

Company Number: 3010995

Empire Inns Limited

Financial Statements

for the year ended 31st January 2001



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Empire Inns Limited

Company Information

Company No: 3010995

Registered Office

88 Market Street West
Preston
PR1 2EU

Directors

Mr D A Bailey
Mr A Whiteside

Secretary

Mr A Whiteside

Auditors

HAWSONS
Albion House
6 Albion Place
South Parade
Doncaster
DN1 2EG

Bankers

National Westminster Bank plc
South Yorkshire Corporate Business Centre
PO Box 897
38 Carver Street
Sheffield
S1 4YY

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The directors submit their report together with the audited financial statements for the year ended 31st January 2001.

Directors' Statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the loss for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Results and Dividends

The loss on the ordinary activities of the company before taxation amounted to £20,074. After deducting taxation, the loss of £18,540 has been transferred from reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The principal activity of the company continued to be that of the management of public houses and the operation of a wholesale beer warehouse and four off licences.

The business is experiencing cash flow difficulties and is undertaking a programme of cost cutting and reviewing the performance of all its outlets with a view to disposing of loss making businesses and concentrating on profitable core businesses whilst reducing borrowing commitments.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary Shares of £1 Each	
	2001	2000
	No.	No.
Mr D A Bailey	1	1
Mr A Whiteside	1	1

Empire Inns Limited

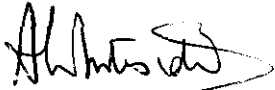
Directors' Report

for the year ended 31st January 2001

Auditors

The Auditors, Hawsons Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:

A handwritten signature in black ink, appearing to read 'A Whiteside', with a long horizontal flourish extending to the right.

Mr A Whiteside, Secretary

25th July 2001

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st January 2001

We have audited the financial statements on pages 4 to 15, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we consider 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hawsons

HAWSONS
Chartered Accountants
and Registered Auditors

25th July 2001

Albion House
6 Albion Place
South Parade
Doncaster
DN1 2EG

Empire Inns Limited
Profit and Loss Account

for the year ended 31st January 2001

	Notes	2001 £	as restated 2000 £
Turnover	2	4,309,633	4,193,680
Cost of sales		(4,176,217)	(4,020,738)
Gross profit		133,416	172,942
Administrative expenses		(178,727)	(170,488)
Other operating income		48,911	32,428
Operating profit	3	3,600	34,882
Interest receivable	5	787	288
Interest payable	6	(24,461)	(8,246)
(Loss)/Profit on ordinary activities before Taxation		(20,074)	26,924
Tax on (loss)/profit on ordinary activities	7	1,534	(5,301)
(Loss)/Profit on ordinary activities after Taxation		(18,540)	21,623

All amounts relate to continuing activities.

Empire Inns Limited**Total Recognised Gains and Losses****for the year ended 31st January 2001**

	2001 £	as restated 2000 £
Statement of Total Recognised Gains and Losses		
(Loss)/Profit for the financial year	(18,540)	21,623
	<u>(18,540)</u>	<u>21,623</u>
Prior year adjustments	46,047	-
Total recognised (losses)/gains since the last financial statements	<u>(64,587)</u>	<u>21,623</u>
 Note of Historical Cost Profits and Losses		
(Loss)/Profit on ordinary activities before taxation	(20,074)	26,924
	<u>(20,074)</u>	<u>26,924</u>
Historical cost (loss)/profit before taxation	<u>(20,074)</u>	<u>26,924</u>
Historical cost (loss)/profit transferred (from)/to reserves	<u>(18,540)</u>	<u>21,623</u>

Empire Inns Limited

Balance Sheet

as at 31st January 2001

	Notes	2001 £	2001 £	as restated 2000 £	2000 £
Fixed Assets					
Intangible fixed assets	9		4,000		-
Tangible fixed assets	8		697,929		574,476
			<u>701,929</u>		<u>574,476</u>
Current Assets					
Stock	10	193,403		185,680	
Debtors	11	29,715		22,705	
Cash at bank and in hand		19,102		24,140	
		<u>242,220</u>		<u>232,525</u>	
Creditors:					
Amounts falling due within one year	12	<u>(538,001)</u>		<u>(426,539)</u>	
Net Current Liabilities			<u>(295,781)</u>		<u>(194,014)</u>
Total Assets Less Current Liabilities			<u>406,148</u>		<u>380,462</u>
Creditors:					
Amounts falling due after more than one year	13		<u>(234,804)</u>		<u>(191,484)</u>
Provision for Liabilities and Charges					
Deferred taxation	14		<u>(17,880)</u>		<u>(16,974)</u>
Net Assets			<u>153,464</u>		<u>172,004</u>
Capital and Reserves					
Share capital	15		2		2
Profit and loss account	17		153,462		172,002
Equity Shareholders' Funds	16		<u>153,464</u>		<u>172,004</u>

These accounts were approved by the board on 25th July 2001.

Mr D A Bailey

Mr A Whiteside
Directors

Empire Inns Ltd

Cash Flow Statement

for the year ended 31st January 2001

	2001	As restated
	£	2000
		£
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating Profit	3,600	34,882
Depreciation charges	60,302	41,757
Profit on sale of fixed assets	-	(848)
Increase in stocks	(7,723)	(62,404)
Decrease in debtors	7,219	3,669
Increase in creditors	18,924	38,149
Net cash inflow from operating activities	82,322	55,205
Cash flow statement:		
Cash flow from operating activities	82,322	55,205
Returns on investments and servicing of finance	(25,453)	(6,179)
Taxation	(14,228)	(18,474)
Capital expenditure and financial investment	(187,755)	(357,625)
Cash outflow before use of liquid resources and financing	(145,114)	(327,073)
Financing - increase in debt	48,996	126,456
Decrease in cash in the period	(96,118)	(200,617)
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in period	(96,118)	(200,617)
Cash inflow from increase in debt and lease financing	(48,996)	(126,456)
Movement in net debt in the period	(145,114)	(327,073)
Net debt at 1st February 2000	(187,938)	139,135
Net debt at 31st January 2001	(333,052)	(187,938)

Individual cash flow categories are analysed further in note 22 to the financial statements.

Notes to the Financial Statements

for the year ended 31st January 2001

1 Principal Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates applicable are:

Freehold land and buildings	2% straight line
Improvements to leasehold property	over the remaining lease term
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance

Goodwill

Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life.

Stocks

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

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

2 Turnover

The turnover and operating profit for the year was derived from the company's principal activity and was carried out wholly in the UK.

3 Operating Profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Amounts payable to the auditors in respect of audit and accountancy services	25,351	11,720
Depreciation - owned assets	57,702	39,656
Depreciation - assets held under hire purchase or finance lease contracts	2,600	2,101
(Profit) on disposal of fixed assets	-	(848)
	<u> </u>	<u> </u>

4 Directors and Employees

Staff costs during the year were as follows:

	2001	2000
	£	£
Wages and salaries	454,817	542,639
Social security costs	22,326	25,111
Other pension costs	3,475	15,000
	<u>480,618</u>	<u>582,750</u>

The average monthly number of employees, including directors, during the year was as follows:

	2001	2000
	Number	Number
Office and management	3	3
Bar staff and sales	57	66
Warehouse staff	3	3
	<u>63</u>	<u>72</u>

Remuneration in respect of directors was as follows:

	2001	2000
	£	£
Aggregate amount of emoluments paid in respect of qualifying services	70,690	65,858
Aggregate value of company contributions to money purchase pension schemes	3,120	15,000
	<u>73,810</u>	<u>80,858</u>

The directors are accruing pension benefits under money purchase schemes.

Empire Inns Limited

Notes to the Financial Statements

for the year ended 31st January 2001

5	Interest Receivable	2001	2000
		£	£
	Bank interest receivable	787	288
		<u> </u>	<u> </u>
6	Interest Payable	2001	2000
		£	£
	Bank loans and overdrafts	23,412	7,654
	Hire purchase and finance lease interest	1,049	592
		<u> </u>	<u> </u>
		24,461	8,246
		<u> </u>	<u> </u>
7	Tax on (Loss)/Profit on Ordinary Activities	2001	as restated 2000
		£	£
	Based on the (loss)/profit for the year:		
	U.K. Corporation tax	-	2,439
	Deferred tax charge	906	9,726
		<u> </u>	<u> </u>
		906	12,165
	Adjustments in respect of earlier years	(2,440)	(6,864)
		<u> </u>	<u> </u>
		(1,534)	5,301
		<u> </u>	<u> </u>

for the year ended 31st January 2001

9	Intangible Fixed Assets	
	Cost	Goodwill
		£
	Purchased during the year	4,000
	Net Book Value	
	At 31st January 2001	4,000

10	Stocks	2001	2000
		£	£
	Stocks	193,403	185,680

Notes to the Financial Statements

for the year ended 31st January 2001

11 Debtors	2001	2000
	£	£
Trade debtors	450	580
Corporation tax recoverable	14,229	-
Other debtors	6,196	4,520
Prepayments and accrued income	8,840	17,605
	<u>29,715</u>	<u>22,705</u>

12 Creditors: Amounts falling due within one year	2001	as restated 2000
	£	£
Bank loans and overdrafts	114,230	18,244
Net obligations under hire purchase and finance lease contracts	3,120	2,350
Trade creditors	241,258	265,960
Corporation tax	-	2,439
Other taxes and social security	29,361	12,385
Proposed dividends	16,000	16,000
Directors' loan accounts	49,066	54,246
Other creditors	22,993	12,807
Accruals and deferred income	61,973	42,108
	<u>538,001</u>	<u>426,539</u>

Bank loans and overdrafts are secured over the assets of the company.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

13 Creditors: Amounts falling due after more than one year	2001	2000
	£	£
Bank loans	230,646	191,484
Net obligations under hire purchase and finance lease contracts	4,158	-
	<u>234,804</u>	<u>191,484</u>

Bank loans repayable by instalments are as follows:-

	2001	2000
	£	£
In more than one year but not more than two years	25,050	19,697
In more than two years but not more than five years	83,250	69,019
	<u>108,300</u>	<u>88,716</u>
In one year or less, or on demand	23,150	18,244
	<u>131,450</u>	<u>106,960</u>
Total bank loans repayable after more than five years	122,346	102,768
Total bank loan repayments	<u>253,796</u>	<u>209,728</u>

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

Notes to the Financial Statements

for the year ended 31st January 2001

14 Deferred Taxation

Deferred taxation has been provided for in respect of:

	Amount Provided	
	2001	2000
	£	£
Accelerated capital allowances	21,043	16,974
Less:		
Trading losses	3,163	-
	<u>17,880</u>	<u>16,974</u>

15 Share Capital

Authorised

10,000 Ordinary Shares of £1 Each (2000: 10,000)

2001	2000
£	£
10,000	10,000

Allotted, called up and fully paid

2 Ordinary Shares of £1 Each (2000: 2)

2001	2000
£	£
2	2

16 Reconciliation of the Movement in Shareholders' Funds

(Loss)/Profit for the financial year

(Decrease)/Increase in shareholders' funds

Opening shareholders' funds as originally stated

Prior year adjustment

Opening shareholders' funds as restated

Closing shareholders' funds

2001	as restated 2000
£	£
(18,540)	21,623
(18,540)	21,623
218,051	150,381
(46,047)	-
172,004	150,381
153,464	172,004

Notes to the Financial Statements

for the year ended 31st January 2001

17 Reserves

	Profit and Loss Account £
At 1st February 2000	218,049
Prior year adjustment	(46,047)
Loss for the year	(18,540)
At 31st January 2001	<u>153,462</u>

18 Pensions - Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Contributions paid by the company amounted to £13,120 (2000 £15,000).

19 Related Party Transactions

The company is under the control of the directors as disclosed in the director's report on page 1 of the financial statements.

The company rents a property from a partnership consisting of the two directors with the rent being charged on an arms-length basis. The rent included in these financial statements is £3,250 (2000 £nil).

Balances on directors loan accounts are disclosed in note 12.

20 Prior Year Adjustment

A prior year adjustment has been made to the results for the year ended 31st January 2000. The reason for the adjustment was an error discovered on the calculation of trade creditors. The comparative figures for the year ended 31st January 2000 have been adjusted and the net effect has been disclosed in the Statement of Total Recognised Gains and Losses on page 5 of the financial statements.

21 Operating Lease Commitments

The following payments are committed to be paid in the year ended 31st January 2002 under operating leases:-

	2001 Land and buildings £	2000 Land and buildings £
Expiring:		
Within one year	2,860	15,167
Within two to five years	5,200	-
After five years	53,900	32,000
	<u>61,960</u>	<u>47,167</u>

Notes to the Financial Statements

for the year ended 31st January 2001

22.	Analysis of Cash Flow for Headings Netted in the Cash Flow Statement	2001	2000
		£	£
	Returns on investment and servicing of finance:		
	Interest received	787	288
	Interest paid	(25,191)	(5,875)
	Interest element of finance lease/hire purchase payments	(1,049)	(592)
	Net cash outflow for returns on investments and servicing of finance	<u>(25,453)</u>	<u>(6,179)</u>
	Capital expenditure and financial investment:		
	Purchase of intangible fixed assets	(4,000)	-
	Purchase of tangible fixed assets	(183,755)	(452,405)
	Sale of tangible fixed assets	-	94,780
	Net cash outflow for capital expenditure and financial investment	<u>(187,755)</u>	<u>(357,625)</u>
	Financing		
	New loans	59,496	140,000
	New finance leases	9,360	-
	Repayment of loans	(15,428)	(10,150)
	Capital element of finance lease/hire purchase agreements	(4,432)	(3,394)
	Net cash inflow from financing	<u>48,996</u>	<u>126,456</u>
	Analysis of net debt	At 1.2.2000	Cash Flow
		£	£
	Cash in hand, at bank	24,140	(5,038)
	Bank overdraft	-	(91,080)
		<u>24,140</u>	<u>(96,118)</u>
	Debt due after one year	(191,484)	(39,162)
	Debt due within one year	(18,244)	(4,906)
	Finance leases	(2,350)	(4,928)
	Total	<u>(187,938)</u>	<u>(145,114)</u>
			<u>(333,052)</u>