

# Contents

	<i>Page</i>
Directors and Advisers	2
Chairman's Statement	3
Financial Highlights	5
Directors' Report	6
Corporate Governance	10
Directors' Responsibilities	11
Report of the Auditors	12
Profit and Loss Account	13
Statement of Total Recognised Gains and Losses	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Ten Year Record	30
Notice of Annual General Meeting	31



## Directors and Advisers

### Directors

T R Martin (Chairman)  
B R Jervis (Non-Executive)  
A C Lowrie (Non-Executive)  
K Lunn  
R R Martin  
H C D McLellan  
J M Scott

### Secretary and Registered Office

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

### Registered Auditors

Coopers & Lybrand  
1 Embankment Place  
London WC2N 6NN

### Solicitors

Titmuss Sainer & Webb  
2 Serjeants' Inn  
London EC4Y 1LT

### Valuers

Business Sales Limited  
162 Regent Street  
London W1R 5TB

### Bankers

Bank of Scotland  
Central Banking Services  
2 Roberison Avenue  
Edinburgh EH11 1PZ

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

Barclays Bank Plc  
Cheapside Business Centre  
Atlas House  
1-7 King Street  
London EC2V 8AL

### Financial Adviser

Kleinwort Benson Limited  
20 Fenchurch Street  
London EC3P 3DB

### Stockbroker

Kleinwort Benson Securities Limited  
20 Fenchurch Street  
London EC3P 3DB

### Registrars

Barclays Registrars  
Bourne House  
3-4 Beckenham Road  
Beckenham  
Kent BR3 4TU

## Chairman's Statement

### Results and dividends

The Company has continued to make good progress throughout the financial year ended 31 July 1993. Turnover increased by 14% to £30.8 million and profits before tax excluding the effect of property disposals in 1992 doubled to £4.2 million. As indicated in our interim statement, costs as a percentage of turnover were higher than in the corresponding period last year mainly as a result of an increased proportion of leasehold free houses and higher opening costs. We expect the ratio of cost to turnover to stay at approximately this level in the current financial year. Gearing at the year end was 50% and interest was covered 3.1 times. Earnings per share increased by 18.5% in the period under review to 14.7 pence compared with pro forma earnings per share, as calculated in the Prospectus, of 12.4 pence for the year ending 31 July 1992.

The results for the year ended 31 July 1992 have been restated to reflect the new reporting requirements under Financial Reporting Standard Number 3. This had the effect of reducing the pre-tax profit for that year from £2.078 million to £0.926 million. The adjustment relates to the disposal in February 1992 of six public houses from the estate. A profit of £58,000 was achieved on the disposal as against original cost and included in the 1992 accounts but a £1.094 million loss was registered against the holding book values.

The Board proposes, subject to Shareholders' consent, to pay a final dividend of 3.6 pence per share bringing the full year dividend to 5.4 pence which is covered 2.4 times by earnings. The dividend will be paid on 17 December 1993 to shareholders on the register on 18 November 1993.

### Review

The forty-four public houses comprised in the estate at the time of the flotation have continued to perform well in a difficult trading environment with the food operation performing especially well. Sales in outlets open before August 1991 were 1% higher in the period under review than in the previous financial year and gross profits increased by two percentage points.

Between the flotation and the end of the period under review the Company opened 23 additional outlets in line with our business plan. The new outlets exceeded our budgets and have all traded profitably after finance charges since opening. The Directors believe that they will have a considerable effect on earnings in the current financial year with the benefit of a full year's contribution.

In June the Company opened its first outlet outside the M25 at Bracknell in Berkshire and it has fulfilled our expectations by trading extremely successfully.

The Company is aware of the crucial importance of recruiting and retaining high calibre staff to manage our growing estate of public houses. We operate two share option schemes which enable Directors and employees to participate in the growth and success of the Company. Options have been issued under both schemes during the year and I am pleased to report that the enthusiasm among our employees for the Save As You Earn scheme resulted in the issue being oversubscribed. We have also, during the year, opened a new Training Centre close to Head Office in Finchley to enhance the facilities for off-site training, in recognition of the key role in our business of staff development.

### Prospects

Competition to supply free house chains with beer is strong and to this extent it must remain a buyer's market especially in view of our expanding estate and our current average annual sales per house of over 1,000 barrels of beer.

Catering sales continue to be strong and fruit machine income, which declined last year, has begun to recover, although bar sales are flat. Trading in the first part of the current financial year has been in line with our budgets.

## Chairman's Statement

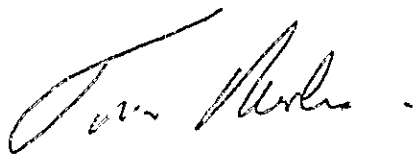
*continued*

Since the year end the Company has acquired a public house adjacent to the new Castle Mall in the centre of Norwich and has obtained licensing permission for a new outlet in Friar Street in central Reading. We are seeking to acquire a number of premises in particularly good locations outside London which fulfil our strict criteria but we are still looking in areas of London where we are under-represented. We have recently opened an additional public house in Wandsworth, South West London, and we currently have a total of 11 sites in very good locations with the necessary planning and licensing permissions for conversion into Wetherspoon public houses. As a result of the potential of these sites and the number of new developments in the pipeline, combined with the high quality of both our existing estate of licensed premises and of our management team, I am very confident of our future prospects.

Our success in the last year is due most of all to the efforts of our employees and I would like to thank them sincerely for their dedicated work over the last 12 months.

**TIM MARTIN**  
Chairman

14 October 1993

A handwritten signature in cursive script, appearing to read 'Tim Martin', written in dark ink on a white background.

## Financial Highlights

<b>Results</b>	<b>1993</b> <b>£'000</b>	<b>1992</b> <b>£'000</b>
Turnover (continuing operations)	30,800	21,380
Profit for the financial year before taxation	4,171	926
Dividends	1,546	350
Total recognised gains and losses	6,328	1,477
<b>Key ratios</b>		
Operating margin (continuing operations)	19.7%	23.8%
Earnings per share	14.7p	5.5p
Historical cost earnings per share	14.7p	13.3p
Dividends per share	5.4p	2.4p

# Directors' Report

for the year ended 31 July 1993

The Directors present their report and the audited financial statements for the year ended 31 July 1993

## Principal activities

The principal activity of the Company is the management and development of public houses. Details of progress are given in the Chairman's Statement.

## Re-registration as a public limited company

Prior to listing of the Ordinary shares on the London Stock Exchange the Company re-registered as a public limited company on 6 October 1992.

## Results and dividends

The profit on ordinary activities for the year after taxation amounted to £3,722,000 (1992: £809,000). The Directors recommend that a final dividend of 3.6 pence per share be paid to all shareholders on the Register on 18 November bringing the total dividend for the year to 5.4 pence per share (1992: total dividend of 2.38 pence per share as adjusted for the scrip issue in the year) leaving £2,176,000 (1992: £159,000) to be transferred to reserves. The final dividend will be paid on the 17 December 1993.

## Future developments

At 31 July 1993, the Company had acquired five further sites on which public houses are planned to be built and opened during the next financial year. In addition the Company intends to identify and acquire further sites for development

## Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No 3, 'Reporting Financial Performance', the following changes in the presentation of the financial statements have been made to conform with the new requirements.

- (a) A statement of total recognised gains and losses has been presented together with a reconciliation of movements in shareholders' funds.
- (b) A note of historical cost profits and losses has been presented immediately following the profit and loss account in order to show the profits calculated without writing off revaluation surpluses on assets sold to the profit and loss account.

## Issues of share capital during the year

On flotation the Company issued 11,250,000 Ordinary shares of 10p each at a price of £1.60 per share as shown in note 19 to the financial statements. At the same time convertible loans of £1,500,000 were converted into 1,170,000 Ordinary shares of 10p each. During the year options were exercised to subscribe for 131,550 further Ordinary shares.

## Directors

The Directors listed on page 2 served throughout the financial year. Mr R H Howarth, who was a director at the start of the financial year, resigned on 11 September 1992. Mr R R Martin and Mr A C Lowrie retire by rotation and, being eligible, will seek reappointment at the forthcoming Annual General Meeting. Mr R R Martin, who has served on the Board since 11 May 1987, proposes to resign as an Executive Director on 1 November 1993 and will offer himself for re-election as a Non-Executive Director.

# Directors' Report

*continued*

The Executive Directors are as follows:

**T R Martin: Chairman and Managing Director.** Mr Martin graduated with a degree in law and was called to the Bar in 1980. He formed the business in December 1979 and has been Chairman and Managing Director of the Company since 1 August 1983. He has a 23.8% shareholding in the Company as shown below.

**K Lunn: Retail Director.** Mr Lunn spent several years in the licensed retailing section of Grand Metropolitan plc, before joining Allied-Lyons plc in 1984 where he was employed in a number of retail positions, latterly as retail director (London Eastern Division) of Taylor Walker Limited. He joined J D Wetherspoon in July 1990 as Retail Director.

**H C D McLellan: Legal Director and Company Secretary.** After early experience in local government housing and town planning, Miss McLellan was called to the Bar in 1979 and practised as a barrister for three years. She left to qualify as a solicitor and take up a partnership in a firm of solicitors specialising in litigation and property law. She joined J D Wetherspoon in December 1987 as Legal Director and Company Secretary.

**R R Martin: Marketing Director.** Mr Martin, who is Tim Martin's father, worked in the brewing industry for Guinness plc from 1961 to 1988 and his last position was as marketing director of Guinness Malaysia. He joined the Company in November 1988 as Retail Director and was appointed Marketing Director in July 1990.

**J M Scott: Finance Director.** Mr Scott qualified as an Associate Member of the Chartered Institute of Management Accountants in 1984 and was employed for six years in a number of financial positions within Allied-Lyons plc, most recently as senior financial executive of Ind Coope Limited. He joined the Company in January 1990 as Finance Director.

The Non-Executive Directors are as follows:

**B R Jervis:** Mr Jervis is a Chartered Secretary and was appointed a Non-Executive Director of the Company in August 1991. He is a former director of John Govett & Co. Limited and now has a consultancy agreement with that company which is the manager of Govett Strategic Investment Trust plc.

**A C Lowrie:** Mr Lowrie was appointed a Non-Executive Director of the Company in June 1987. He is Chairman of H.G. Asia Securities Limited. He has a 6.9% shareholding in the Company as shown below.

No Director has any material interest in any contractual arrangement subsisting during or at the end of the year which is or may be significant to the Company.

## Directors' interests in shares of the Company

The interests of the Directors of the Company and their immediate families at 31 July 1993, which were the same at 30 September 1993 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:

	Ordinary shares of 10p each	
	31 July 1993 Number	31 July 1992 Number
T R Martin	6,820,842	6,820,842
B R Jervis	5,000	4,284
A C Lowrie	1,991,054	2,091,054
K Lunn	43,286	30,786
R R Martin	180,348	192,948
H C D McLellan	34,461	25,011
J M Scott	57,500	26,250

All of the Directors' interests shown above are held beneficially except that in the case of A C Lowrie's shareholding, 873,140 shares are held in trusts in which Mr Lowrie's adult children have a beneficial interest together with himself and his wife.

The 31 July 1992 comparative figures given above have been adjusted to reflect the capitalisation issue and reclassification described in note 19 to the financial statements.

# Directors' Report

*continued*

## Options granted to Directors

At 31 July 1993, the following Directors held share options over Ordinary shares:

	31 July 1992 Number	Number granted	Number exercised	31 July 1993 Number
K Lunn	71,400	16,306	-	87,706
R R Martin	174,300	—	—	174,300
H C D McLellan	144,375	14,368	(144,375)	14,368
J M Scott	64,407	14,368	—	78,775

The 31 July 1992 comparative figures above have been adjusted to reflect the capitalisation issue described in note 19 to the financial statements.

Options are granted to Directors as part of their remuneration package as advised by the remuneration committee.

Further details of share options granted by the Company are given in note 20 to the financial statements. The exercise price of the options granted to Directors ranges from 57.1 pence to 258 pence based on the market value at the time of grant of options.

## Substantial shareholdings

The Company has been notified of the following substantial holdings of the Ordinary share capital of the Company at 30 September 1993 in addition to the Directors' shareholdings above.

	Number of Ordinary shares	Percentage of Ordinary share capital
Govett Strategic Investment Trust plc	2,300,000	8.03%
Schroder Unit Trusts Limited	1,175,000	4.10%
Standard Life Assurance Company	1,139,180	3.98%

## Changes in tangible fixed assets

The movements in tangible fixed assets during the year are set out in note 12 to the financial statements.

## Political and charitable contributions

Contributions made by the Company during the year for charitable purposes were £1,654 (1992: £826). No political contributions were made.

## Employment of disabled persons

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

## 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.



# Directors' Report

*continued*

## Close company provisions

The Company is not 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.

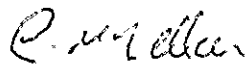
## Annual General Meeting

Notice of the Annual General Meeting of the Company to be held on Friday, 3 December 1993 as set out on page 31. The special business at this meeting is as follows:

Resolution 5 authorises Directors to allot shares.

Resolution 6 empowers Directors to allot equity securities for cash in certain circumstances.

By order of the Board



**H C D McLellan**  
*Secretary*

14 October 1993

# Corporate Governance

The Board welcomes the report of the Committee on the Financial Aspects of Corporate Governance ("the Cadbury Committee").

## Code of Best Practice

The Board has reviewed and updated the Company's compliance with the Code of Best Practice ("the Code") issued by the Cadbury Committee on 1 December 1992. The Company is now in compliance with the code except for the composition of its audit committee (which comprises the Company's two Non-Executive Directors whereas the Code specifies at least three Non-Executives) and the provisions relating to the reporting by directors on internal control and going concern. As the Code makes clear, companies will not be able to comply with these provisions until the guidance recommended in the Cadbury Committee's report has been developed.

The Company adopted a schedule of matters reserved to the Board and formalised procedures for the directors to take independent professional advice, if necessary, at the Company's expense and adopted procedures for formalising the terms of appointment of non-executive directors at a Board meeting on 30 September 1993. Apart from the matters referred to above compliance with the Code has been effective from 30 June 1993.

## Board Constitution and Committees

The Board comprises five Executive and two Non-Executive Directors and considers this structure to be appropriate to the current size and nature of operations of the Company.

The following two Board Committees, which the Company had established prior to listing, are essential components of the Company's Corporate Governance.

The **Audit Committee** is formally constituted and has written terms of reference. It comprises the two Non-Executive Directors of the Company and in this respect only deviates from the recommendations of the Cadbury Committee which specify at least three Non-Executive Directors. The Audit Committee meets three times a year and at least one of those meetings is attended by the Company's external auditors who have direct access to the Committee without the requirement to involve the Company's Executive Directors.

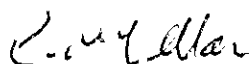
The Audit Committee is empowered to examine any financial matters pertaining to the Company and its procedures and audit. Activities include review of: the annual accounts and half yearly announcements; internal control procedures; accounting policies and compliance with accounting standards and financial legislation. The Committee is not a substitute for any of the Board's responsibilities.

The **Remuneration Committee** is formally constituted and has written terms of reference and it consists of the Chairman and the two Non-Executive Directors. It determines the terms and conditions and the remuneration of the Executive Directors and establishes the parameters of the remuneration of the Company's senior managers.

## Directors' Responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. Applicable accounting standards have been followed. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

By order of the Board



**H C D McLellan**  
*Company Secretary*

14 October 1993

# Report of the Auditors

to the members of J D Wetherspoon plc

We have audited the financial statements on pages 14 to 29

## Respective responsibilities of Directors and Auditors

As described on page 11 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you

## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit involves 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 at 31 July 1993 and of the profit, total recognised gains and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Coopers & Lybrand**

Chartered Accountant and Registered Auditors  
London

14 October 1993

# Profit and Loss Account

for the year ended 31 July 1993

	Notes	1993 £'000	1992 £'000
<b>Turnover (continuing operations)</b>	2	<b>30,800</b>	<b>21,380</b>
Net operating expenses excluding depreciation	3	23,816	15,763
Depreciation		908	523
		<b>24,724</b>	<b>16,286</b>
<b>Operating profit (continuing operations)</b>		<b>6,076</b>	<b>5,094</b>
Disposal of properties	6	—	(1,094)
Rent receivable		39	33
Interest receivable		299	17
Interest payable	7	(2,243)	(3,124)
<b>Profit on ordinary activities before taxation</b>	8	<b>4,171</b>	<b>926</b>
Taxation on profit on ordinary activities	9	(449)	(117)
<b>Profit on ordinary activities after taxation</b>		<b>3,722</b>	<b>809</b>
Dividends	10	(1,546)	(350)
<b>Retained profit for the year</b>	21	<b>2,176</b>	<b>459</b>
<b>Earnings per share (net basis)</b>	11		
Basic		14.7p	5.5p
Fully diluted		14.4p	5.8p

## Note of historical cost profits and losses for the year ended 31 July 1993

	Notes	1993 £'000	1992 £'000
Reported profit on ordinary activities before taxation		4,171	926
Realisation of revaluation surpluses of previous years on assets sold in the year		—	1,152
<b>Historical cost profit on ordinary activities before taxation</b>		<b>4,171</b>	<b>2,078</b>
<b>Historical cost retained profit for the period</b>		<b>2,176</b>	<b>1,611</b>
<b>Historical cost earnings per share (net basis)</b>	11		
Basic		14.7p	13.3p
Fully diluted		14.4p	12.6p

*Note.* The difference between the restated profit for 1992 and profit on a historical cost basis as previously reported is a result of the implementation of FRS 3 as explained in note 1 to the financial statements

# Statement of Total Recognised Gains and Losses

for the year ended 31 July 1993

	1993 £'000	1992 £'000
Profit for the financial year after taxation	3,722	809
Unrealised surplus on revaluation of properties	2,606	608
<b>Total recognised gains relating to the year</b>	<b>6,328</b>	<b>1,477</b>

## Reconciliation of movements in shareholders' funds

	1993 £'000	1992 £'000
Total recognised gains relating to the year	6,328	1,477
Dividends	(1,546)	(350)
New share capital issued (net of expenses)	19,018	1,237
Convertible loan issue expenses	—	(42)
<b>Net addition to shareholders' funds</b>	<b>23,800</b>	<b>2,322</b>
Opening shareholders' funds	20,312	17,990
<b>Closing shareholders' funds</b>	<b>44,112</b>	<b>20,312</b>


# Balance Sheet

at 31 July 1993

	Notes	1993 £'000	1992 £'000
<b>Fixed assets</b>			
Tangible assets	12	71,736	53,091
<b>Current assets</b>			
Stocks	13	485	302
Debtors	14	1,276	1,600
Cash at bank and in hand		2,519	71
		<u>4,280</u>	<u>1,973</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(9,079)</u>	<u>(6,845)</u>
<b>Net current liabilities</b>		<u>(4,799)</u>	<u>(4,872)</u>
<b>Total assets less current liabilities</b>		<u>66,937</u>	<u>48,222</u>
<b>Creditors: amounts falling due after more than one year:</b>			
Loans	16	22,825	26,410
Convertible unsecured loan and loan stock	17	—	1,500
		<u>22,825</u>	<u>27,910</u>
<b>Capital and reserves</b>			
Called up share capital	19	2,865	74
Share premium account	21	20,951	4,724
Revaluation reserve	21	12,967	10,361
Profit and loss account	21	7,329	5,153
		<u>44,112</u>	<u>20,312</u>
<b>Shareholders' funds</b>		<u>66,937</u>	<u>48,222</u>

The financial statements on pages 13 to 29 were approved by the Board on 14 October 1993 and signed on its behalf by:

  
T R Martin  
Chairman

  
J M Scott  
Finance Director

# Cash Flow Statement

for the year ended 31 July 1993

	Notes	1993 £'000	1992 £ 000
<b>Net cash flow from operating activities</b>	24	<u>7,713</u>	<u>7,142</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		299	15
Interest paid		(2,667)	(3,465)
Interest element of hire purchase payments		—	(7)
Dividends paid		<u>(865)</u>	<u>(265)</u>
<b>Net cash outflow from returns on investment and servicing of financing</b>		<u>(3,233)</u>	<u>(3,722)</u>
<b>Taxation</b>			
Advance corporation tax paid		<u>(266)</u>	<u>(122)</u>
<b>Investing activities</b>			
Payments for purchase of tangible fixed assets		(16,364)	(11,700)
Proceeds of sale of tangible fixed assets		<u>197</u>	<u>2,756</u>
<b>Net cash outflow from investing activities</b>		<u>(16,167)</u>	<u>(8,944)</u>
<b>Net cash outflow before financing</b>		<u>(11,953)</u>	<u>(5,646)</u>
<b>Financing</b>			
Issue of Ordinary shares		18,996	471
Net movement on secured bank loans		(3,310)	4,945
(Repayment of)/new unsecured loan		(500)	500
New convertible loan stock		—	500
Expenses paid in connection with share issue		(699)	(13)
Expenses paid to arrange loan finance		—	(12)
Principal payment under hire purchase agreements		<u>(22)</u>	<u>(4)</u>
<b>Net cash inflow from financing</b>	25	<u>14,465</u>	<u>6,357</u>
<b>Increase in cash and cash equivalents</b>	26	<u>2,512</u>	<u>711</u>



# Notes to the Financial Statements

for the year ended 31 July 1993

## 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 except where noted, is set out below

### Changes in accounting policies

The new accounting standard, FR's 3, requires the adoption of accounting policies which differ from those previously adopted by the Company. Accordingly, the following changes have been made. Comparative figures have been amended where necessary for the changes.

- (a) In previous years profits on the sale of fixed assets carried at valuation have been included in the profit and loss account based on the differences between sale proceeds and depreciated historical cost. This policy has now been changed and such profits or losses are now included based on the difference between sale proceeds and net carrying amount, being valuation less subsequent depreciation.
- (b) In the year ended 31 July 1987 profit on disposal of properties was treated as an extraordinary item in accordance with standard accounting practice at that time. Such profits or losses will now be treated as exceptional items and shown after operating profit, but before interest, in accordance with the new accounting standard.
- (c) In previous years earnings per share has been calculated on the figure for profit after taxation, but before extraordinary items. Under the new accounting standard earnings per share is based on profit after taxation and extraordinary items.

The effects of these changes in accounting policies are disclosed in notes 6 and 11 to the financial statements.

### Basis of accounting

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

### 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 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.

### Valuation of properties

Trading properties are revalued professionally by independent valuers on a rolling basis with a minimum of one third of the estate being valued every year and ensuring 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.

### 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.

# Notes to the Financial Statements

*continued*

## Stocks

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

## Turnover

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

## 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.

## 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:

	1993 £'000	1992 £'000
Change in stocks	(183)	(56)
Raw materials and consumables	10,967	7,829
Staff costs (see note 5)	5,791	4,226
Other operating charges	7,241	3,764
	<hr/>	<hr/>
Net operating expenses excluding depreciation	23,816	15,763
	<hr/>	<hr/>

## 4 Directors' emoluments

	1993 £'000	1992 £'000
Fees	20	5
Other emoluments (including pension contributions and benefits in kind)	347	336
	<hr/>	<hr/>
	367	341
	<hr/>	<hr/>

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

	1993 £'000	1992 £'000
Emoluments of the Chairman who is also the highest paid Director	128	128
	<hr/>	<hr/>

# Notes to the Financial Statements

*continued*

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

	1993	1992
£0 to £5,000	1	3
£5,001 to £10,000	2	—
£15,001 to £30,000	1	1
£35,001 to £50,000	—	1
£50,001 to £55,000	2	2
£55,001 to £60,000	1	—
£125,001 to £130,000	1	1

H C D McLellan is a Non Executive 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 one of two other partners in the firm. Fees paid to McLellans in the year were £69,000 (1992: £49,000).

No Director waived rights to emoluments during the year or the previous year.

Directors are granted options for Ordinary shares in the Company as part of both the Executive share option scheme and the SAYE scheme in accordance with the recommendations of the remuneration committee. The number of options granted to Directors in the year is shown in the Directors' report.

## 5 Employee information

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

	1993 Number	1992 Number
Managerial/administration	293	211
Hourly paid staff	473	360
	<u>766</u>	<u>571</u>

Employment costs – all employees including Executive Directors:

	1993 £'000	1992 £'000
Wages and salaries	5,557	4,038
Social security costs	451	314
Other pension costs	23	18
Total direct costs of employment	<u>6,031</u>	<u>4,370</u>
Wages and salaries capitalised	(240)	(144)
<b>Charge to profit and loss account</b>	<u>5,791</u>	<u>4,226</u>

Comparative figures have been re-analysed to accord with the presentation adopted in 1993. Figures previously reported were: wages and salaries £3,692,000; social security costs £516,000; and other pension costs £18,000. There is no effect on the total charge to the profit and loss account.

# Notes to the Financial Statements

*continued*

## 6 Disposal of properties

	1993 £'000	1992 £'000
Sale proceeds	—	2,748
Carrying value of assets	—	(3,842)
<b>Loss on disposal of properties against carrying value</b>	<b>Nil</b>	<b>(1,094)</b>
Reversal of revaluation reserve		1,152
Profit on disposal against depreciated historical cost		58

The profit on disposal of properties reported in the financial statements for the year ended 31 July 1992 has been restated as a loss on disposal in the comparative figures in these financial statements as a result of the change in accounting policy following the implementation of FRS 3 disclosed in note 1 to the financial statements. The properties were sold for more than their depreciated historical cost but less than their carrying value (valuation less subsequent depreciation).

## 7 Interest payable

Interest payable on amounts:

	1993 £'000	1992 £'000
Repayable within 5 years, not by instalments	5	52
Repayable wholly or partly in more than 5 years	2,458	3,321
Other interest	14	64
<b>Total interest payable</b>	<b>2,477</b>	<b>3,437</b>
Less: interest capitalised into properties	(234)	(313)
<b>Interest expense charged to profit and loss account</b>	<b>2,243</b>	<b>3,124</b>

Tax relief is available on the capitalised interest in addition to that charged to the profit and loss account.

## 8 Profit on ordinary activities before taxation

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

	1993 £'000	1992 £'000
Depreciation of tangible fixed assets	908	523
Auditors' remuneration	25	21
Hire of plant and machinery	12	9
Hire of motor vehicles	74	28
Profit on disposal of motor vehicles	(10)	(1)
Rent receivable (net of outgoings)	(39)	(33)
Rent payable	2,095	901

Remuneration of the Company's auditors for provision of non audit services to the Company during the year amounted to £67,000 for services including acting as reporting accountants to the flotation, taxation compliance and advisory work, and other accounting and consultancy services.

# Notes to the Financial Statements

*continued*

## 9 Taxation on profit on ordinary activities

	1993	1992
	£'000	£'000
Irrecoverable advance corporation tax	449	117

There is no charge to corporation tax on the profits of the Company either for this year or for last year because of the availability of unused capital allowances brought forward and arising in the year. As at 31 July 1993 the unused capital allowances available for carry forward against future trading profits were approximately £8,000,000 (1992: £4,200,000) subject to approval of the Inland Revenue.

To date the Company has written off £753,000 advance corporation tax which will be available to offset against future mainstream corporation tax liabilities.

## 10 Dividends

	1993	1992
	£'000	£'000
Interim dividend paid (1.8p per share)	515	--
Proposed final dividend (see below)	1,031	350
	<u>1,546</u>	<u>350</u>

The Directors propose that all Ordinary shares in issue on 31 July 1993 will receive a final dividend of 3.6p per share. For the year ended 31 July 1992 the final dividend was 50p per share which is equivalent to a dividend of 2.38p per share after converting for the scrip issue in the year.

## 11 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 £3,722,000 (1992: £809,000) and on 25,332,410 (1992: 11,700,000 as adjusted for the scrip issue in the year) 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 £3,841,000 (1992: £985,000) and on 26,601,431 (1992: 16,899,687 as adjusted for the scrip issue in the year) Ordinary shares being the weighted average number of Ordinary shares adjusted for the conversion of £Nil (1992: £1,500,000) convertible loans and loan stock and a weighted average of 902,527 (1992: 974,694) share options.

The 1992 comparative earnings per share have been restated from 13.3p (fully diluted 12.6p) to 5.5p (fully diluted 5.8p) in accordance with the revised basis of calculation described on page 17.

On the historical cost basis the calculations of earnings per share are the same as above for the 1993 figures both basic (net basis) and fully diluted. However the 1992 calculations are based on an historical cost profit on ordinary activities after taxation for that year of £1,961,000 for the basic (net basis) and on an adjusted historical cost profit of £2,137,000 for the fully diluted calculation. The weighted average number of shares in issue for the 1992 calculation is the same as stated above.

## Notes to the Financial Statements

continued

## 12 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Motor vehicles £'000	Expenditure on unopened properties £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 1992	34,080	17,121	198	2,673	54,072
Additions	4,441	11,584	1	1,105	17,131
Surplus on revaluation	62	2,544	—	—	2,606
Disposals	(186)	—	(42)	—	(228)
Reclassification	908	1,169	—	(2,077)	—
<b>At 31 July 1993</b>	<b>39,305</b>	<b>32,418</b>	<b>157</b>	<b>1,701</b>	<b>73,581</b>
<b>Depreciation</b>					
At 1 August 1992	488	379	111	—	978
Charge for the year	349	518	41	—	908
Disposals	—	—	(41)	—	(41)
<b>At 31 July 1993</b>	<b>837</b>	<b>897</b>	<b>111</b>	<b>—</b>	<b>1,845</b>
<b>Net book value</b>					
<b>At 31 July 1993</b>	<b>38,468</b>	<b>31,521</b>	<b>46</b>	<b>1,701</b>	<b>71,736</b>
At 31 July 1992	33,592	16,742	87	2,673	53,094

Included in the freehold land and buildings figure is capitalised interest of £1,879,000 (1992: £1,647,000), in short leasehold land and buildings £321,000 (1992: £180,000) and in unopened properties £328,000 (1992: £467,000).

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

	Freehold £'000	Short leasehold £'000	Expenditure on unopened properties £'000	Total £'000
<b>Cost</b>				
At 1 August 1992	2,130	1,919	21	4,070
Additions	678	2,146	6	2,830
Disposals	—	—	—	—
Reclassification	—	21	(21)	—
<b>At 31 July 1993</b>	<b>2,808</b>	<b>4,086</b>	<b>6</b>	<b>6,900</b>
<b>Depreciation</b>				
At 1 August 1992	366	299	—	665
Charge for the year	235	283	—	518
Disposals	—	—	—	—
<b>At 31 July 1993</b>	<b>601</b>	<b>582</b>	<b>—</b>	<b>1,183</b>
<b>Net book value</b>				
<b>At 31 July 1993</b>	<b>2,207</b>	<b>3,504</b>	<b>6</b>	<b>5,717</b>
At 31 July 1992	1,764	1,620	21	3,405

# Notes to the Financial Statements

*continued*

## 12 Tangible fixed assets *continued*

The Company's freehold and leasehold properties have been valued on the basis of open market value for existing use 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 £'000	Short leasehold land and buildings £'000	Total £'000
Historical cost basis net book value of revalued properties	32,393	23,778	56,171
Revaluation reserve	5,881	7,086	12,967
Properties included at valuation	38,274	30,864	69,138
Properties included at cost	194	657	851
	<u>38,468</u>	<u>31,521</u>	<u>69,989</u>

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

The valuations were performed as at the following dates:

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Total £'000
31 July 1992	33,400	16,390	49,790
31 July 1993	4,930	14,460	19,390
Subsequent additions at cost	38,330	30,850	69,180
Subsequent disposals at cost	465	351	816
Subsequent disposals at cost	(186)	—	(186)
Less depreciation since valuation	(335)	(337)	(672)
Properties included at valuation	<u>38,274</u>	<u>30,864</u>	<u>69,138</u>

All the Company's trading properties which were open at 31 July 1992 were included in the valuation at that date. The 24 new trading properties which opened during the year ended 31 July 1993, which constitute more than one third of the estate, were all valued at 31 July 1993.

At 31 July 1993 the Company had acquired five properties for which licensing and planning permission was in place. These properties have not been revalued but, in the opinion of the Directors, their market value is in excess of cost included 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 18 to the financial statements)

# Notes to the Financial Statements

*continued*

## 13 Stocks

	1993 £'000	1992 £'000
Goods for resale	485	302

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

## 14 Debtors

	1993 £'000	1992 £'000
<b>Amounts falling due within one year</b>		
Other debtors	195	40
Called up share capital not paid	—	779
Prepayments and accrued income	1,065	765
Other taxation receivable	—	6
	<u>1,260</u>	<u>1,590</u>
<b>Amount falling due after more than one year:</b>		
Prepayments and accrued income	16	10
	<u>1,276</u>	<u>1,600</u>

## 15 Creditors: amounts falling due within one year

	1993 £'000	1992 £'000
Current instalments due on bank loans (see note 16)	1,539	1,764
Bank overdraft	—	64
Trade creditors	4,209	3,322
Advance corporation tax	299	117
Other taxation and social security costs payable	551	442
Other creditors	143	68
Dividends payable	1,031	350
Accruals and deferred income	1,307	718
	<u>9,079</u>	<u>6,845</u>

Included in other creditors are hire purchase commitments of £12,000 (1992: £34,000).



## Notes to the Financial Statements

continued

### 16 Creditors; amounts falling due after more than one year

	1993 £'000	1992 £'000
Bank loans:		
Due before 2 years	1,580	860
Due between 2 and 5 years	1,875	2,985
Due after 5 years	19,370	22,065
	<u>22,825</u>	<u>25,910</u>
Other loan	—	500
	<u>22,825</u>	<u>26,410</u>

The bank loans are secured on the Company's freehold and leasehold properties.

The bank loans are repayable by monthly instalments. Loans amounting to £4,364,000 are due to be repaid by May 1996. Interest is charged on these loans at between 1.25% and 1.35% above base rate. Loans amounting to £20,000,000 are due to be repaid by March 2013. Interest on the first tranche of £10,000,000 is charged at 11.95% until March 1997 and thereafter at 1.5% above base rate. Interest on the second tranche of £10,000,000 is charged at 8.5% until March 1998 and thereafter at 1.35% above base rate.

### 17 Convertible unsecured loan and loan stock

1993 £'000	1992 £'000
Nil	1,500

The convertible unsecured loan and loan stock were converted into 1,470,000 Ordinary shares on flotation of the Company in October 1992.

### 18 Deferred taxation

Analysis of provision and potential liability:

	Amount provided		Full potential liability	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
<b>Potential taxation at 33% arising on:</b>				
Gains on sales of properties reinvested	—	—	700	700
Other gains on sale of trading properties at their revalued amounts	—	—	4,600	4,300
	<u>—</u>	<u>—</u>	<u>5,300</u>	<u>5,000</u>
Excess of tax allowances over depreciation	2,573	1,042	2,573	1,042
Less unused capital allowances	(2,573)	(1,042)	(2,573)	(1,042)
	<u>Nil</u>	<u>Nil</u>	<u>5,300</u>	<u>5,000</u>

The deferred tax liability arises from the following circumstances:

- (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.

# Notes to the Financial Statements

continued

## 18 Deferred taxation *continued*

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 unused capital allowances available of approximately £8,000,000 (1992: £4,200,000) (see note 9 to the financial statements)

## 19 Called up share capital

	1993	1992
	£'000	£'000
<b>Authorised:</b>		
40,000,000 (1992: Nil) Ordinary shares of 10p each	4,000	—
Nil (1992: 800,000) "A" Ordinary shares of 10p each	—	80
Nil (1992: 200,000) "B" Ordinary shares of 10p each	—	20
	<u>4,000</u>	<u>100</u>
<b>Allotted, called up and fully paid:</b>		
28,646,967 Ordinary shares of 10p each (1992: Nil)	2,865	—
Nil (1992: 589,160) "A" Ordinary shares of 10p each	—	59
Nil (1992: 125,000) "B" Ordinary shares of 10p each	—	13
	<u>2,865</u>	<u>72</u>
<b>Allotted, called up and part paid:</b>		
Nil (1992: 450) "A" Ordinary shares of 10p each	—	—
<b>Allotted, called up and not paid:</b>		
Nil (1992: 23,267) "A" Ordinary shares of 10p each	—	2
	<u>—</u>	<u>2</u>
	<u>2,865</u>	<u>74</u>

At an Extraordinary General Meeting of the Company held on 5 October 1992 resolutions were passed which reclassified the "A" and "B" Ordinary shares as a single class. Increased the authorised share capital of the Company to £4,000,000 and sanctioned a capitalisation issue of 20 new Ordinary shares of 10p each for every existing Ordinary share of 10p of which members were the holders immediately before listing on the London Stock Exchange.

As part of the listing on the London Stock Exchange on 30 October 1992, 11,250,000 Ordinary shares of 10p each were issued for cash at £1.60 per share and 1,470,000 Ordinary shares of 10p each were issued on conversion of a convertible loan and loan stock totalling £1,500,000. A further 431,550 Ordinary shares of 10p each were issued for a cash consideration of £210,000 upon the exercise of share options during the year.

The purposes of these share issues were to finance the continuing growth of the Company to satisfy the conditions of the convertible loan and loan stock and to honour employee share options.

# Notes to the Financial Statements

continued

## 20 Share options

Options which have been granted to employees for Ordinary shares which existed at 31 July 1993 were as follows:

### (a) Executive share option scheme

Date of grant	Number of shares	Period of exercise	Price per share
July 1989	190,050	26 July 1992 to 26 July 1999	57.1p
March 1990	65,457	27 March 1993 to 27 March 2000	71.4p
September 1990	36,393	26 September 1993 to 26 September 2000	71.4p
February 1991	172,578	14 February 1994 to 14 February 2001	71.4p
February 1992	120,330	10 February 1995 to 10 February 2002	119.0p
June 1992	12,600	30 June 1995 to 30 June 2002	112.0p
April 1993	253,368	30 April 1996 to 30 April 2003	258.0p
May 1993	11,979	4 May 1996 to 4 May 2003	267.0p
	<u>862,755</u>		

### (b) SAYE scheme

Date of grant	Number of shares	Period of exercise	Price per share
February 1993	172,926	2 February 1998 to 2 August 1998	183.0p
February 1993	20,990	2 February 2000 to 2 August 2000	183.0p
	<u>193,916</u>		

## 21 Share premium account and reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 August 1992	4,724	10,361	5,153
Capitalisation issue	(1,176)	—	—
Premium on allotments during the year	18,402	—	—
Surplus arising on revaluation of land and buildings	—	2,606	—
Retained profit for the year	—	—	2,176
Share issue expenses	(699)	—	—
<b>At 31 July 1993</b>	<u>20,951</u>	<u>12,967</u>	<u>7,329</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 18 to the financial statements.

# Notes to the Financial Statements

*continued*

## 22 Financial commitments

	1993 £'000	1992 £'000
Capital expenditure		
Expenditure contracted for but not provided for	<u>104</u>	<u>Nil</u>

## 23 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:

	1993 £'000	1992 £'000
	<u>2,954</u>	<u>2,074</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:

	1993 £'000	1992 £'000
	<u>89</u>	<u>60</u>

## 24 Net cash flow from operating activities

	1993 £'000	1992 £'000
Operating profit	6,076	5,094
Rent received	39	37
Depreciation of tangible fixed assets	908	523
Gain on sale of tangible fixed assets	(10)	(1)
Increase in stocks	(183)	(56)
(Increase)/decrease in other debtors	(155)	13
Increase in prepayments and accrued income	(306)	(359)
Decrease/(increase) in other taxation receivable	6	(6)
Increase in trade creditors	887	1,870
Increase in other creditors	97	37
Increase in other taxation and social security	109	212
Increase/(decrease) in accruals and deferred income	245	(222)
	<u>7,713</u>	<u>7,142</u>

# Notes to the Financial Statements

*continued*

## 25 Analysis of changes in finances during the year

	Share capital (including premium) £'000	Convertible loan and loan stock £'000	Loans and hire purchase commitments £'000	Total £'000
Balance at 1 August 1992	4,798	1,500	28,208	32,506
Amounts receivable at 1 August 1992 (see note 14)	(779)	—	—	(779)
Conversion	1,500	(1,500)	—	—
Cash inflows/(outflows) from financing during the year	18,297	—	(3,832)	14,465
<b>Balance at 31 July 1993</b>	<b>23,816</b>	<b>Nil</b>	<b>24,376</b>	<b>48,192</b>

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

	1993 £'000	1992 £'000	Change in year £'000
Cash at bank and in hand	2,519	71	2,448
Bank overdrafts	—	(64)	64
	<u>2,519</u>	<u>7</u>	<u>2,512</u>

# Summary of Accounts for the Ten Years ended 31 July 1993

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Sales and results</b>										
Turnover (continuing operations)	818	1,890	2,197	3,457	3,709	5,584	7,017	13,192	21,380	30,800
Operating profit (continuing operations)	63	328	389	698	511	1,295	1,501	3,399	5,091	6,076
Disposal of properties	47	137	-	611	-	-	-	-	(1,094)	-
Rent receivable	-	-	-	-	-	-	27	16	33	39
Historical cost receivable	-	-	-	-	4	10	3	1	17	299
Interest payable	(70)	(143)	(170)	(316)	(300)	(516)	(931)	(2,351)	(3,123)	(2,243)
Profit on ordinary activities before taxation	40	322	219	1,026	248	789	603	1,098	926	4,171
Taxation	-	(7)	(10)	(23)	40	(33)	(67)	(88)	(117)	(449)
Profit on ordinary activities after taxation	40	315	209	1,003	288	756	536	1,010	809	3,722
Dividends	-	-	-	-	-	(100)	(200)	(265)	(350)	(1,546)
Retained profit for the year	40	315	209	1,003	288	656	336	745	459	2,176
<b>Recognised gains and losses</b>										
Profit for the financial year after taxation	40	315	209	1,003	288	756	536	1,010	809	3,722
Unrealised surplus on revaluation of properties	-	-	-	-	-	5,172	1,631	4,042	668	2,606
	40	315	209	1,003	288	5,928	2,167	5,052	1,477	6,328
<b>Net assets employed</b>										
Fixed assets	904	1,653	3,667	4,587	8,030	16,804	28,629	45,031	53,094	71,736
Net current liabilities	(421)	(468)	(1,411)	(129)	(2,247)	(1,057)	(3,073)	(3,858)	(4,872)	(4,799)
	483	1,185	2,256	4,458	5,783	15,747	25,556	41,173	48,222	66,937
Non current liabilities	151	838	1,700	2,321	3,358	6,007	13,849	23,183	27,910	22,825
Shareholders' funds	32	347	556	2,137	2,425	9,740	11,707	17,990	20,312	44,112
	483	1,185	2,256	4,458	5,783	15,747	25,556	41,173	48,222	66,937
<b>Ratios</b>										
Operating margin	7.7%	17.4%	17.8%	20.8%	14.7%	23.2%	21.3%	25.8%	23.8%	19.7%
Earnings per share	0.5p	3.5p	2.3p	9.7p	2.7p	6.1p	4.1p	7.7p	5.5p	14.7p
Historical cost earnings per share	0.5p	3.5p	2.3p	3.5p	2.7p	6.1p	4.1p	7.7p	13.3p	14.7p
Dividends per share	-	-	-	-	-	0.95p	0.76p	1.00p	2.38p	5.40p

### Notes to the ten year summary

- (a) The summary of accounts has been extracted from the annual audited financial statements of the Company for the ten years shown.
- (b) The earnings per share and dividend per share figures have been adjusted to account for:
- the 10 for 1 share split in the year ended 31 July 1987,
  - the 424 for 1 capitalisation issue in the year ended 31 July 1987,
  - the 20 for 1 capitalisation issue on 5 October 1992
- (c) The figures have been adjusted to reflect the adoption of FRS 3. This involves:
- the restatement of the disposal of properties in the year ended 31 July 1992 as described in note 6 to the financial statements,
  - the reclassification of the disposal of properties in the year ended 31 July 1987, which was then disclosed as an extraordinary item, as an exceptional item,
  - the appropriate adjustments to earnings per share to account for the above. Historical cost earnings per share calculated on the basis in operation before the introduction of FRS 3 are also shown.

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at The J D Wetherspoon Training Centre, 760 High Road, Finchley, N12 8LD on Friday 3 December 1993 at 11.00 a.m. for the following purposes:

### Ordinary Business

1. To receive the report of the Directors and the audited accounts of the Company for the financial year ended 31 July 1993.
2. To re-elect A C Lowrie as a Director.
3. To re-elect R R Martin as a Director.
4. To re-appoint Coopers & Lybrand as auditors and to authorise the Directors to fix their remuneration.

### Special Business

To consider and, if thought fit, to pass the following Resolutions, in the case of Resolution No. 5 as an Ordinary Resolution and in the case of Resolution No. 6 as a Special Resolution.

5. **THAT:**

- (A) the Directors be and they are hereby generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 to allot, to such persons and on such terms as they think proper, relevant securities (as defined in sub-section (2) of that section) up to a maximum nominal amount of £1,060,566 during the period from the date of the passing of this Resolution until the conclusion of the Annual General Meeting of the Company held to approve the report and accounts of the Company for the financial year ending 31 July 1994 on which date such authority will expire unless previously varied or revoked by the Company in general meeting provided that the Directors shall be entitled under the authority hereby conferred to make at any time prior to the expiry of such authority any offer or agreement which would or might require such relevant securities as aforesaid to be allotted after the expiry of such authority and the Directors may allot any relevant securities after the expiry of such authority pursuant to such offer or agreement notwithstanding the expiry of the authority given by this paragraph;
- (B) the authority to allot given to the Directors by Ordinary Resolution of the Company passed on 5 October 1992 (and varied on 18 November 1992) be and is hereby revoked, provided that such revocation shall not have retrospective effect.

6. **THAT:**

subject to the passing of Resolution 5 above:

- (A) the Directors be and they are hereby empowered until the expiry of the period ending 15 months from the date on which this Resolution is passed or the conclusion of the Annual General Meeting of the Company held to approve the report and accounts of the Company for the financial year of the Company ending 31 July 1994 (whichever is the earlier) to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) of the Company under the authority conferred by Resolution 5 above, as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to such allotment and the Directors shall be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired notwithstanding its expiry PROVIDED THAT this power shall be limited to:

## Notice of Annual General Meeting

*continued*

- (1) the allotment of equity securities in connection with any invitation made to holders of Ordinary shares of 10p each from time to time to subscribe by way of rights where the equity securities attributable to the interests of all the holders of such Ordinary shares are proportionate (as nearly as may be) to the respective number of Ordinary shares held by them subject to any exceptions, exclusions or other arrangements which in the opinion of the Directors are necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems otherwise arising under the laws of any territory or the requirements of any recognised regulatory body or any other stock exchange in any territory; and
  - (2) the allotment (other than pursuant to (1) above) of equity securities up to an aggregate nominal amount of £143,235.
- (B) the authority conferred under Section 95 of the Companies Act 1985 by Special Resolution of the Company passed on 5 October 1992 (and varied on 18 November 1992) be and is hereby revoked, provided that such revocation shall not have retrospective effect.

### By order of the Board

H C D McLellan  
Secretary

29 October 1993

*Registered office:*  
735 High Road  
North Finchley  
London N12 0BP  
Registered No: 1709784

### Notes:

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.
- 2 To be valid for the Meeting, the instrument appointing a proxy and the authority (if any) under which it is signed or a notarially certified copy of such authority must be deposited at the office of the Company's Registrars not less than 48 hours before the time of the Meeting.
- 3 Service contracts between the Company and each of T R Martin, K Lunn, H C D McLellan, R R Martin and J M Scott will be available for inspection at the registered office of the Company during usual business hours on any week day (except Saturdays and public holidays) until the date of the Meeting and at the place of the Meeting for a period of 15 minutes prior to the Meeting and at the Meeting.  
Save for such service contracts no Director has a service contract with the Company.
- 4 The register of Directors' interests in the shares of the Company will be available for inspection at the Meeting.