHOUSE LIMITED

Notes to the Accounts (continued)

4	OPERATING PROFIT is stated after charging:	2019	2018
		£000	£000
	Hire of plant and equipment	358	343
	Auditors' remuneration - Audit services	47	38
	Non audit services paid to Auditor related companies - Taxation Services	23	19
	There is no material difference between auditors' remuneration in the Group and the Company.		
5	EMOLUMENTS OF DIRECTORS	2019	2018
		£000	£000
	Emoluments	2,333	2,092
	National Insurance contributions of Employers	267	292
	Total company contributions to :-		
	Defined contribution pension scheme	134	132
		Number	Number
	Members of defined contribution pension scheme	7	7
	The amounts in respect of the highest paid director are as follows :-	2019	2018
		£000	£000
	Basic salary, fees and benefits	269	263
	Annual bonus	93	-
	Total Emoluments	<u>362</u>	<u>263</u>
	Contribution to defined contribution pension scheme	11	22
	There is no material difference between director emoluments in the Group and the Company.		
6	TEAM MEMBER NUMBERS		
	The average number of persons employed by the Company, including directors, during the year was as follows:-	2019	2018
		Number	Number
	Brewery Site	215	220
	Managed Houses	1,216	1,199
		<u>1,431</u>	<u>1,419</u>
	There is no material difference between team member numbers in the Group and the Company.		
7	INTEREST RECEIVABLE	2019	2018
		£000	£000
	Interest on trade and other loans	49	46
		<u>49</u>	<u>46</u>
8	INTEREST PAYABLE AND SIMILAR CHARGES	2019	2018
		£000	£000
	Overdraft	(92)	9
	Bank Loans	1,988	1,904
	Other	91	72
	Interest payable before net interest on pension liability	1,987	1,985
	Net interest on pension liability	164	229
		<u>2,151</u>	<u>2,214</u>

Notes to the Accounts (continued)

9 TAXATION

	2019	2018
	£000	£000
Analysis of tax charge on ordinary activities:		
UK corporation tax at 19% (2018 - 19.17%)	1,172	845
Adjustments relating to prior years	(13)	17
	<u>1,159</u>	<u>862</u>
Deferred taxation:		
Adjustments relating to prior years	14	376
Deferred taxation	352	397
Effect of tax rate change on opening balances	-	-
	<u>1,525</u>	<u>1,635</u>
Factors affecting tax charge:		
Expected tax charge on Profit on Ordinary Activities at 19% (2018 - 19.17%)	1,144	1,780
Fixed asset differences	452	(173)
Expenses not deductible for tax purposes	8	26
Income not taxable for tax purposes	(13)	(201)
Amounts (charged)/credited directly to equity or otherwise transferred	-	353
Adjustment to tax charge in respect of prior periods	(13)	17
Adjustment to tax charge in respect of prior periods - deferred tax	14	376
Effect of tax rate change on opening balances - deferred tax	(31)	(86)
Deferred taxation	290	189
Defined benefit scheme timing differences	93	(60)
Capital Allowances in Excess of Depreciation	(419)	(586)
	<u>1,525</u>	<u>1,635</u>
Current tax charge for the period	<u>1,525</u>	<u>1,635</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.

Deferred tax has been recognised in line with the UK Government enacted legislation rates. Any alteration to this rate may affect future tax payable.

10 DIVIDENDS

	2019	2018
	£000	£000
Preference	7	7
Ordinary :-		
– final in respect of prior year	212p per share (2018: 212p) 1,272	1,272
– first interim for current year	90p per share (2018: 90p) 540	540
– second interim for current year	90p per share (2018: 90p) 540	540
	<u>2,359</u>	<u>2,359</u>

The Board will be recommending a final dividend of 216p. In accordance with Accounting Standard FRS102, this has not accrued within these accounts.

Notes to the Accounts (continued)

11 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold property and fixtures £000	Leasehold property and fixtures over 50 years £000	under 50 years £000	Plant and vehicles £000	Containers furniture & effects £000	Total £000
Cost or valuation						
At 27 January 2018	186,210	5,580	11,804	20,915	36,325	260,834
Additions	8,672	125	178	567	4,226	13,768
Reclassification	27	(1)	-	(37)	10	(1)
Disposals	(1,097)	(8)	(366)	-	(731)	(2,202)
At 26 January 2019	193,812	5,696	11,616	21,445	39,830	272,399
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	192,355	5,684	11,602	21,445	39,830	270,916
	193,812	5,696	11,616	21,445	39,830	272,399
Depreciation						
At 27 January 2018	26,864	501	7,525	10,638	21,672	67,200
Charge for the year	1,928	64	429	961	3,099	6,481
Reclassification	1	-	(1)	-	-	-
Disposals	(83)	(7)	(347)	-	(207)	(644)
At 26 January 2019	28,710	558	7,606	11,599	24,564	73,037
Net book values						
At 26 January 2019	165,102	5,138	4,010	9,846	15,266	199,362
At 27 January 2018	159,346	5,079	4,279	10,277	14,653	193,634
COMPANY						
Cost or valuation						
At 27 January 2018	186,210	5,580	11,804	20,915	36,325	260,834
Additions	4,750	125	178	567	4,226	9,846
Reclassification	27	(1)	-	(37)	10	(1)
Disposals	(1,097)	(8)	(366)	-	(731)	(2,202)
At 26 January 2019	189,890	5,696	11,616	21,445	39,830	268,477
At valuation 1963	1,457	12	14	-	-	1,483
At cost thereafter	188,433	5,684	11,602	21,445	39,830	266,994
	189,890	5,696	11,616	21,445	39,830	268,477
Depreciation						
At 27 January 2018	26,864	501	7,525	10,638	21,672	67,200
Charge for the year	1,928	64	429	961	3,099	6,481
Reclassification	1	-	(1)	-	-	-
Disposals	(83)	(7)	(347)	-	(207)	(644)
At 26 January 2019	28,710	558	7,606	11,599	24,564	73,037
Net book values						
At 26 January 2019	161,180	5,138	4,010	9,846	15,266	195,440
At 27 January 2018	159,346	5,079	4,279	10,277	14,653	193,634

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.

Notes to the Accounts (continued)

12 FIXED ASSET INVESTMENTS

	<i>Group & Company</i>	
	<i>Trade</i>	<i>Total</i>
	<i>loans</i>	
	<i>£000</i>	<i>£000</i>
NET BOOK VALUE		
At 27 January 2018	956	956
Advances	495	495
Repayments/Write Offs	(572)	(572)
At 26 January 2019	<u>879</u>	<u>879</u>
At 27 January 2018	<u>956</u>	<u>956</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
Hall & Woodhouse Developments 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
H&W PropHoldCo	100%	England

The registered address for all subsidiary companies is the same as the Group.

13 INVENTORIES

	<i>Group & Company</i>	
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	743	500
Finished goods	2,289	2,568
Goods for resale	667	618
Other stocks	398	261
	<u>4,097</u>	<u>3,947</u>

Notes to the Accounts (continued)

14 DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	4,998	4,197	4,972	4,189
Prepayments and accrued income	3,378	3,260	3,378	3,260
Owed by Group Companies	-	-	3,998	-
	<u>8,376</u>	<u>7,457</u>	<u>12,348</u>	<u>7,449</u>

15 ANALYSIS OF NET DEBT

	<i>At 27 January</i>	<i>Cash</i>	<i>At 26 January</i>
	<i>2018</i>	<i>Flow</i>	<i>2019</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank & in hand	39	55	94
Bank Overdrafts	-	(1,583)	(1,583)
Loans	(51,500)	(3,500)	(55,000)
	<u>(51,461)</u>	<u>(5,028)</u>	<u>(56,489)</u>

The Net Debt of the Company is not materially different to that of the Group.

16 CREDITORS - amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	6,540	8,241	6,540	8,241
Other creditors	902	728	902	728
Social security and other taxes	3,078	3,060	3,078	3,060
Taxation	338	176	338	154
Accruals and deferred income	6,097	5,073	6,097	5,073
Tenants' and other deposits	1,081	1,376	1,081	1,376
Bank Overdraft	1,583	-	1,583	-
Interest rate swaps	68	-	68	-
Owed by Group Companies	-	-	402	379
	<u>19,687</u>	<u>18,654</u>	<u>20,089</u>	<u>19,011</u>

17 CREDITORS - amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Interest rate swaps	1,456	1,607	1,456	1,607
Bank loans (secured)	55,000	51,500	55,000	51,500
	<u>56,456</u>	<u>53,107</u>	<u>56,456</u>	<u>53,107</u>

Bank loans are secured against freehold assets of the brewery and a selection of freehold public houses.

Notes to the Accounts (continued)

18 LOANS

	<i>Group & Company</i>	
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Wholly repayable within 10 years:		
HSBC Bank plc		
£20m loan facility with a variable interest rate linked to a fixed margin over LIBOR.	20,000	20,000
M&G Investments Ltd		
£20m 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.	15,000	11,500
	<u>55,000</u>	<u>51,500</u>
Amounts repayable:		
In one year or less, or on demand	-	-
In more than one year but not more than two years	20,000	-
In more than two years but not more than five years	35,000	41,500
In more than five years but not more than ten years	-	10,000
	<u>55,000</u>	<u>51,500</u>

19 FINANCIAL INSTRUMENTS

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Financial Assets				
Cash at bank and in hand	94	39	94	39
Financial assets that are debt instruments measured at amortised cost	5,386	4,609	5,386	4,609
	<u>5,480</u>	<u>4,648</u>	<u>5,480</u>	<u>4,648</u>
Financial Liabilities				
Financial liabilities measured at amortised cost	69,621	66,918	69,621	66,918
Financial liabilities measured at fair value through profit and loss	1,525	1,607	1,525	1,607
	<u>71,146</u>	<u>68,525</u>	<u>71,146</u>	<u>68,525</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, deposits, accrued income and Group balances.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and bank loans.

Financial liabilities and derivative financial instruments measured at fair value through profit or loss comprise of the fair value of the interest rate swaps.

Notes to the Accounts (continued)

20 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred taxation	8,415	8,141	8,415	8,141
King & Barnes Ltd unfunded pension scheme	752	785	752	785
Other provisions	17	17	17	17
	<u>9,184</u>	<u>8,943</u>	<u>9,184</u>	<u>8,943</u>

Movement in deferred taxation provision:	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 27 January 2018	8,141	7,053	8,141	7,053
Charge for the year	290	712	290	712
Prior year adjustment	15	376	15	376
Effect of change of tax rate	(31)	-	(31)	-
At 26 January 2019	<u>8,415</u>	<u>8,141</u>	<u>8,415</u>	<u>8,141</u>

The balance comprises:	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Corporation tax on excess of book value of fixed assets over tax written-down values	9,554	9,171	9,554	9,171
Deferred Taxation on Pension provision	(1,187)	(1,095)	(1,187)	(1,095)
Other timing differences	48	65	48	65
	<u>8,415</u>	<u>8,141</u>	<u>8,415</u>	<u>8,141</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>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</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 INTEREST RATE SWAPS

The Company has entered into Fixed Interest Rate Swaps totalling £40.0m (2018-£30.0m) with Barclays Bank plc and Lloyds Bank plc as a hedge against adverse interest rate movements, for up to ten years. These are held at Fair Value within creditors.

Notes to the Accounts (continued)

23 FINANCIAL COMMITMENTS

At 26 January 2019 authorised future capital expenditure amounted to:

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under operating leases as at 26 January 2019 fall due as follows:	3,377	2,904	1,283	2,904
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(a) within one year	333	332	333	332
(b) in two to five years	486	563	486	563
	<u>819</u>	<u>895</u>	<u>819</u>	<u>895</u>

24 RENT RECEIVABLE UNDER OPERATING LEASES

At 26th January 2019 the Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(a) within one year	897	845	897	845
(b) in two to five years	2,927	1,993	2,927	1,993
(c) over five years	5,789	3,359	5,789	3,359
	<u>9,613</u>	<u>6,197</u>	<u>9,613</u>	<u>6,197</u>

25 CONTROLLING PARTIES

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

26 RELATED PARTY TRANSACTIONS

During the year, dividends of £542k were paid to five directors who were also shareholders of the company, £273k as beneficiaries and £270k as Trustees.

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.

The company has taken advantage of the exemption in FRS102 section 33 from making the requirement to disclose transactions with Group companies on the grounds that these companies are wholly owned within the Group.

27 RESERVES

Revaluation Reserve

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

Income Statement

The Income Statement represents cumulative losses and gains, after dividends paid.

Notes to the Accounts (continued)

28 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 31 March 2017 and updated on an approximate basis to 26 January 2019. 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 Statement of Financial Position of the Group.

The contributions made by the Group to the Plan over the financial year have been £0.240m (2018 - £0.240m) in accordance with the schedule of contributions. 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 Statement of Financial Position figures

	2019 (£000)			2018 (£000)			2017 (£000)		
	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total	The Plan	King & Barnes	Total
Assets	34,629	2,720	37,349	37,405	2,836	40,241	35,329	2,824	38,153
Liabilities	39,244	5,089	44,333	41,431	5,249	46,680	41,253	5,189	46,442
(Deficit)/ Surplus	(4,615)	(2,369)	(6,984)	(4,026)	(2,413)	(6,439)	(5,924)	(2,365)	(8,289)
Related deferred tax asset/(liability)	785	402	1,187	684	410	1,095	1,007	402	1,409
Net Pension asset/(liability)	(3,830)	(1,967)	(5,797)	(3,342)	(2,003)	(5,344)	(4,917)	(1,963)	(6,880)
Assets									
Equities	15,953	130	16,083	17,083	130	17,213	16,500	130	16,630
Emerging Markets	1,699	-	1,699	1,997	-	1,997	1,977	-	1,977
Bonds	7,976	-	7,976	8,609	-	8,609	7,749	-	7,749
Gilts	8,875	536	9,411	9,591	536	10,127	9,064	536	9,600
Company Pension Promise	-	753	753	-	785	785	-	816	816
Other	126	1,301	1,427	125	1,385	1,510	39	1,342	1,381
Total	34,629	2,720	37,349	37,405	2,836	40,241	35,329	2,824	38,153

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 Statement of Financial Position.

Notes to the Accounts (continued)

28 PENSION COSTS (continued)

Reconciliation of the present value of the defined benefit obligation

	2019	2018
	£000	£000
Present value of defined benefit obligation at beginning of year	46,680	46,442
Interest cost	1,191	1,276
Actuarial loss on Plan liabilities	(2,216)	729
Benefits paid	(1,722)	(1,767)
Past service cost	400	-
Present value of defined benefit obligation at end of year	<u>44,333</u>	<u>46,680</u>

Reconciliation of fair value of Plan assets

	2019	2018
	£000	£000
Fair value of Plan assets at start of year	40,241	38,153
Expected return on Plan assets	1,027	1,047
Actuarial gain on Plan assets	(2,437)	2,568
Contributions by the Company	240	240
Benefits paid	(1,722)	(1,767)
Fair value of Plan assets at end of year	<u>37,349</u>	<u>40,241</u>

Amounts to be recognised in the Statement of Financial Position

	2019	2018
	£000	£000
Present value of funded obligation	37,349	40,241
Fair value of Plan assets	(44,333)	(46,680)
Net liability in Statement of Financial Position	<u>(6,984)</u>	<u>(6,439)</u>

Amounts to be recognised in the Income Statement

	2019	2018
	£000	£000
Interest on obligation	1,191	1,276
Expected return on Plan assets	(1,027)	(1,047)
Total expense	<u>164</u>	<u>229</u>

Notes to the Accounts (continued)

28 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.

	2019 £000	2018 £000
Actuarial return on Plan assets	<u>(1,410)</u>	<u>3,615</u>

Principal actuarial assumptions at the Statement of Financial Position date

	2019	2018	2017
RPI Inflation	3.20%	3.25%	3.45%
CPI inflation	2.10%	2.15%	2.35%
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	3.10%	3.20%	3.30%
- Pension accrued after 6 April 2005	2.20%	2.20%	2.30%
Discount Rate	2.70%	2.60%	2.80%

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 2039 (2038) at age 65 will live on average for a further 24 (24) years after retirement if they are male and for a further 26 (26) 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 12.6%
Rate of inflation	Increase/decrease by 1%	Increase/decrease by 9.9%

Future contributions

Contribution to be paid to the Plan by the Group next year is £0.240m.

HALL & WOODHOUSE LIMITED

Five-Year Statement

FRS 102

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
ASSETS EMPLOYED					
Overdraft	(1,583)	-	-	(1,071)	-
Net Current Liabilities	(5,537)	(7,211)	(4,015)	(5,008)	(13,793)
Investments and Trade Loans	879	956	1,013	1,140	854
Fixed Assets	199,362	193,634	190,111	184,392	177,298
	<u>193,121</u>	<u>187,379</u>	<u>187,109</u>	<u>179,453</u>	<u>164,359</u>
CAPITAL EMPLOYED					
Equity	120,297	118,690	111,874	109,739	104,602
Preference Capital	200	200	200	200	200
Medium Term Liabilities	56,456	53,107	58,860	54,219	43,373
Long Term Liabilities	9,184	8,943	7,886	9,065	9,681
Net Pension Liability	6,984	6,439	8,289	6,230	6,503
	<u>193,121</u>	<u>187,379</u>	<u>187,109</u>	<u>179,453</u>	<u>164,359</u>
PROFITS and DIVIDENDS					
	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Turnover	114,808	110,110	107,713	108,554	109,462
Operating Profit	8,967	7,944	9,110	10,021	9,887
Items excluded from underlying results	(707)	248	(20)	(1,017)	(2,475)
Operating Profit	<u>8,260</u>	<u>8,192</u>	<u>9,090</u>	<u>9,004</u>	<u>7,412</u>
Interest Receivable	49	46	58	57	59
Interest Payable	(2,151)	(2,214)	(2,299)	(2,280)	(2,540)
Trading Profit before Taxation	6,158	6,024	6,849	6,781	4,931
Profit on Sales of Assets	(138)	3,262	(350)	1,260	1,103
Profit before Taxation	<u>6,020</u>	<u>9,286</u>	<u>6,499</u>	<u>8,041</u>	<u>6,034</u>
Taxation	(1,525)	(1,635)	(1,384)	(851)	(1,854)
Preference Dividend	(7)	(7)	(7)	(7)	(7)
Earnings for Ordinary Shareholders	4,488	7,644	5,108	7,183	4,173
Ordinary Dividends	(2,352)	(2,352)	(2,352)	(2,322)	(2,268)
Transfer to Reserves	<u>2,136</u>	<u>5,292</u>	<u>2,756</u>	<u>4,861</u>	<u>1,905</u>
Earnings per Ordinary Share	£7.49	£12.74	£8.51	£11.97	£6.96
Dividend per £1 Ordinary Share	Pence	Pence	Pence	Pence	Pence
Net Ordinary Dividend Paid/Proposed	396	392	392	392	383