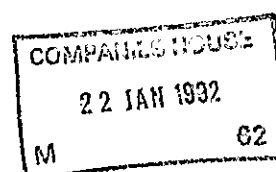


**J D WETHERSPOON ORGANISATION LIMITED**

**Annual report**

**for the year ended 31 July 1991**

**Registered no: 1709784**



**Coopers  
& Lybrand  
Deloitte**

**J D WETHERSPOON ORGANISATION LIMITED**

**Annual report  
for the year ended 31 July 1991**

**Registered no: 1709784**

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# J D WETHERSPON ORGANISATION LIMITED

## Directors and advisers

### Executive directors

#### Chairman

T R Martin  
R R Martin  
H C D McLellan  
J M Scott  
K Lunn  
A C Lowrie  
H Biddle

LLB (Bar)

MA Oxon (Sol)  
BA (Hons) ACMA  
BA (Hons)  
Non executive  
Non executive  
Resigned 21 June 1991  
BSc MBA ACMA  
Non executive  
Appointed 15 August 1991  
Non executive  
Appointed 15 August 1991

R H Howarth

B R Jervis

#### Secretary and registered office

H C D McLellan  
767 High Road  
North Finchley  
LONDON  
N12 8UA

#### Auditors

Coopers & Lybrand Deloitte  
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

Royal Bank of Scotland  
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 1991

The directors present their report and the audited financial statements for the year ended 31 July 1991.

### 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 £1,008,630 (1990: £536,691). Included within the proposed final ordinary net dividend for the year is the sum of £15,000 being a reduced net dividend of 20p on the 75,000 'A' Ordinary shares which were issued on 11 July 1991 to Govett Strategic Investment Trust plc. All other 'A' Ordinary shares and 'B' Ordinary shares will receive a final net dividend of 40p per share (1990: total net dividends 32p per share) leaving £743,630 (1990: £336,691) to be transferred to reserves.

### Future developments

At 31 July 1991, the company either owned or had identified 11 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.

### Directors

The directors of the company who have served during the year are set out on page 1.

### Directors' interests in shares of the company

The interests of the directors of the company at 31 July 1991 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 1991<br>Number          | 31 July 1990<br>Number |
| T R Martin | 327,000                         | 350,000                |
| R R Martin | 9,644                           | 10,250                 |
| A C Lowrie | 111,004                         | 107,254                |

None of the other directors had any interest in the share capital of the company. Messrs H Biddle and R H Howarth are directors of a subsidiary of Scottish & Newcastle Breweries Plc, a company which owns 6,477 "A" ordinary shares and 125,000 "B" ordinary shares as at 31 July 1991. By special resolution of 26 March 1990, the Scottish & Newcastle Breweries Plc shareholding carries a maximum of 14.9% of the voting rights of the total share capital in issue at any time.

## J D WETHERSPOON ORGANISATION LIMITED

### Report of the directors - continued for the year ended 31 July 1991

Mr B R Jervis is a director of John Govett & Co Limited, the management company of Govett Strategic Investment Trust Plc which was issued with 75,000 'A' Ordinary shares of 10p at £20 per share and £1,000,000 of convertible unsecured loan stock on 11 July 1991.

#### Options granted to directors

At 31 July 1991, the following directors held share options:

|                | No of shares | Exercise price | Period of exercise                        |
|----------------|--------------|----------------|---|
| R R Martin     | 8,300        | £12            | 26 July 1992 to<br>26 July 1999           |
| H C D McLellan | 4,375        | £8             | 12 July 1991 to<br>12 July 1998           |
| H C D McLellan | 2,500        | £12            | 26 July 1992 to<br>26 July 1999           |
| J M Scott      | 2,677        | £15            | 27 March 1993 to<br>27 March 2000         |
| K Lunn         | 1,733        | £15            | 26 September 1993 to<br>26 September 2000 |
| K Lunn         | 1,267        | £15            | 14 February 1994<br>26 September 2001     |

#### Changes in fixed assets

The movements in fixed assets during the year are set out in note 10 to the financial statements.

#### Political and charitable contributions

Contributions made by the company during the year for charitable purposes were £1,510.

#### Employment of disabled persons

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

#### Employment

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.

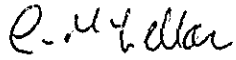
J D WETHERSPOON ORGANISATION LIMITED

Report of the directors - continued  
for the year ended 31 July 1991

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand Deloitte, will be proposed at the annual general meeting.

By order of the board



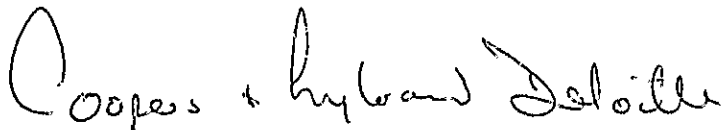
H C D McLellan  
Secretary

2 October 1991

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

We have audited the financial statements on pages 6 to 19 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 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**COOPERS & LYBRAND DELOITTE**  
Chartered Accountants

London

2 October 1991

**J D WETHERSPOON ORGANISATION LIMITED**

**Profit and loss account  
for the year ended 31 July 1991**

|   | Notes | 1991<br>£             | 1990<br>£             |
|---|-------|-----------------------|-----------------------|
| Turnover                                      | 2     | <u>13,191,595</u>     | <u>7,046,516</u>      |
| Net operating expenses excluding depreciation | 3     | 9,465,193             | 5,340,914             |
| Depreciation                                  |       | <u>327,767</u>        | <u>201,611</u>        |
|   |       | <u>9,792,960</u>      | <u>5,542,525</u>      |
| Operating profit                              |       | 3,398,635             | 1,503,991             |
| Rent receivable                               |       | 46,017                | 27,163                |
| Interest receivable                           |       | 3,500                 | 2,946                 |
| Interest payable                              | 6     | <u>(2,351,189)</u>    | <u>(930,742)</u>      |
| Profit on ordinary activities before taxation | 7     | 1,096,963             | 603,358               |
| Taxation on profit on ordinary activities     | 8     | <u>(88,333)</u>       | <u>(66,667)</u>       |
| Profit on ordinary activities after taxation  |       | 1,008,630             | 536,691               |
| Dividends                                     | 9     | <u>(265,000)</u>      | <u>(200,000)</u>      |
| Retained profit for the year                  | 19    | <u><u>743,630</u></u> | <u><u>336,691</u></u> |



# J D WETHERSPOON ORGANISATION LIMITED

Balance sheet - 31 July 1991

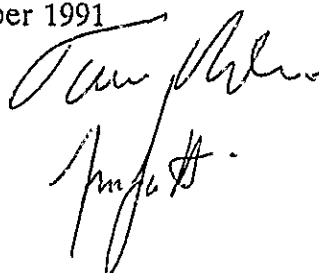
|  | Notes | 1991               |                    | 1990               |                    |
|--|-------|--------------------|--------------------|--------------------|--------------------|
|  |       | £                  | £                  | £                  | £                  |
| <b>Fixed assets</b>  |       |                    |                    |                    |                    |
| Tangible assets  | 10    |                    | <u>45,031,175</u>  |                    | <u>28,629,097</u>  |
| <b>Current assets</b>  |       |                    |                    |                    |                    |
| Stocks   | 11    | 245,639            |                    | 169,119            |                    |
| Debtors  | 12    | 466,090            |                    | 261,764            |                    |
| Cash at bank and in hand                                       |       | 45,484             |                    | 27,182             |                    |
|  |       | <u>757,213</u>     |                    | <u>458,065</u>     |                    |
| <b>Creditors: amounts falling due within one year</b>          | 13    | <u>(4,615,452)</u> |                    | <u>(3,531,140)</u> |                    |
| <b>Net current liabilities</b>                                 |       |                    | <u>(3,858,239)</u> |                    | <u>(3,073,075)</u> |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>41,172,936</u>  |                    | <u>25,556,022</u>  |
| <b>Creditors: amounts falling due after more than one year</b> |       |                    |                    |                    |                    |
| Bank loans   | 14    |                    | 22,182,719         |                    | 13,849,101         |
| Convertible unsecured loan stock                               | 15    |                    | 1,000,000          |                    | -                  |
|  |       |                    | <u>23,182,719</u>  |                    | <u>13,849,101</u>  |
| <b>Capital and reserves</b>                                    |       |                    |                    |                    |                    |
| Called up share capital  | 17    |                    | 70,000             |                    | 62,500             |
| Share premium account  | 19    |                    | 3,533,021          |                    | 2,044,015          |
| Revaluation reserve  | 19    |                    | 10,845,633         |                    | 6,802,473          |
| Profit and loss account  | 19    |                    | 3,541,563          |                    | 2,797,933          |
|  |       |                    | <u>17,990,217</u>  |                    | <u>11,706,921</u>  |
|  |       |                    | <u>41,172,936</u>  |                    | <u>25,556,022</u>  |

Approved by the board on 2 October 1991

T R MARTIN

J M SCOTT

} Directors



## J D WETHERSPOON ORGANISATION LIMITED

### Statement of source and application of funds for the year ended 31 July 1991

|  | 1991         |                           | 1990                    |
|--|--------------|---------------------------|-------------------------|
|  | £            | £                         | £                       |
| <b>Source of funds</b>   |              |                           |                         |
| Profit on ordinary activities before taxation  |              | 1,096,963                 | 603,358                 |
| Adjustment for items not involving the movement of funds:  |              |                           |                         |
| Depreciation of fixed assets   | 327,767      |                           | 201,611                 |
| Loss/(profit) on disposal of fixed assets  | 504          |                           | (5,440)                 |
|  |              | <u>328,271</u>            | <u>196,171</u>          |
| <b>Total funds generated from operations</b>   |              | <b>1,425,234</b>          | <b>799,529</b>          |
| <b>Funds from other sources</b>  |              |                           |                         |
| Sale proceeds of fixed assets  | 1,000        |                           | 5,440                   |
| Issue of share capital   | 1,500,000    |                           | -                       |
| Issue of loan stock  | 1,000,000    |                           | -                       |
| Increase in bank loans   | 7,241,420    |                           | 9,315,657               |
|  |              | <u>9,742,420</u>          | <u>9,321,097</u>        |
| <b>Total source of funds</b>   |              | <b>11,167,654</b>         | <b>10,120,626</b>       |
| <b>Application of funds</b>  |              |                           |                         |
| Dividends paid   | (100,000)    |                           | (200,000)               |
| Advance corporation tax on dividends   | -            |                           | (66,667)                |
| Purchase of fixed assets   | (12,688,189) |                           | (10,396,573)            |
| Share issue expenses   | (3,494)      |                           | (626)                   |
|  |              | <u>(12,791,683)</u>       | <u>(10,663,866)</u>     |
| <b>Total application of funds</b>  |              | <b>(12,791,683)</b>       | <b>(10,663,866)</b>     |
| <b>Net application of funds</b>  |              | <b><u>(1,624,029)</u></b> | <b><u>(543,240)</u></b> |
| <b>The net application of funds is represented by the following decrease in working capital</b>        |              |                           |                         |
| Stocks   | 76,520       |                           | 84,329                  |
| Debtors  | 204,326      |                           | 200,654                 |
| Creditors due within one year (excluding bank loans, overdraft, dividends and advance corporation tax) | (1,401,727)  |                           | (706,119)               |
|  |              | <u>(1,120,881)</u>        | <u>(421,136)</u>        |
| <b>Movements in net liquid funds:</b>  |              |                           |                         |
| Cash at bank and in hand   |              | 18,302                    | 9,937                   |
| Bank overdraft   |              | (521,450)                 | (132,041)               |
| <b>Decrease in working capital</b>   |              | <b><u>(1,624,029)</u></b> | <b><u>(543,240)</u></b> |

## J D WETHERSPON ORGANISATION LIMITED

### Notes to the financial statements for the year ended 31 July 1991

#### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting policies 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 or valuation less accumulated depreciation.

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,<br>including initial renovations and<br>rebuilding   | - Nil           |
| Leasehold land and buildings,<br>including initial renovation and<br>rebuilding (leases with more than<br>20 years to run)  | - Nil           |
| Leasehold land and buildings,<br>including initial renovations and<br>rebuilding (leases with less than<br>20 years to run) | - Life of lease |
| 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 at a level higher than cost and therefore any depreciation charge would not be significant. Subsequent renovations on trading outlets are depreciated on a straight line basis over five years. Depreciation on fixtures and fittings commences when the relevant public house commences trading.

##### (c) Stocks

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

##### (d) Turnover

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

## J D WETHERSPOON ORGANISATION LIMITED

Notes to the financial statements - continued  
for the year ended 31 July 1991

### (c) 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.

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

Borrowing and pre-opening costs incurred to finance the preparation of property for use in the business are capitalised and added to the cost of that asset. The capitalisation of such costs ceases when the relevant public house commences trading.

### (g) 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:

|                               | 1991<br>£        | 1990<br>£        |
|-------------------------------|------------------|------------------|
| Change in stocks              | 76,520           | 84,329           |
| Raw materials and consumables | 4,841,232        | 2,653,233        |
| Staff costs (see note 5)      | 2,631,570        | 1,486,469        |
| Other operating charges       | 1,915,871        | 1,116,883        |
|                               | <u>9,465,193</u> | <u>5,340,914</u> |
| Net operating expenses        | <u>9,465,193</u> | <u>5,340,914</u> |

## J D WETHERSPON ORGANISATION LIMITED

Notes to the financial statements - continued  
for the year ended 31 July 1991

### 4 Directors' emoluments

|  | 1991<br>£      | 1990<br>£      |
|--|----------------|----------------|
| Fees   | 5,000          | -              |
| Other emoluments (including pension contributions<br>and benefits in kind) | 260,850        | 209,024        |
|  | <u>265,850</u> | <u>209,024</u> |

Directors' emoluments excluding pension contributions are as follows:

|   | 1991           | 1990            |
|---|----------------|-----------------|
| Emoluments of the chairman who is also the highest paid<br>director | <u>£63,808</u> | <u>£104,263</u> |

The number of directors (excluding the chairman) whose emoluments were within  
the ranges:

|                    | 1991          | 1990          |
|--------------------|---------------|---------------|
| £ 0 to £ 5,000     | 2             | 5             |
| £20,001 to £25,000 | -             | 1             |
| £25,001 to £30,000 | -             | 1             |
| £30,001 to £35,000 | -             | 1             |
| £35,001 to £40,000 | 1             | -             |
| £45,001 to £50,000 | 2             | -             |
| £50,001 to £55,000 | 1             | -             |
|                    | <u>      </u> | <u>      </u> |

H C D McLellan is a partner of Mahoney and McLellan, a firm of solicitors which  
the company employs as legal advisers. H C D McLellan's husband, N Mahoney, is  
the other partner in the firm.

One director waived rights to emoluments during the year totalling £22,462.

# J D WETHERSPOON ORGANISATION LIMITED

12

Notes to the financial statements - continued  
for the year ended 31 July 1991

## 5 Employee information

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

|           | 1991       | 1990       |
|-----------|------------|------------|
| Full time | 145        | 94         |
| Part time | 224        | 145        |
|           | <u>369</u> | <u>239</u> |

Employment costs - all employees including executive directors:

|                                  | 1991<br>£        | 1990<br>£        |
|----------------------------------|------------------|------------------|
| Wages and salaries               | 2,412,055        | 1,364,996        |
| Social security costs            | 200,519          | 119,473          |
| Other pension costs              | 18,996           | 2,000            |
| Total direct costs of employment | <u>2,631,570</u> | <u>1,486,469</u> |

## 6 Interest payable

|   | 1991<br>£        | 1990<br>£      |
|---|------------------|----------------|
| Gross interest payable                    | 3,048,929        | 1,747,725      |
| Less interest capitalised into properties | (697,740)        | (816,983)      |
| Net interest expense                      | <u>2,351,189</u> | <u>930,742</u> |

The net interest expense arises on loans:

|   |                  |                |
|---|------------------|----------------|
| Repayable within 5 years, not by instalments    | 225,507          | 144,354        |
| Repayable wholly or partly in more than 5 years | 2,094,661        | 785,900        |
| Other interest                                  | 31,021           | 488            |
|   | <u>2,351,189</u> | <u>930,742</u> |

## J D WETHERSPOON ORGANISATION LIMITED

Notes to the financial statements - continued  
for the year ended 31 July 1991

### 7 Profit on ordinary activities before taxation

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

|   | 1991<br>£      | 1990<br>£      |
|---|----------------|----------------|
| Depreciation of tangible fixed assets     | 327,767        | 201,611        |
| Auditors' remuneration                    | 16,000         | 14,500         |
| Hire of plant and machinery               | 6,590          | 1,287          |
| Loss/(profit) on disposal of fixed assets | 504            | (5,440)        |
| Rent receivable (net of outgoings)        | (46,017)       | (27,163)       |
| Rent payable                              | <u>373,696</u> | <u>176,213</u> |

### 8 Taxation on profit on ordinary activities

|                                       | 1991<br>£     | 1990<br>£     |
|---------------------------------------|---------------|---------------|
| Irrecoverable advance corporation tax | <u>88,333</u> | <u>66,667</u> |

There is no charge to corporation tax either for this year or for last year because of the availability of taxable losses brought forward. As 31 July 1991 the losses available for carry forward against future profits were approximately £2,500,000 (1990: £1,000,000).

### 9 Dividends

|   | 1991<br>£      | 1990<br>£      |
|---|----------------|----------------|
| Ordinary:   |                |                |
| Interim of NIL per share paid (1990: 16p per share) | -              | 100,000        |
| Proposed final (see below)                          | <u>265,000</u> | <u>100,000</u> |
|   | <u>265,000</u> | <u>200,000</u> |

Included within the proposed final net ordinary dividend for the year is the sum of £15,000 being a reduced net dividend of 20p on the 75,000 'A' Ordinary shares which were issued on 11 July 1991 to Govett Strategic Investment Trust Plc. All other 'A' Ordinary shares and 'B' Ordinary shares will receive a final net dividend of 40p per share (1990: total net dividend 32p per share).

## J D WETHERSPOON ORGANISATION LIMITED

Notes to the financial statements - continued  
for the year ended 31 July 1991

### 10 Tangible fixed assets

|                          | Freehold<br>land and<br>buildings<br>£ | Long<br>leasehold<br>land and<br>buildings<br>£ | Motor<br>vehicles<br>£ | Expenditure<br>on unopened<br>properties<br>£ | Total<br>£        |
|--------------------------|--|---|------------------------|---|-------------------|
| <b>Cost or valuation</b> |  |   |                        |   |                   |
| At 1 August 1990         | 17,271,398                             | 4,130,617                                       | 147,868                | 7,359,840                                     | 28,909,723        |
| Additions                | 6,096,953                              | 3,990,895                                       | 67,970                 | 2,532,371                                     | 12,688,189        |
| Surplus on revaluation   | 3,793,000                              | 250,160   | -                      | -   | 4,043,160         |
| Disposals                | -                                      | -   | (9,921)                | -   | (9,921)           |
| Reclassifications        | 6,182,012                              | 343,874   | -                      | (6,525,886)                                   | -                 |
| <b>At 31 July 1991</b>   | <b>33,343,363</b>                      | <b>8,715,546</b>                                | <b>205,917</b>         | <b>3,366,325</b>                              | <b>45,631,151</b> |
| <b>Depreciation</b>      |  |   |                        |   |                   |
| At 1 July 1990           | 104,790                                | 127,607   | 48,229                 | -   | 280,626           |
| Charge for year          | 177,340                                | 107,307   | 43,120                 | -   | 327,767           |
| Disposals                | -                                      | -   | (8,417)                | -   | (8,417)           |
| <b>At 31 July 1991</b>   | <b>282,130</b>                         | <b>234,914</b>                                  | <b>82,932</b>          | <b>-</b>                                      | <b>599,976</b>    |
| <b>Net book value</b>    |  |   |                        |   |                   |
| 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> |
| At 31 July 1990          | <u>17,166,608</u>                      | <u>4,003,010</u>                                | <u>99,639</u>          | <u>7,359,840</u>                              | <u>28,629,097</u> |

Fixtures and fittings at cost are included in freehold land and buildings at £1,685,895 (1990: £925,014), in leasehold land and buildings at £1,205,200 (1990: £655,944) and in unopened properties at £7,227 (1990: £45,369).

Included in the freehold land and buildings figure is capitalised interest of £1,558,046 (1990: £602,079), in leasehold land and buildings £125,252 (1990: £54,047) and in unopened properties at £334,615 (1990: £664,047).

Included in the long leasehold land and buildings is an amount of £282,169 in respect of a short lease.

Valuations on a going concern basis in respect of freehold and leasehold properties performed by David J Pinder Plc, valuers, on behalf of the company's bankers have been included above as follows:

| Year of valuation    | Value<br>£ |
|----------------------|------------|
| Year to 31 July 1986 | 300,000    |
| Year to 31 July 1988 | 1,600,000  |
| Year to 31 July 1989 | 9,900,000  |
| Year to 31 July 1990 | 17,500,000 |
| Year to 31 July 1991 | 7,850,000  |



# J D WETHERSPOON ORGANISATION LIMITED

## Notes to the financial statements - continued for the year ended 31 July 1991

In addition property with a value of £3,100,000 is included above at directors valuation, and the balance of £5,175,234 is included at cost.

The directors believe that the balance sheet value of properties does not exceed their market value as at 31 July 1991.

If the above properties had not been revalued, they would have been included on a historical cost basis at a net book value of:-

|                              |             |
|------------------------------|-------------|
| Freehold land and buildings  | £23,320,854 |
| Leasehold land and buildings | £7,375,378  |

|    |                  |                |                |
|----|------------------|----------------|----------------|
| 11 | Stocks           | 1991           | 1990           |
|    |                  | £              | £              |
|    | Goods for resale | <u>245,639</u> | <u>169,119</u> |

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

|    |                                     |                |                |
|----|-------------------------------------|----------------|----------------|
| 12 | Debtors                             | 1991           | 1990           |
|    |                                     | £              | £              |
|    | Amounts falling due within one year | 51,148         | 80,186         |
|    | Other debtors                       | 414,942        | 134,803        |
|    | Prepayments and accrued income      | -              | 46,775         |
|    | Other taxation receivable           | <u>466,090</u> | <u>261,764</u> |

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

|  |                  |                  |
|--|------------------|------------------|
|  | 1991             | 1990             |
|  | £                | £                |
| Current instalments due on bank loans      | 546,288          | 1,638,486        |
| Bank overdraft                             | 750,167          | 228,717          |
| Trade creditors                            | 1,451,557        | 1,195,984        |
| Advance corporation tax                    | 121,666          | 33,333           |
| Other taxation and social security payable | 229,620          | 39,772           |
| Other creditors                            | 34,876           | 15,168           |
| Dividends payable                          | 265,000          | 100,000          |
| Accruals and deferred income               | 1,216,273        | 279,680          |
|  | <u>4,615,452</u> | <u>3,531,140</u> |

**J D WETHERSPOON ORGANISATION LIMITED**

**Notes to the financial statements - continued  
for the year ended 31 July 1991**

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

**14 Creditors: amounts falling due after more than one year**

|            | 1991<br>£         | 1990<br>£         |
|------------|-------------------|-------------------|
| Bank loans | <u>22,182,719</u> | <u>13,849,101</u> |

The bank loans are payable by monthly instalments, which are due to finish in 2011. Interest rates are charged at between 1% and 1.5% above base rate. The loans are secured on the freehold and leasehold properties. Included in bank loans are amounts of £19,425,111 (1990: £12,703,260) falling due after more than five years.

**15 Convertible loan stock**

|                                  | 1991<br>£        | 1990<br>£ |
|----------------------------------|------------------|-----------|
| Convertible unsecured loan stock | <u>1,000,000</u> | <u>-</u>  |

The loan stock was issued at par on 11 July 1991 to Govett Strategic Investment Trust Plc for cash consideration. The purpose of the issue was to provide additional working capital to finance the further expansion of the company. The loan stock 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 |

The loan stock is not repayable under normal trading conditions and is convertible at any time at the shareholder's option and in any event, on flotation of the company.

## J D WETHERSPOON ORGANISATION LIMITED

Notes to the financial statements - continued  
for the year ended 31 July 1991

### 16 Deferred taxation

Analysis of provision and potential liability:

|   | 1991<br>£ | Amount<br>provided<br>1990<br>£ | 1991<br>£        | Full<br>potential<br>liability<br>1990<br>£ |
|---|-----------|---------------------------------|------------------|---|
| Potential taxation at 33%<br>on the capital gain on<br>sale of all freehold and<br>leasehold assets at their<br>book values | -         | -                               | 4,650,000        | 3,270,000                                   |
| Excess of tax allowances<br>over depreciation at 33%  | 738,000   | 492,000                         | 738,000          | 492,000                                     |
| Less taxation losses  | (738,000) | (492,000)                       | (738,000)        | (492,000)                                   |
|   | <u>-</u>  | <u>-</u>                        | <u>4,650,000</u> | <u>3,270,000</u>                            |

### 17 Called up share capital

|  | 1991<br>£      | 1990<br>£      |
|--|----------------|----------------|
| Authorised:  |                |                |
| 800,000 'A' Ordinary shares of 10p each<br>(1990 - 800,000)  | 80,000         | 80,000         |
| 200,000 'B' Ordinary shares of 10 p each<br>(1990 - 200,000) | 20,000         | 20,000         |
|  | <u>100,000</u> | <u>100,000</u> |
| Allotted, called up and fully paid:                          |                |                |
| 575,000 'A' Ordinary shares of 10p each<br>(1990 - 500,000)  | 57,500         | 50,000         |
| 125,000 'B' Ordinary shares of 10p each<br>(1990 - 125,000)  | 12,500         | 12,500         |
|  | <u>70,000</u>  | <u>62,500</u>  |

On 11 July 1991 the company issued 75,000 'A' Ordinary shares of 10p at a price of £20 per share for cash consideration. The purpose of the issue was to provide additional working capital to finance the further expansion of the company.

## J D WETHERSPOON ORGANISATION LIMITED

Notes to the financial statements - continued  
for the year ended 31 July 1991

### 18 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      | 10,000           | 12 July 1991 to<br>12 July 1998              | £8              |
| July 1989      | 19,000           | 26 July 1992 to<br>26 July 1999              | £12             |
| September 1989 | 1,500            | 18 September 1992<br>to<br>18 September 1999 | £12             |
| March 1990     | 4,767            | 27 March 1993 to<br>27 March 2000            | £15             |
| September 1990 | 1,733            | 26 September 1993<br>to 26 September<br>2000 | £15             |
| February 1991  | 8,618            | 14 February 1994 to<br>14 February 2001      | £15             |
|                | 45,618           |  |                 |

### 19 Share premium account and reserves

|   | Share<br>premium<br>account<br>£ | Revaluation<br>reserve<br>£ | Profit<br>and loss<br>account<br>£ |
|---|----------------------------------|-----------------------------|------------------------------------|
| At 1 August 1990  | 2,044,015                        | 6,802,473                   | 2,797,933                          |
| Premium on allotment during the year                    | 1,492,500                        | -                           | -                                  |
| Surplus arising on revaluation of land and<br>buildings | -                                | 4,043,160                   | -                                  |
| Retained profit for the year                            | -                                | -                           | 743,630                            |
| Share issue expenses                                    | (3,494)                          | -                           | -                                  |
| At 31 July 1991   | 3,533,021                        | 10,845,633                  | 3,541,563                          |

No provision has been made for the additional United Kingdom taxation that would accrue if the investment properties, land and buildings were disposed of at their revalued amounts. The potential liability to such taxation is disclosed in note 16.

**J D WETHERSPOON ORGANISATION LIMITED**

Notes to the financial statements - continued  
for the year ended 31 July 1991

20 **Contingent liabilities and financial commitments**

|   | 1991<br>£        | 1990<br>£        |
|---|------------------|------------------|
| <b>Capital expenditure</b>                      |                  |                  |
| Expenditure contracted for but not provided for | <u>1,549,910</u> | <u>3,831,000</u> |

21 **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:

|                                   | 1991<br>£      | 1990<br>£      |
|-----------------------------------|----------------|----------------|
| <b>Date of lease termination:</b> |                |                |
| After five years                  | <u>749,295</u> | <u>357,125</u> |