

**HORTONS' ESTATE LIMITED**

**Report and Financial Statements**

**30 September 2001**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**



**REPORT AND FINANCIAL STATEMENTS 2001**

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**NOTICE OF MEETING**

**NOTICE IS HEREBY GIVEN THAT THE FIFTY FIRST ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE BURLINGTON HOTEL, NEW STREET, BIRMINGHAM ON 24<sup>TH</sup> JANUARY 2002 AT 11.45 AM.**

The business of the meeting will be:

To receive the directors' report, statement of accounts and the auditors' report thereon for the year ended 30<sup>th</sup> September 2001.

To declare a final dividend of 55 pence per share;

To re-elect Mr M S Horton, Mr G B Horton and Mr P M Horton as directors;

To re-appoint Deloitte & Touche as auditors and authorise the directors to fix their remuneration.

Any member of the company entitled to attend and vote may appoint another person (whether a member or not) as his/her proxy to attend and vote on a poll instead of him/her.

BY ORDER OF THE BOARD



A C Green  
Secretary

31a Colmore Row  
Birmingham  
B3 2BU

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 September 2001.

**ACTIVITIES**

The group's main activities are commercial property investment and development and the operation of the Burlington Hotel, New Street, Birmingham.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The directors are pleased to announce an increase in profits after tax of £ 491,000 to £5,393,000.

The group has a clear strategy to seek increased shareholder value by maximising returns on the group's existing property assets and undertaking new ventures, which build on the group's strengths whilst maintaining sound financial management. The initiatives taken in the year are in line with this strategy, and as the results for the year show, clear benefits are already being derived. The directors remain confident that the group's strategy is correct, and that over the coming years the results that will be delivered will meet the expectations of our shareholders.

**MARKET VALUE OF LAND AND BUILDINGS**

All properties were professionally valued as at 28 September 1997. The directors are of the opinion that the gross properties have increased in value by £4,931,000 (2000 - £6,186,000) over and above the additions for the year of £7,469,000. This amount has been added to fixed assets and the revaluation reserve. The difference between book and market value of investment properties is set out in note 8 to the financial statements.

**RESULTS AND DIVIDENDS**

The group results for the year are set out in the consolidated profit and loss account on page 6.

An interim dividend of 30p was paid on 1 June 2001. The directors recommend a final dividend of 55p making total for the year of 85p (2000 - 77p) amounting to £1,480,000 (2000 - £1,336,000). This leaves a retained profit of £3,913,000 (2000 - £3,566,000) to be transferred to reserves.

**ACQUISITION OF OWN SHARES**

During the year the company repurchased 1,100 £1 ordinary shares which represent 0.06% of the issued share capital. A total consideration of £23,100 was paid. The purchase was intended to allow shareholders to realise their investment in the company.

**DIRECTORS AND THEIR INTERESTS**

The directors and their interests during the year, according to the register required to be kept by Section 325 of the Companies Act 1985, were:

	2001		2000	
	Total Shares	Beneficial Shares	Total Shares	Beneficial Shares
M S Horton (Chairman)	113,486	100,000	125,826	100,000
M T Horton (Vice Chairman)	380,752	101,170	380,752	101,170
R E Blyth (Chief Executive)	10,014	10,014	6,300	6,300
G B Horton	328,691	40,253	327,691	39,253
P D Taylor	600	600	100	100
R C Kirby	212,462	200	212,262	-
A C Green	100	100	-	-

**DIRECTORS' REPORT****DIRECTORS AND THEIR INTERESTS (continued)**

Mr P M Horton was appointed a Director on 1<sup>st</sup> October 2001

Messrs M S Horton, G B Horton and P M Horton retire from the Board in accordance with the provisions of the company's Articles of Association and offer themselves for re-election.

**Share options**

The following outstanding share options (as detailed in note 18 (b)) have been granted to directors:	2001 No	2000 No
R E Blyth	3,552	7,266

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made the following payments:	£
For political purposes (Conservative Party)	6,085
For charitable purposes	18,514
	<hr/>
	24,599
	<hr/>

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



A C Green  
Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the company's system of internal financial control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORTONS' ESTATE LIMITED**

We have audited the financial statements of Hortons' Estate Limited for the year ended 30 September 2001 which comprise the profit and loss account, the balance sheets, the cash flow statement, the reconciliation of net cash flow, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors' are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 September 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

18 December 2001

Chartered Accountants and Registered Auditors

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 30 September 2001**

	Note	2001 £'000	2000 £'000
<b>TURNOVER</b>	3	14,045	13,504
Cost of sales		(3,993)	(4,485)
<b>GROSS PROFIT</b>		10,052	9,019
Administrative expenses		(2,695)	(2,224)
<b>OPERATING PROFIT</b>	4	7,357	6,795
Share of operating (loss) of Joint Venture		(4)	-
<b>OPERATING PROFIT INCLUDING SHARE OF JOINT VENTURE</b>	4	7,353	6,795
Profit on disposal of fixed assets		709	4
Interest receivable and similar income		152	13
Interest payable and similar charges	5	(1,706)	(1,770)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	6,508	5,042
Taxation	6	(1,115)	(140)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		5,393	4,902
Dividends	7	(1,480)	(1,336)
<b>RETAINED PROFIT FOR THE YEAR</b>	22	3,913	3,566

All activities derive from continuing operations.



**CONSOLIDATED BALANCE SHEET**  
**30 September 2001**

	Note	£'000	2001 £'000	£'000	2000 £'000
<b>FIXED ASSETS</b>					
<b>Tangible assets</b>					
Investment properties	8(a)		130,291		120,084
Other tangible assets	8(b)		538		361
			<u>130,829</u>		<u>120,445</u>
<b>CURRENT ASSETS</b>					
Stocks	11	46		43	
Debtors	12	2,994		2,033	
Cash at bank and in hand		2,196		5	
		<u>5,236</u>		<u>2,081</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(7,659)		(8,489)	
<b>NET CURRENT LIABILITIES</b>			<u>(2,423)</u>		<u>(6,408)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			128,406		114,037
<b>CREDITORS: amounts falling due after more than one year</b>	14		(28,000)		(22,500)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16		-		-
Joint venture: Gross assets	10	1,125		-	
Joint venture: Gross liabilities	10	(1,128)		-	
			<u>(3)</u>		<u>-</u>
<b>NET ASSETS</b>	3		<u>100,403</u>		<u>91,537</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18(a)		1,739		1,735
Share premium account	19		744		704
Revaluation reserve	20		64,174		60,120
Other reserves	21		22,218		22,217
Profit and loss account	22		11,528		6,761
<b>EQUITY SHAREHOLDERS' FUNDS</b>	23		<u>100,403</u>		<u>91,537</u>

These financial statements were approved by the Board of Directors on 13 December 2001.

Signed on behalf of the Board of Directors

  
R E Rlyth

Director

## BALANCE SHEET

30 September 2001

	Note	£'000	2001 £'000	£'000	2000 £'000
<b>FIXED ASSETS</b>					
<b>Tangible assets</b>					
Investment properties	8(a)		121,666		113,803
Other tangible assets	8(b)		197		139
Investments	9		26		25
			<u>121,889</u>		<u>113,967</u>
<b>CURRENT ASSETS</b>					
Debtors	12	8,106		6,597	
Cash at bank and in hand		4,902		-	
		<u>13,008</u>		<u>6,597</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(6,558)</u>		<u>(6,901)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>6,450</u>		<u>(304)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			128,339		113,663
<b>CREDITORS: amounts falling due after more than one year</b>	14		(28,000)		(22,500)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16		-		-
<b>NET ASSETS</b>			<u>100,339</u>		<u>91,163</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18(a)		1,739		1,735
Share premium account	19		744		704
Revaluation reserve	20		64,600		60,053
Other reserves	21		22,139		22,138
Profit and loss account	22		11,117		6,533
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>100,339</u>		<u>91,163</u>

These financial statements were approved by the Board of Directors on 13 December 2001.

Signed on behalf of the Board of Directors

R. E. Blyth

Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 30 September 2001**

	Note	2001 £'000	2000 £'000
Cash flow from operating activities	24	7,154	7,277
Returns on investments and servicing of finance	25	(1,470)	(1,774)
Taxation	25	(143)	(1,037)
Capital expenditure and financial investment	25	(4,716)	(6,688)
Equity dividends paid		(1,372)	(1,250)
Cash outflow before use of liquid resources and financing		(547)	(3,472)
Financing	25	4,482	3,960
Increase in cash in the year		3,935	488

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Reconciliation of net cash flow to movement in net debt		2001 £'000	2000 £'000
Increase in cash in the year	26	3,935	488
Cash outflow from decrease in debt and lease financing	26	(4,460)	(3,960)
Movement in net debt in the year		(525)	(3,472)
Net debt at 1 October 2000		(25,279)	(21,807)
Net debt at 30 September 2001	26	(25,804)	(25,279)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 30 September 2001**

	2001 £'000	2000 £'000
Profit for the financial year	5,393	4,902
Unrealised surplus on revaluation of properties	4,931	6,186
<b>Total recognised gains and losses relating to the year</b>	<b>10,324</b>	<b>11,088</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 30 September 2001**

	2001 £'000	2000 £'000
Reported profit on ordinary activities before taxation	6,508	5,042
Realisation of property revaluation surpluses of previous years	877	340
<b>Historical cost profit on ordinary activities for the year before taxation</b>	<b>7,385</b>	<b>5,382</b>
<b>Historical cost profit for the year retained after taxation and dividends</b>	<b>4,790</b>	<b>3,906</b>

**NOTES TO THE ACCOUNTS****Year ended 30 September 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

The consolidated financial statements comprise the accounts of the company and its subsidiaries. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

**Rents receivable**

Gross rents from investment properties are accounted for in the period in which they accrue.

**Trading turnover**

This represents amounts receivable for the provision of goods and services rendered during the year, excluding VAT and trade discounts.

**Stock**

This is valued at the lower of cost and net realisable value.

**Deferred taxation**

Provision is made, using the liability method, for taxation deferred by capital allowances on fixed assets and deferred on certain other timing differences, except to the extent that the directors consider that a liability will not arise in the foreseeable future.

It is not the policy of the directors to dispose of properties other than to upgrade the property portfolio. Provision for tax on estimated chargeable gains is only made where sales are likely to be made in the foreseeable future.

**Depreciation of investment properties**

In accordance with Statement of Accounting Practice No. 19 investment properties are revalued annually by the directors. Any permanent diminution in value of specific properties is charged to the profit and loss account in the year. The remaining aggregate surplus or deficit is transferred to the revaluation reserve. A revaluation is carried out by a professional valuer every five years. No depreciation or amortisation is provided in respect of these properties. The properties are maintained in a state of good repair and accordingly the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of valuation, are so high that any depreciation charge to the profit and loss account would be insignificant.

Properties in the course of development are valued at cost, plus interest on attributable borrowings during the period of construction, the total not exceeding open market value. The amount capitalised is gross of any tax relief obtained relating to the interest paid and ceases when the development becomes income producing.

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 1. ACCOUNTING POLICIES (continued)

**Other tangible fixed assets**

Depreciation is provided on other tangible fixed assets to write them off over their estimated useful lives from the date they are brought into use at the following annual rates on a straight line basis:

Plant, equipment and motor vehicles - 10% to 25%

**Leasing**

Rentals paid under operating leases are written off to profit and loss account as incurred.

Finance leases are recorded in the balance sheet as fixed assets and as an obligation for future rentals. Rentals are apportioned between finance charges and a reduction in the obligation for future rentals. Finance charges are written off on a straight line basis over the lease period.

**Pension costs**

The cost of providing pension and related benefits is charged to the profit and loss account over the employees service lives on the basis of a constant percentage of earnings which is an estimate of the regular cost. Variation from regular cost, arising from triennial actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimate future earnings. In the intervening years the Actuary reviews the continuing appropriateness of the rates.

## 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £'000	2000 £'000
<b>Directors' emoluments</b>		
Remuneration	402	376
Compensation for loss of office	-	62
Pension scheme contributions	21	11
Highest paid director	130	120
	No	No
Directors exercising options in the year	1	-
Directors who are members of the defined benefit pension scheme	2	1
<b>Average number of persons employed</b>		
Property staff	19	17
Hotel staff	127	120
Management and administration	17	17
	163	154

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2001 £'000	2000 £'000
Staff costs during the year (including directors)		
Wages and salaries	2,618	2,545
Social security costs	178	182
Other pension costs	101	120
	<u>2,897</u>	<u>2,847</u>

## 3. TURNOVER, PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND NET ASSETS

Class of business	Turnover		Profit before tax		Net assets	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Property investment and development	10,018	9,512	6,459	4,935	100,118	91,288
Hotel	4,027	3,992	49	107	285	249
	<u>14,045</u>	<u>13,504</u>	<u>6,508</u>	<u>5,042</u>	<u>100,403</u>	<u>91,537</u>

## 4. OPERATING PROFIT

	2001 £'000	2000 £'000
Operating profit is after charging:		
Depreciation:		
Owned assets	150	83
Leased assets	40	40
Auditors remuneration:		
Audit fees	27	29
Non-audit related fees	49	61
	<u></u>	<u></u>

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
Bank loans, overdrafts and other loans repayable within five years	-	139
Bank loans partly repayable in over five years	1,906	1,717
Interest capitalised	(218)	(104)
Finance leases	18	18
	<u>1,706</u>	<u>1,770</u>

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30.25% (2000 – 30%)	1,385	1,154
Adjustments to prior years' corporation tax provisions	(270)	(1,014)
	<u>1,115</u>	<u>140</u>

The effective tax charge for the year is less than 30% of the profit on ordinary activities, on account of tax allowances claimed on eligible expenditure within the company's investment properties, for which no provision for deferred tax is required.

The adjustment to the prior year corporation tax provision represents corporation tax repayable to the company in respect of the years 1996 to 1998, following recent agreement of the tax liabilities for those years.

## 7. DIVIDENDS

	2001 £'000	2000 £'000
Interim paid 30p per ordinary share (2000 – 28p)	522	486
Final proposed of 55p per ordinary share (2000 – 49p)	958	850
	<u>1,480</u>	<u>1,336</u>

## 8. TANGIBLE FIXED ASSETS

## (a) Investment properties

Group	Freehold £'000	Freehold under construction £'000	Long leasehold £'000	Total £'000
<b>Valuation</b>				
At 1 October 2000	116,341	2,493	1,250	120,084
Additions	4,631	2,838	-	7,469
Disposal	(2,193)	-	-	(2,193)
Valuation adjustment (note 20)	4,779	-	152	4,931
	<u>123,558</u>	<u>5,331</u>	<u>1,402</u>	<u>130,291</u>
<b>Net book value</b>				
At 30 September 2001	123,558	5,331	1,402	130,291
At 30 September 2000	116,341	2,493	1,250	120,084
	<u>116,341</u>	<u>2,493</u>	<u>1,250</u>	<u>120,084</u>
<b>Investment properties restated at historical cost</b>				
At 30 September 2001	59,975	5,331	811	66,117
At 30 September 2000	56,660	2,493	811	59,964
	<u>56,660</u>	<u>2,493</u>	<u>811</u>	<u>59,964</u>



## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 8. TANGIBLE FIXED ASSETS (continued)

## (a) Investment properties

Company	Freehold £'000	Long leasehold £'000	Total £'000
<b>Valuation</b>			
At 1 October 2000	112,553	1,250	113,803
Additions	4,632	-	4,632
Disposal	(2,193)	-	(2,193)
Valuation adjustment (note 20)	5,272	152	5,424
<b>Net book value</b>			
At 30 September 2001	120,264	1,402	121,666
At 30 September 2000	112,553	1,250	113,804
<b>Investment properties restated at historical cost</b>			
At 30 September 2001	56,255	811	57,066
At 28 September 2000	52,940	811	53,751

The group's freehold and leasehold properties were last professionally valued on 28 September 1997 at their open market value by Chesterton plc. Professional valuations are normally conducted every five years, the next occasion being in 2002.

The directors are of the opinion that the group's properties have increased in value during the current year by £4,930,690 after taking into account additions. This amount has been added to the revaluation reserve.

Investment properties at valuation include cumulative capitalised interest of £1,214,500 (2000 - £996,500).

NOTES TO THE ACCOUNTS  
Year ended 30 September 2001

## 8. TANGIBLE FIXED ASSETS (continued)

## (b) Other tangible fixed assets

	Group £'000	Company £'000
<b>Equipment and motor vehicles</b>		
<b>Cost</b>		
At 1 October 2000	844	402
Additions	378	148
Disposals	(124)	(119)
At 30 September 2001	1,098	431
<b>Accumulated depreciation</b>		
At 1 October 2000	483	263
Charge for the year	190	79
Disposals	(113)	(108)
At 30 September 2001	560	234
<b>Net book value</b>		
At 30 September 2001	538	197
At 30 September 2000	361	139

The net book value of assets held under finance leases is £nil (2000 - £40,060).

## 9. INVESTMENTS HELD AS FIXED ASSETS

	Company £'000
<b>Shares in subsidiary undertakings</b>	
<b>Cost</b>	
At 1 October 2000 and 30 September 2001	25
<b>Investment in joint venture</b>	
<b>Cost</b>	
At 1 October 2000	-
Additions	1
At 30 September 2001	1

During the year the company acquired 500 of the 1,000 ordinary shares in Alfred McAlpine Hortons' Developments (Norton) Limited at cost of £500 (note 10).

**Interests in subsidiaries**

The company owned the issued ordinary shares of its subsidiaries as follows:

Company	Business	Holding
Hortellux Limited	Hotel management	100%
Cornex Limited	Property development	100%

Both the company's subsidiary undertakings operate wholly within the United Kingdom.

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 10. JOINT VENTURE

The company holds 50% of the issued share capital of the following company, which is incorporated in England. This investment is held at cost of £500. No special rights are attached to this investment.

Alfred McAlpine Hortons' Developments (Norton) Limited - Property Developers

A summary of the group's share of the joint venture is shown below:

	2001 £'000	2000 £'000
Turnover	-	-
Loss before tax	(8)	-
Taxation	-	-
Loss after tax	(8)	-
Group share of loss after tax	(4)	-
Current assets	2,250	-
Liabilities due within one year	(2,256)	-
	(6)	-
Group share of net liabilities	(3)	-

## 11. STOCKS

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Wine, spirits and food stocks	46	43	-	-
	46	43	-	-

## 12. DEBTORS

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Trade debtors	1,429	1,646	1,177	1,311
Other debtors	7	185	7	11
Amount due from Joint Venture	1,128	-	1,128	-
Corporation tax recoverable	-	141	-	141
Other taxes and social security	174	61	-	-
Amounts due from subsidiary undertakings	-	-	5,706	5,134
Prepayments and accrued income	256	-	88	-
	2,994	2,033	8,106	6,597

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Bank loans (note 15)	-	1,000	-	1,000
Bank overdraft (note 15)	-	1,744	-	937
Obligation under finance leases and hire purchase contracts (note 15)	-	40	-	-
Trade creditors	801	1,005	278	428
Amounts owed to subsidiary undertakings		-	126	341
Corporation tax payable	849	18	840	-
Other taxes and social security	723	379	723	335
Other creditors	422	29	420	26
Accruals and deferred income	3,906	3,424	3,213	2,984
Proposed dividend	958	850	958	850
	<u>7,659</u>	<u>8,489</u>	<u>6,558</u>	<u>6,901</u>

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Bank loan (note 15)	<u>28,000</u>	<u>22,500</u>	<u>28,000</u>	<u>22,500</u>

NOTES TO THE ACCOUNTS  
Year ended 30 September 2001

## 15. BORROWINGS

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank overdraft	-	1,744	-	937
Bank loans	28,000	23,500	28,000	23,500
Obligations under finance leases and hire purchase contracts	-	40	-	-
	<u>28,000</u>	<u>25,284</u>	<u>28,000</u>	<u>24,437</u>
Due within one year	-	2,784	-	1,937
Due after more than one year	28,000	22,500	28,000	22,500
	<u>28,000</u>	<u>25,284</u>	<u>28,000</u>	<u>24,437</u>

## Analysis of repayments

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank loans and overdraft				
In one year or less or on demand	-	2,744	-	1,937
In more than one year but not more than two years	-	1,000	-	1,000
In more than two years but not more than five years	-	3,000	-	3,000
In more than five years	28,000	18,500	28,000	18,500
	<u>28,000</u>	<u>25,244</u>	<u>28,000</u>	<u>24,437</u>

The net obligation under finance leases and hire purchase contracts is repayable as follows:

In one year or less or on demand	-	40	-	-
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All bank borrowings are secured by a fixed charge over certain of the group's properties.

All loans bear interest at 0.9% over LIBOR.

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

## Deferred taxation - Group and Company

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 2001 £'000	Provided 2000 £'000	Potential 2001 £'000	Potential 2000 £'000
Capital allowances in advance of depreciation	-	-	1,221	889
Other short term timing differences	-	-	-	16
Capital Losses	-	-	(25)	-
Revaluation of investment properties	-	-	5,681	5,952
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax liability	-	-	6,877	6,857
	<hr/>	<hr/>	<hr/>	<hr/>

## 17. PENSION PLAN

## Defined Benefit Plan

The group operates a defined benefit pension plan for the benefit of employees. The plan is funded in advance by contributions from members at the rate set in the plan rules, and from the employing companies, to meet the balance of the costs at rates assessed by the actuary of the plan in regular funding reviews. The plan's assets are held in funds separated from the company.

The cost of the plan is assessed every three years by a qualified actuary. The last completed valuation was performed as at 3 January 2001 in accordance with Guidance Note GN9 of the Institute of Actuaries and the Faculty of Actuaries using the Projected Unit Method. In accordance with FRS17 the valuation has been updated by the actuary to 30 September 2001.

The major assumptions used by the actuary were:

	2001
Rate of increase in salaries	4.50%
Rate of increase in pensions in payment	5.00%
Discount rate	6.05%
Inflation assumption	2.50%

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**17. PENSION PLAN (continued)**

**Fair value and expected rate of return on assets**

	<b>Expected rate of return</b>	<b>Fair Value £000's</b>
Fair value of assets	6.75%	2,448

**Reconciliation of scheme assets and liabilities to the balance sheet**

	<b>Fair Value £000's</b>
Fair value of assets	2,448
Present value of scheme liabilities	(2,289)
Surplus in scheme	159
Related deferred tax	(48)
<b>Net pension asset</b>	<b>111</b>
<b>Profit and loss reserve</b>	<b>2001 £'000</b>
Profit and loss reserve excluding pension asset	11,528
Pension reserve	111
<b>Profit and loss reserve</b>	<b>11,639</b>

# NOTES TO THE ACCOUNTS Year ended 30 September 2001

## 18. CALLED UP SHARE CAPITAL

(a) Share capital	2001 £'000	2000 £'000
Authorised 2,050,000 ordinary shares of £1 each	2,050	2,050
Called up, allotted and fully paid 1,738,837 (2000: 1,735,303) ordinary shares of £1 each	1,739	1,735

During the year 4,634 ordinary shares with a total nominal value of £4,634 were issued for consideration of £44,800. Also during the year 1,100 shares were purchased for an average price of £21 per share and cancelled by the company.

## (b) Share options

Share options that have been granted to subscribe for £1 ordinary shares of the company and which are outstanding at 30 September 2001 as follows:

Date	Number	Subscription price per share	Exercise period
28 February 1996	1,165	£10.20	28 February 1999 to 28 February 2006
30 January 1997	1,790	£11.20	30 January 2000 to 30 January 2007
19 May 1998	2,479	£13.40	19 May 2001 to 19 May 2008
24 February 2000	11,219	£10.20	24 February 2000 to 23 February 2010
24 February 2000	693	£11.20	24 February 2000 to 23 February 2010
24 February 2000	2,226	£13.40	24 February 2000 to 23 February 2010

During the year 2,262 shares were issued at £9.50 per share on exercise of an option dated 28 September 1994 and 2,372 shares were issued at £9.80 per share on exercise of an option dated 16 March 1995.

## 19. SHARE PREMIUM ACCOUNT

	2001 £'000	2000 £'000
At 1 October 2000	704	704
Premium on shares issued	40	-
At 30 September 2001	744	704



NOTES TO THE ACCOUNTS  
Year ended 30 September 2001

## 20. REVALUATION RESERVE

	Group £'000	Company £'000
At 1 October 2000	60,120	60,053
Surplus on revaluation	4,931	5,424
Transfer to profit and loss account	(877)	(877)
At 30 September 2001	<u>64,174</u>	<u>64,600</u>

## 21. OTHER RESERVES

	Capital reserve on consolidation £'000	Rebuilding Reserve £'000	Capital reserve £'000	Capital Redemption Reserve £'000	Total £'000
<b>Group</b>					
Balance as at 1 October 2000	62	17,825	4,188	142	22,217
Transfer from Profit & Loss	-	-	-	1	1
Balance as at 30 September 2001	<u>62</u>	<u>17,825</u>	<u>4,188</u>	<u>143</u>	<u>22,218</u>
<b>Company</b>					
Balance as at 1 October 2000	-	17,825	4,171	142	22,138
Transfer from Profit & Loss	-	-	-	1	1
Balance as at 30 September 2001	<u>-</u>	<u>17,825</u>	<u>4,171</u>	<u>143</u>	<u>22,139</u>

The rebuilding reserve represents profits of the business set aside for major rebuilding projects. The capital reserve comprises profits on sale of properties, less attributable taxation.

## 22. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
At 1 October 2000	6,761	2,855	6,533	2,763
Retained profit for the year	3,913	3,566	3,730	3,430
Transfer from revaluation reserve in respect of realised profits	877	340	877	340
Surplus on repurchase of shares	(22)	-	(22)	-
Transfer to Capital Redemption Reserve	(1)	-	(1)	-
At 30 September 2001	<u>11,528</u>	<u>6,761</u>	<u>11,117</u>	<u>6,533</u>

The profit on ordinary activities after tax dealt with in the financial statements of the parent company is £3,730,608 (2000 - £4,766,404).

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

## 23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £000's	2000 £000's
Revenue profit available for distribution	5,393	4,902
Dividends	(1,480)	(1,336)
Transfers from distributable profits	(23)	-
	<u>3,890</u>	<u>3,566</u>
Issue of share capital	45	-
Unrealised surplus on property revaluation	4,931	6,186
	<u>8,866</u>	<u>9,752</u>
Net addition to shareholders' funds	8,866	9,752
Opening shareholders' funds	91,537	81,785
	<u>100,403</u>	<u>91,537</u>
Closing shareholders' funds	<u>100,403</u>	<u>91,537</u>

## 24. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2001 £'000	2000 £'000
Operating profit	7,353	6,795
Depreciation	190	123
(Increase)/Decrease in stocks	(3)	1
(Increase) in debtors	(1,102)	(988)
Increase in creditors	716	1,346
	<u>7,154</u>	<u>7,277</u>
Net cash inflow from operating activities	<u>7,154</u>	<u>7,277</u>

## NOTES TO THE ACCOUNTS

Year ended 30 September 2001

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED  
IN THE CASH FLOW STATEMENT

	2001 £'000	2000 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	152	13
Interest paid	(1,604)	(1,769)
Interest element of finance lease rental payments	(18)	(18)
	<u>          </u>	<u>          </u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>(1,470)</u>	<u>(1,774)</u>
<b>Taxation</b>		
UK corporation tax paid	(143)	(1,037)
	<u>          </u>	<u>          </u>
<b>Capital expenditure and financial investment</b>		
Purchase of and additions to investment properties	(7,251)	(6,779)
Purchase of other tangible fixed assets	(378)	(323)
Sale of investment properties	2,916	390
Sale of tangible fixed assets	(3)	24
	<u>          </u>	<u>          </u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(4,716)</u>	<u>(6,688)</u>
<b>Financing</b>		
Issue of ordinary share capital	45	-
Repurchase of shares	(23)	-
	<u>          </u>	<u>          </u>
	22	-
	<u>          </u>	<u>          </u>
<b>Debt due within one year:</b>		
Repayment of secured loan	(1,000)	(1,000)
<b>Debt due beyond one year:</b>		
Capital element of finance lease rental payments	(40)	(40)
Drawdown of additional facilities	5,500	5,000
	<u>          </u>	<u>          </u>
	4,460	3,960
	<u>          </u>	<u>          </u>
<b>Net cash inflow from financing</b>	<u>4,482</u>	<u>3,960</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**26. ANALYSIS OF NET DEBT**

	At 29 Sept 2000 £'000	Cash Flow £'000	At 30 Sept 2001 £'000
Cash at bank and in hand	5	2,191	2,196
Overdrafts	(1,744)	1,744	-
		<u>3,935</u>	
Debt due after one year	(22,500)	(5,500)	(28,000)
Debt due within one year	(1,000)	1,000	-
Finance leases	(40)	40	-
		<u>(4,460)</u>	
	<u>(25,279)</u>	<u>(525)</u>	<u>(25,804)</u>

**27. CONTINGENT LIABILITY**

- (a) The company and other members of the group have entered into a composite, joint and several guarantee with the group's principal bankers whereby the company has guaranteed amounts owing to the bank at any time. At 30 September 2001 the company had a contingent liability of £2,705,783 (2000 - £807,384) under this arrangement.
- (b) The company has guaranteed certain obligations relating to a subsidiary company. At 30 September 2001 an amount of £ nil (2000 - £40,060) was outstanding under this guarantee.