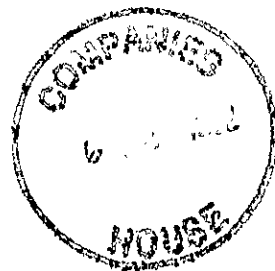


**J D WETHERSPOON ORGANISATION LIMITED**

**Annual report  
for the year ended 31 July 1992**

Registered no: 1709784



# **J D WETHERSPOON ORGANISATION LIMITED**

## **Annual report for the year ended 31 July 1992**

Registered no: 1709784

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# J D WETHERSPOON ORGANISATION LIMITED

## Directors and advisers

### Directors

T R Martin	LLB (Bar) (Chairman)
B R Jervis	FCIS (Non executive)
A C Lowrie	(Non executive)
K Lunn	BA (Hons)
R R Martin	
H C D McLellan	MA Oxon (Sol)
J M Scott	BA (Hons) ACMA

### Secretary and registered office

H C D McLellan  
735 High Road  
North Finchley  
LONDON  
N12 0BP

### Registered auditors

Coopers & Lybrand  
Plumtree Court  
LONDON  
EC4A 4HT

### Bankers

Bank of Scotland  
Central Banking Services  
2 Robertson Avenue  
EDINBURGH  
EH11 1PZ

Barclays Bank Plc  
Cheapside Business Centre  
Atlas House  
1-7 King Street  
LONDON  
EC2V 8AU

The Royal Bank of Scotland plc  
Edinburgh West End Offices  
142-144 Princes Street  
EDINBURGH  
EH2 4EQ

# J D WETHERSPOON ORGANISATION LIMITED

## Report of the Directors for the year ended 31 July 1992

The Directors present their report and the audited financial statements for the year ended 31 July 1992.

### Principal activities and business review

The principal activity of the Company is the management of public houses. The Directors are pleased with the progress of the Company and are confident about prospects for the coming year.

### Results and dividends

The profit on ordinary activities for the year after taxation amounted to £1,961,378 (1991: £1,008,630). The Directors propose that all "A" Ordinary shareholders and "B" Ordinary shareholders on the register on 28 July 1992 should receive a final dividend of 50p per share (1991: total dividend of 40p per share for shares in issue on 10 July 1991 and of 20p for the 75,000 shares issued on 11 July 1991) leaving £1,611,378 (1991: £743,630) to be transferred to reserves.

### Future developments

At 31 July 1992, the Company either owned or had identified 16 further sites on which public houses will be built and opened during the next financial year. In addition the Company intends to identify and acquire further sites for development.

The Company intends to apply for the whole of its ordinary share capital, issued and to be issued, to be admitted to the Official List of the London Stock Exchange ("Listing"). It is proposed that this is to be accompanied by a placing and offer of new equity ("the Placing and Offer").

Certain changes to the structure of the Company in connection with the Listing, Placing and Offer are required and accordingly at an Extraordinary General Meeting of the Company held on 5 October 1992, conditional upon Listing becoming effective not later than 30 April 1993, resolutions were passed inter alia that:

- (a) the rights attached to the "A" Ordinary shares of 10p each and the "B" Ordinary shares of 10p each become identical and that both classes of shares be reclassified as Ordinary shares of 10p each;
- (b) the authorised share capital of the Company be increased from £100,000 to £4,000,000 by the creation of 39,000,000 new Ordinary shares of 10p each; and
- (c) there be a capitalisation issue of 20 new Ordinary shares of 10p each for every existing Ordinary share of 10p of which members are the holders immediately before Listing.

# J D WETHERSPOON ORGANISATION LIMITED

## Issues of share capital and a convertible loan in the year

On 29 July 1992 the Company issued 37,877 "A" Ordinary shares of 10p each at a price of £33 per share as shown in note 18.

On 17 February 1992 a convertible unsecured loan of £500,000 was made to the Company.

## Directors

The Directors listed on page 1 served during the entire financial year with the exception of Mr B R Jervis who was appointed on 15 August 1991. Mr B R Jervis is a consultant to John Govett & Co Limited, the management Company of Govett Strategic Investment Trust PLC.

Mr R H Howarth, a director of a subsidiary of Scottish & Newcastle Plc, was also appointed on 15 August 1991 and resigned on 11 September 1992 after the end of the financial year.

## Directors' interests in shares of the Company

The interests of the Directors of the Company at 31 July 1992 and at 30 September 1992 in the shares of the Company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	"A" Ordinary shares of 10p each	
	31 July 1992 Number	31 July 1991 Number
T R Martin	324,802	327,000
R H Howarth	-	-
B R Jervis	204	-
A C Lowrie	103,443	111,004
K Lunn	1,466	-
R R Martin	9,188	9,341
H C D McLellan	1,191	-
J M Scott	1,250	-

# J D WETHERSPOON ORGANISATION LIMITED

## Options granted to Directors

At 31 July 1992, the following Directors held share options for "A" Ordinary shares:

	No of shares
K Lunn	3,400
R R Martin	8,300
H C D McLellan	6,875
J M Scott	3,067

Further details of share options granted by the Company are given in note 19 to the financial statements.

## Substantial shareholdings

The following substantial holdings of the Ordinary share capital of the Company existed at 30 September 1992.

	Number of Ordinary shares	Percentage of Ordinary share capital
T R Martin	324,802	44.0%
Scottish & Newcastle Plc	131,477	17.8%
A C Lowrie	103,433	14.0%
Govett Strategic Investment Trust PLC	80,000	10.8%
SCITL	22,727	3.1%

In addition to the above Govett Strategic Investment Trust PLC holds £1,000,000 of convertible unsecured loan stock.

By special resolution of 26 March 1990 the Scottish & Newcastle Plc shareholding carries a maximum of 14.9% of the voting rights of the total share capital in issue at any time.

## Changes in tangible fixed assets

The movements in tangible fixed assets during the year are set out in note 11 to the financial statements.

## Political and charitable contributions

Contributions made by the Company during the year for charitable purposes were £826. No political contributions were made.

## Employment of disabled persons

The Company policy is one of equal opportunity in the recruitment and training of staff, subject to practical considerations.

# J D WETHERSPOON ORGANISATION LIMITED

## Employee involvement

The Company endeavours to keep its employees informed about all aspects of the business. Internal communication includes a regular newsletter and employee meetings where questions and constructive suggestions are welcomed.

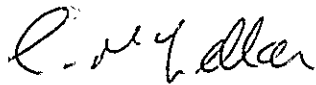
## Close Company provisions

The Company is a close Company as defined by the provisions of the Income and Corporation Taxes Act 1988, as amended by the Finance Act 1989. There has been no change in this respect since the end of the financial year.

## Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992 the Firm practised in the name of Coopers & Lybrand Deloitte.

By order of the board



H C D McLellan  
Secretary

5 October 1992

**Report of the auditors to the members of  
J D WETHERSPOON ORGANISATION LIMITED**

We have audited the financial statements on pages 7 to 24 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 July 1992 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors

London

5 October 1992





# J D WETHERSPOON ORGANISATION LIMITED

## Profit and loss account

for the year ended 31 July 1992

	Notes	1992 £	1991 £
Turnover	2	<u>21,380,378</u>	<u>13,191,595</u>
Net operating expenses excluding depreciation	3	15,763,343	9,465,193
Depreciation		523,261	327,767
		<u>16,286,604</u>	<u>9,792,960</u>
Operating profit		5,093,774	3,398,635
Net profit on disposal of properties	7	58,039	-
Rent receivable		33,390	46,017
Interest receivable		16,692	3,500
Interest payable	6	<u>(3,123,850)</u>	<u>(2,351,189)</u>
Profit on ordinary activities before taxation	7	2,078,045	1,096,963
Taxation on profit on ordinary activities	8	<u>(116,667)</u>	<u>(88,333)</u>
Profit on ordinary activities after taxation		1,961,378	1,008,630
Dividends	9	<u>(350,000)</u>	<u>(265,000)</u>
Retained profit for the year	20	<u>£1,611,378</u>	<u>£743,630</u>
Earnings per share (net basis)	10		
Basic		280p	160p
Fully diluted		266p	158p

# J D WETHERSPOON ORGANISATION LIMITED

## Balance sheet - 31 July 1992

	Notes	1992		1991	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		53,094,538		45,031,175
<b>Current assets</b>					
Stocks	12	301,981		245,639	
Debtors	13	1,599,844		466,090	
Cash at bank and in hand		70,789		45,484	
		<u>1,972,614</u>		<u>757,213</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(6,844,954)</u>		<u>(4,615,452)</u>	
<b>Net current liabilities</b>			<u>(4,872,340)</u>		<u>(3,858,239)</u>
<b>Total assets less current liabilities</b>			<u>£48,222,198</u>		<u>£41,172,936</u>
<b>Creditors: amounts falling due after more than one year:</b>					
Loans	15		26,410,092		22,182,719
Convertible unsecured loan and loan stock	16		1,500,000		1,000,000
			<u>27,910,092</u>		<u>23,182,719</u>
<b>Capital and reserves</b>					
Called up share capital	18		73,788		70,000
Share premium account	20		4,724,096		3,533,021
Revaluation reserve	20		10,361,281		10,845,633
Profit and loss account	20		5,152,941		3,541,563
			<u>20,312,106</u>		<u>17,990,217</u>
			<u>£48,222,198</u>		<u>£41,172,936</u>

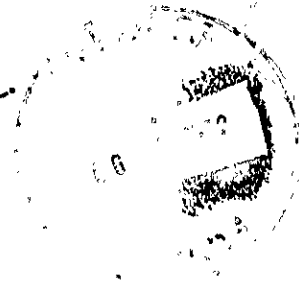
Approved by the board on 5 October 1992

T R Martin

J M Scott

} Directors

*T R Martin*  
*J M Scott*



# J D WETHERSPOON ORGANISATION LIMITED

## Cash flow statement for the year ended 31 July 1992

	Notes	1992 £	1991 £
Net cash flow from operating activities	23	7,141,900	4,139,142
<b>Returns on investments and servicing of finance</b>			
Interest received		14,525	3,500
Interest paid		(3,464,490)	(2,903,358)
Interest element of hire purchase payments		(6,792)	(3,117)
Dividends paid		(265,000)	(100,000)
Net cash outflow from returns on investment and servicing of financing		(3,721,757)	(3,002,975)
<b>Taxation</b>			
Advance corporation tax paid		(121,666)	-
<b>Investing activities</b>			
Payments for purchase of tangible fixed assets		(11,700,347)	(11,415,599)
Proceeds of sale of tangible fixed assets		2,756,201	1,000
Net cash outflow from investing activities		(8,944,146)	(11,414,599)
Net cash outflow before financing		(5,645,669)	(10,278,432)
<b>Financing</b>			
Issue of ordinary shares		470,580	1,500,000
New secured bank loans		4,944,711	7,241,420
New unsecured loan		500,000	-
New convertible loan stock		500,000	1,000,000
Expenses paid in connection with share issue		(13,106)	(3,494)
Expenses paid to arrange loan finance		(41,972)	-
Principal payment under hire purchase agreements		(3,542)	37,358
Net cash inflow from financing	24	6,356,671	9,775,284
Increase/(decrease) in cash and cash equivalents	25	£711,002	£(503,148)

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### (a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of freehold and leasehold property.

#### (b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation, or valuation.

Depreciation is calculated so as to write off the value of a fixed asset on a straight line basis over its estimated useful life, using the following rates:

Freehold land and buildings, including initial renovations and rebuilding	- Nil
Leasehold land and buildings, including initial renovation and rebuilding (leases with more than 20 years to run)	- Nil
Leasehold land and buildings, including initial renovations and rebuilding (leases with less than 20 years to run)	- Life of lease
Subsequent renovations of trading properties	- 33 $\frac{1}{3}$ % per annum
Fixtures and fittings	- 10% per annum
Motor vehicles	- 25% per annum

No depreciation is charged on freehold land and buildings nor on leasehold land and buildings where the lease has more than 20 years to run because the Directors consider that the money expended on refurbishment and maintenance keeps the residual value, based on prevailing market prices, at a level higher than cost and therefore any depreciation charge would not be significant. Depreciation on fixtures and fittings commences when the relevant public house commences trading.

#### (c) Valuation of properties

The trading properties have been revalued professionally by independent valuers as at 31 July 1992. In future the trading properties will be revalued professionally on a rolling basis with one third of the estate being valued every year. This procedure will ensure that no valuation is more than three years old. Any temporary difference thus arising is adjusted through the revaluation reserve. Where a diminution in value is regarded as permanent, the provision is charged to the profit and loss account to the extent that it does not relate to an existing revaluation surplus.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### (d) Interest and pre-opening costs

All costs incurred in the preparation of the properties for use in the business, including interest on borrowings, are capitalised. Capitalisation of such costs ceases when the relevant public house commences business.

### (e) Stocks

Stocks are stated at the lower of invoiced cost and net realisable value.

### (f) Turnover

Turnover, which excludes value added tax, represents cash received from bar sales and machine and telephone takings.

### (g) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements.

Provision is made for deferred taxation to the extent that there is a reasonable probability of the tax falling due for payment in the foreseeable future. Taxation not provided is disclosed as a contingent liability.

### (h) Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

## 2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

## 3 Net operating expenses excluding depreciation

Net operating expenses, excluding depreciation, are made up as follows:

	1992 £	1991 £
Change in stocks	(56,342)	(76,520)
Raw materials and consumables	7,829,107	4,917,752
Staff costs (see note 5)	4,226,279	2,631,570
Other operating charges	3,764,299	1,992,391
Net operating expenses	<u>£15,763,343</u>	<u>£9,465,193</u>

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 4 Directors' emoluments

	1992 £	1991 £
Fees	5,000	5,000
Other emoluments (including pension contributions and benefits in kind)	<u>335,513</u>	<u>260,850</u>
	<u>£340,513</u>	<u>£265,850</u>

Directors' emoluments, excluding pension contributions, are as follows:

	1992	1991
Emoluments of the chairman who is also the highest paid Director	<u>£127,915</u>	<u>£63,808</u>

The number of Directors (including the chairman) whose emoluments were within the ranges:

	1992	1991
£ 0 to £ 5,000	3	2
£35,001 to £40,000	1	1
£45,001 to £50,000	1	2
£50,001 to £55,000	2	1
£60,001 to £65,000	-	1
£125,001 to £130,000	<u>1</u>	<u>-</u>

H C D McLellan is a partner of McLellans, a firm of solicitors which is one of a number the Company employs as legal advisers. H C D McLellan's husband is the other partner in the firm. Fees paid to McLellans in the year were £48,777 (1991: £13,329).

No Director waived rights to emoluments during the year. In the year ended 31 July 1991 one Director waived rights to £22,462.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 5 Employee information

The average weekly number of persons employed by the Company during the year, including executive Directors, is analysed below:

	1992 Number	1991 Number
Managerial/administration	211	145
Hourly paid staff	360	224
	<u>571</u>	<u>369</u>

Employment costs - all employees including executive Directors:

	1992 £	1991 £
Wages and salaries	3,692,405	2,412,055
Social security costs	516,231	200,519
Other pension costs	17,643	18,996
Total direct costs of employment	<u>£4,226,279</u>	<u>£2,631,570</u>

### 6 Interest payable

	1992 £	1991 £
Gross interest payable	3,437,026	3,048,929
Less interest capitalised into properties	(313,176)	(697,740)
Net interest expense	<u>£3,123,850</u>	<u>£2,351,189</u>

The net interest expense arises on amounts:

Repayable within 5 years, not by instalments	52,138	225,507
Repayable wholly or partly in more than 5 years	3,008,157	2,094,661
Other interest	63,555	31,021
	<u>£3,123,850</u>	<u>£2,351,189</u>

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 7 Profit on ordinary activities before taxation

(a) Profit on ordinary activities before taxation is stated after charging/(crediting):

	1992 £	1991 £
Depreciation of tangible fixed assets	523,261	327,767
Auditors' remuneration	21,000	16,000
Hire of plant and machinery	8,888	6,590
Hire of motor vehicles	28,494	-
(Profit)/loss on disposal of motor vehicles	(570)	504
Rent receivable (net of outgoings)	(33,390)	(46,017)
Rent payable	901,352	373,696
	<u>          </u>	<u>          </u>

(b) Profit on disposal of properties:

	1992 £	1991 £
Sale proceeds	2,748,008	-
Book value of assets	(3,842,465)	-
Reversal of revaluation reserve	1,152,496	-
	<u>          </u>	<u>          </u>
Net profit on disposal of properties	£58,039	£Nil
	<u>          </u>	<u>          </u>

### 8 Taxation on profit on ordinary activities

	1992	1991
Irrecoverable advance corporation tax	£116,667	£88,333
	<u>          </u>	<u>          </u>

There is no charge to corporation tax either for this year or for last year because of the availability of taxation losses brought forward. As at 31 July 1992 the losses available for carry forward against future trading profits were approximately £4,200,000 (1991: £2,500,000) subject to approval of the Inland Revenue.

### 9 Dividends

	1992	1991
Proposed final (see below)	£350,000	£265,000
	<u>          </u>	<u>          </u>

All "A" Ordinary shares and "B" Ordinary shares in issue on 28 July 1992 will receive a final dividend of 50p per share. For the year ended 31 July 1991 the total dividend was 20p per share for 75,000 "A" Ordinary shares issued on 11 July 1991 and 40p per share for all other Ordinary shares.



# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 10 Earnings per share

The calculation of basic earnings per share (net basis) is based on profit on ordinary activities after taxation for the year of £1,961,378 (1991: £1,008,630) and on 700,000 (1991: 631,250) Ordinary shares, being the weighted average number of Ordinary shares in issue and ranking for dividend during the year.

The calculation of fully diluted earnings per share is based on an adjusted profit on ordinary activities after taxation of £2,136,787 (1991: £1,067,135) and on 804,747 (1991: 677,425) Ordinary shares being the weighted average number of Ordinary shares adjusted for the conversion of £1,500,000 (1991: £1,000,000) convertible loans and loan stock and a weighted average of 46,414 (1991: 42,008) share options.

### 11 Tangible fixed assets

	Freehold land and buildings £	Short leasehold land and buildings £	Motor vehicles £	Expenditure on unopened properties £	Total £
<b>Cost or valuation</b>					
At 1 August 1991	33,343,363	8,715,546	205,917	3,366,325	45,631,151
Additions	4,422,498	5,417,281	23,080	1,905,709	11,768,568
(Deficit)/surplus on revaluation	(2,970,025)	3,638,169	-	-	668,144
Disposals	(2,500,638)	(1,258,351)	(31,052)	(205,000)	(3,995,041)
Reclassification	1,785,417	608,370	-	(2,393,787)	-
<b>At 31 July 1992</b>	<b>34,080,615</b>	<b>17,121,015</b>	<b>197,945</b>	<b>2,673,247</b>	<b>54,072,822</b>
<b>Depreciation</b>					
At 1 August 1991	282,130	234,914	82,932	-	599,976
Charge for the year	259,573	211,995	51,733	-	523,261
Disposals	(53,323)	(68,201)	(23,429)	-	(144,953)
<b>At 31 July 1992</b>	<b>488,340</b>	<b>378,708</b>	<b>111,236</b>	<b>-</b>	<b>978,284</b>
<b>Net book value</b>					
At 31 July 1992	<u>£33,592,275</u>	<u>£16,742,307</u>	<u>£86,709</u>	<u>£2,673,247</u>	<u>£53,094,538</u>
At 31 July 1991	<u>£33,061,233</u>	<u>£8,480,632</u>	<u>£122,985</u>	<u>£3,366,325</u>	<u>£45,031,175</u>

Included in the freehold land and buildings figure is capitalised interest of £1,646,636 (1991: £1,558,046), in short leasehold land and buildings £180,229 (1991: £125,252) and in unopened properties £466,615 (1991: £334,615).

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

Fixtures and fittings at cost are included in the above categories as follows:-

	Freehold £	Short leasehold £	Expenditure on unopened properties £	Total £
<b>Cost</b>				
At 1 August 1991	1,685,895	1,205,200	7,227	2,898,322
Additions	632,274	1,611,515	21,423	2,265,212
Disposals	(188,252)	(905,257)		(1,093,509)
Reclassification	-	7,227	(7,227)	-
<b>At 31 July 1992</b>	<b>2,129,917</b>	<b>1,918,685</b>	<b>21,423</b>	<b>4,070,025</b>
<b>Depreciation</b>				
At 1 August 1991	222,633	196,347	-	418,980
Charge for the year	192,902	148,973	-	341,875
Disposals	(49,378)	(45,893)	-	(95,271)
<b>At 31 July 1992</b>	<b>366,157</b>	<b>299,427</b>	<b>-</b>	<b>665,584</b>
<b>Net book value</b>				
At 31 July 1992	£1,763,760	£1,619,258	£21,423	£3,404,441
At 31 July 1991	£1,463,262	£1,008,853	£7,227	£2,479,342

The Company's freehold and leasehold properties have been valued on the basis of open market value for existing use as at 31 July 1992 by Business Sales Limited, specialist licensed property valuers. The amounts included above at valuation together with the net book values on the historical cost basis at which the revalued properties would have been included if they had not been revalued are as follows:

	Freehold land and buildings £	Short leasehold land and buildings £	Total £
Historical cost basis net book value of revalued properties	27,580,389	11,848,330	39,428,719
Revaluation reserve	5,819,611	4,541,670	10,361,281
Properties included at valuation	33,400,000	16,390,000	49,790,000
Properties included at cost	192,275	352,307	544,582
	<b>£33,592,275</b>	<b>£16,742,307</b>	<b>£50,334,582</b>

The accumulated depreciation included in the historical cost basis net book values is the same as that included in the revalued amounts.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

At 31 July 1992 the Company owned 16 properties for which licensing and planning permission has been obtained. These properties have not been revalued but, in the opinion of the Directors, their market value is in excess of cost shown in these accounts.

No provision has been made in the deferred taxation account for the estimated corporation tax which would be payable on disposal of the revalued properties at the revalued amounts because, in the opinion of the Directors, these properties are unlikely to be disposed of in the foreseeable future (see note 17).

### 12 Stocks

	1992	1991
Goods for resale	£301,981	£245,639

In the opinion of the Directors the replacement cost of goods for resale does not differ materially from the cost shown above.

### 13 Debtors

	1992	1991
	£	£
Amounts falling due within one year		
Other debtors	40,053	51,148
Called up share capital not paid	779,361	-
Prepayments and accrued income	764,419	414,942
Other taxation receivable	6,077	-
	<u>1,589,910</u>	<u>466,090</u>
Amount falling due after more than one year:		
Prepayments	9,934	-
	<u>£1,599,844</u>	<u>£466,090</u>

The amounts relating to called up share capital not paid were all received by 11 August 1992.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 14 Creditors: amounts falling due within one year

	1992	1991
	£	£
Current instalments due on bank loans	1,763,626	546,288
Bank overdraft	64,470	750,167
Trade creditors	3,321,603	1,451,557
Advance corporation tax	116,667	121,666
Other taxation and social security costs payable	442,103	229,620
Other creditors	68,140	34,876
Dividends payable	350,000	265,000
Accruals and deferred income	718,345	1,216,278
	<u>£6,844,954</u>	<u>£4,615,452</u>

The bank loans and overdraft are secured on the freehold and leasehold properties.

### 15 Creditors: amounts falling due after more than one year

	1992	1991
	£	£
Banks loans:		
Due before 2 years	859,695	599,957
Due between 2 and 5 years	2,985,037	2,157,651
Due after 5 years	22,065,360	19,425,111
	<u>25,910,092</u>	<u>22,182,719</u>
Other loan	500,000	-
	<u>£26,410,092</u>	<u>£22,182,719</u>

- (a) The bank loans are repayable by monthly instalments, which are due to finish in 2011. Interest is charged at between 1% and 1.75% above base rate. The loans are secured on the freehold and leasehold properties. Of the amount due after 5 years £10,000,000 is at a fixed rate of 11.95% for five years. They are secured on the freehold and leasehold properties.
- (b) The other loan accrues interest at 15% gross per annum payable in arrears on 31 December. The loan was issued in conjunction with the convertible unsecured loan described in note 16(b) and is repayable on flotation of the Company or in any event, on 31 December 1997.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 16 Convertible unsecured loan and loan stock

	1992	1991
	<u>£1,500,000</u>	<u>£1,000,000</u>

- (a) Convertible unsecured loan stock of £1,000,000 pays interest half yearly in arrears on 30 September and 31 March at the following rate:

11 July 1991 to 30 December 1992	10% gross per annum
31 December 1992 to 30 December 1993	15% gross per annum
Thereafter	20% gross per annum

It is convertible into Ordinary shares any time at the stockholder's option and in any event, on flotation of the Company.

On conversion the Company shall allot one fully paid "A" Ordinary share for each £20 nominal amount of stock.

- (b) A convertible unsecured loan was received on 17 February 1992. The loan pays interest at 10% gross per annum in arrears on 31 December.

If flotation of the Company has not occurred by the end of 1992 the rate of interest increases as follows:-

1 January 1993 - 31 December 1993	15% gross per annum
1 January 1994 - 31 December 1994	20% gross per annum

The loan will be repaid in full on flotation of the Company prior to 1 January 1994 and the proceeds of the repayment shall be applied to subscribe for "A" Ordinary shares. The share price for this subscription is as follows:-

Flotation prior to 1 January 1993	At a 30% discount to the Float Price subject to a minimum of £25
Flotation between 1 January 1993 and 31 December 1993	At a 40% discount to the Float Price subject to a minimum of £25

If not repaid before 1 January 1994, the lender may require repayment in full with the proceeds applied to subscribe for shares at £25 per share.

The purpose of the loan was to provide additional working capital to finance the further expansion of the Company.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

The terms of conversion of both the loan stock and the convertible unsecured loan are subject to adjustment following the capitalisation issue, subject to Listing, referred to in note 18.

### 17 Deferred taxation

Analysis of provision and potential liability:

	Amount provided		Full potential liability	
	1992 £	1991 £	1992 £	1991 £
Potential taxation at 33% arising on:				
Gains on sales of properties reinvested	-	-		
Other gains on sale of trading properties at their revalued amounts	-	-	700,000	410,000
	<u>-</u>	<u>-</u>	<u>4,300,000</u>	<u>4,240,000</u>
Excess of tax allowances over depreciation	1,042,000	738,000	5,000,000	4,650,000
Less taxation losses	(1,042,000)	(738,000)	(1,042,000)	(738,000)
	<u>£Nil</u>	<u>£Nil</u>	<u>£5,000,000</u>	<u>£4,650,000</u>

The deferred tax liability can be analysed into three elements:

- (a) The capital gains that have been realised on the sale of certain properties. The proceeds from those disposals have been reinvested into the other trading properties, therefore the gain realised did not crystallise for tax purposes. The potential tax liabilities are not provided for as the Company considers these gains will not crystallise in the foreseeable future.
- (b) The potential capital gain that would arise if the Company sold its properties. This liability is not provided for as the current policy of the company is to reinvest any proceeds from a disposal.
- (c) The excess of tax allowances over the depreciation charge on assets qualifying for capital allowances which has been provided for but has been offset against part of the trading losses available of £4,200,000 (1991: £2,500,000) (see note 8).

# J D WETHERSPON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 18 Called up share capital

	1992 £	1991 £
Authorised:		
800,000 "A" Ordinary shares of 10p each (1991 - 800,000)	80,000	80,000
200,000 "B" Ordinary shares of 10p each (1991 - 200,000)	20,000	20,000
	<u>£100,000</u>	<u>£100,000</u>
Allotted, called up and fully paid:		
589,160 "A" Ordinary shares of 10p each (1991 - 575,000)	58,916	57,500
125,000 "B" Ordinary shares of 10p each (1991 - 125,000)	12,500	12,500
	<u>71,416</u>	<u>70,000</u>
Allotted, called up and part paid:		
450 "A" Ordinary Shares of 10p each (1991 - Nil)	45	-
Allotted, called up and not paid:		
23,267 "A" Ordinary Shares of 10p each (1991 - Nil)	2,327	-
	<u>£73,788</u>	<u>£70,000</u>

On 29 July 1992 the Company issued 37,877 "A" Ordinary shares of 10p each at a price of £33 per share for cash consideration. The purpose of the issue was to provide additional working capital to finance the further expansion of the Company.

The amounts due in respect of part paid and unpaid share capital are shown in note 13 and were all received by 11 August 1992.

At an Extraordinary General Meeting of the Company held on 5 October 1992 resolutions were passed which, conditional upon Listing, reclassify the "A" and "B" Ordinary shares as a single class, increase the authorised share capital of the Company to £4,000,000 and sanction a capitalisation issue of 20 new Ordinary shares of 10p each for every existing Ordinary share of 10p of which members are the holders immediately before Listing.

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 19 Share options

Options have been granted to employees for "A" Ordinary shares as follows:

Date of grant	Number of shares	Period of exercise	Price per share
July 1988	8,750	12 July 1991 to 12 July 1998	£8
July 1989	17,200	26 July 1992 to 26 July 1999	£12
September 1989	1,500	18 September 1992 to 18 September 1999	£12
March 1990	4,767	27 March 1993 to 27 March 2000	£15
September 1990	1,733	26 September 1993 to 26 September 2000	£15
February 1991	7,818	14 February 1994 to 14 February 2001	£15
February 1992	6,410	10 February 1995 to 10 February 2002	£25
June 1992	600	30 June 1995 to 30 June 2002	£25
	48,778		

The options are to be adjusted to reflect the capitalisation issue, conditional upon Listing, mentioned in note 18.



# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 20 Share premium account and reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 August 1991	3,533,021	10,845,633	3,541,563
Premium on allotment during the year	1,246,153	-	-
Surplus arising on revaluation of land and buildings	-	668,144	-
Cancellation of revaluation reserve on disposal of properties	-	(1,152,496)	-
Retained profit for the year	-	-	1,611,378
Share issue expenses	(13,106)	-	-
Convertible loan issue expenses	(41,972)	-	-
	<u>£4,724,096</u>	<u>£10,361,281</u>	<u>£5,152,941</u>
At 31 July 1992	<u>£4,724,096</u>	<u>£10,361,281</u>	<u>£5,152,941</u>

No provision has been made for the additional United Kingdom taxation which would accrue if the freehold and short leasehold land and buildings were disposed of at their revalued amounts. The potential liability to such taxation is disclosed in note 17.

### 21 Financial commitments

	1992	1991
Capital expenditure		
Expenditure contracted for but not provided for	£Nil	£1,549,910
	<u>£Nil</u>	<u>£1,549,910</u>

### 22 Lease commitments

The Company operates a number of leasehold public houses, and occupies leasehold office accommodation. The total annual rental of these leases, all of which have more than five years to run, is as follows:

	1992	1991
Date of lease termination:		
After five years	£2,073,582	£749,295
	<u>£2,073,582</u>	<u>£749,295</u>

In addition the Company has financial commitments in respect of non-cancellable operating leases of motor vehicles. The annual rental of these leases all of which expire between two and five years is as follows:

	1992	1991
	£59,606	£Nil
	<u>£59,606</u>	<u>£Nil</u>

# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements for the year ended 31 July 1992 (continued)

### 23 Net cash flow from operating activities

	1992 £	1991 £
Operating profit	5,093,774	3,398,635
Rent receivable	36,577	46,017
Depreciation of tangible fixed assets	523,261	327,767
(Gain)/loss on sale of motor vehicles	(570)	504
Increase in stocks	(56,342)	(76,520)
Decrease in other debtors	13,262	29,038
Increase in prepayments and accrued income	(359,411)	(280,139)
(Increase)/decrease in other taxation receivable	(6,077)	46,775
Increase in trade creditors	1,870,046	255,573
Increase/(decrease) in other creditors	36,806	(17,650)
Increase in other taxation and social security	212,483	189,848
(Decrease)/increase in accruals and deferred income	(221,909)	219,294
	<u>£7,141,900</u>	<u>£4,139,142</u>

### 24 Analysis of changes in finances during the year

	Share capital (including premium) £	Convertible loan and loan stock £	Loans and hire purchase obligations £	Total £
Balance at 1 August 1991	3,603,021	1,000,000	22,766,365	27,369,386
Cash inflows from financing during the year	415,502	500,000	5,441,169	6,356,671
Amounts receivable at 31 July 1992 (see note 13)	779,361	-	-	779,361
Balance at 31 July 1992	<u>£4,797,884</u>	<u>£1,500,000</u>	<u>£28,207,534</u>	<u>£34,505,418</u>

### 25 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1992 £	1991 £	Change in year £
Cash at bank and in hand	70,789	45,484	25,305
Bank overdrafts	(64,470)	(750,167)	685,697
	<u>£6,319</u>	<u>£(704,683)</u>	<u>£711,002</u>