

794053

PETER J BROWN & SON LIMITED

Report and Accounts

1 July 2001

ERNST & YOUNG



Peter J Brown & Son Limited

Registered no. 00794053

DIRECTORS

S G Rowe
S E Haupt
L F Brown

SECRETARY

C R Yarlett

AUDITORS

Ernst & Young LLP
Becket House
Lambeth Palace Road
London
SE1 7EU

REGISTERED OFFICE

77 Muswell Hill
London
N10 3PJ

 ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 1 July 2001.

RESULTS AND DIVIDENDS

The company made neither a loss or a profit for the year. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of developing, refurbishing and maintaining buildings.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

| | |
|---------------|-----------------------------|
| L F Brown | |
| S G Rowe | |
| S E Haupt | |
| A C Cracknell | (resigned 31 December 2000) |
| D L Franks | (resigned 1 September 2000) |
| P S Mackie | (resigned 31 December 2000) |

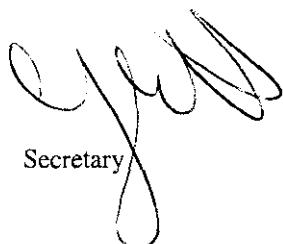
None of the directors had any interests in the share capital of the company.

S E Rowe, S E Haupt, D L Franks, P S Mackie, J C Shimmen and A C Cracknell were also directors of the parent undertaking and their interests in the parent undertaking are disclosed in that company.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board


Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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

INDEPENDENT AUDITORS' REPORT
to the members of Peter J Brown & Son Limited

We have audited the company's accounts for the year ended 1 July 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 11. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 1 July 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
London

30 April 2002

Peter J Brown & Son Limited

PROFIT AND LOSS ACCOUNT for the year ended 1 July 2001

| | Notes | 2001 £ | 2000 £ |
|--|-------|-----------|--------------|
| TURNOVER | 2 | – | 16,867,744 |
| Cost of sales | | – | (16,566,754) |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | – | 300,990 |
| Administrative expenses | | – | (300,990) |
| | | <hr/> | <hr/> |
| | | – | – |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | – | – |
| Interest payable and similar charges | | – | – |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | – | – |
| Tax on profit on ordinary activities | 5 | – | (1,817) |
| | | <hr/> | <hr/> |
| LOSS RETAINED FOR THE FINANCIAL YEAR | 9 | – | (1,817) |
| | | <hr/> | <hr/> |

There were no recognised gains or losses other than the result shown above.

All amounts relate to continuing activities.

Peter J Brown & Son Limited

BALANCE SHEET at 1 July 2001

| | Notes | 2001 £ | 2000 £ |
|---|-------|------------------|------------------|
| CURRENT ASSETS | | | |
| Debtors | 6 | 1,043,116 | 1,519,651 |
| Cash at bank and in hand | | 118,444 | 118,444 |
| | | <u>1,161,560</u> | <u>1,638,095</u> |
| CREDITORS: amounts falling due within one year | 7 | (238,259) | (714,794) |
| NET CURRENT ASSETS | | <u>923,301</u> | <u>923,301</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>923,301</u> | <u>923,301</u> |
| | | <u>923,301</u> | <u>923,301</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 5 | 5 |
| Profit and loss account | 9 | 923,296 | 923,296 |
| Equity shareholders' funds | | <u>923,301</u> | <u>923,301</u> |

The accounts were approved by the board on 29th April 2002



Director

ERNST & YOUNG

NOTES TO THE ACCOUNTS
at 1 July 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and are in accordance with applicable accounting standards.

Cash flow statement

Under Financial Reporting Standard No. 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking, Regent Inns PLC, include the company in its own published consolidated financial statements.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, as follows:

| | | |
|------------------------------|---|---|
| Plant and equipment | - | 12½% per annum on a straight line basis |
| Computers and motor vehicles | - | 25% per annum on a straight line basis |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks and work-in-progress

Long-term contract work-in-progress is stated on the basis of comparison of professional third party valuation of work undertaken with actual costs incurred less payments made on account at 1 July 2000. Allowance has been made for gross margin which is included in the professional valuation. Gross margin is estimated by considering the overall trend of gross margin performance and the view of project management.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement to equivalent debit balances is reasonably certain.

Leasing commitments

Assets held under hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under the hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Peter J Brown & Son Limited

NOTES TO THE ACCOUNTS at 1 July 2001

2. TURNOVER

Turnover, which is stated net of value added tax represents the amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the developing, refurbishing and maintenance of buildings all of which is derived within the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

| | 2001 £ | 2000 £ |
|--|-------------------|-------------------|
| Depreciation of owned fixed assets | — | 12,521 |
| Depreciation of assets held under hire purchase contracts | — | 1,708 |
| Auditors' remuneration | — | 5,000 |
| | <u> </u> | <u> </u> |

4. STAFF COSTS

| | 2001 £ | 2000 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | — | 371,400 |
| Social security costs | — | 39,468 |
| Other pension costs | — | 8,871 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

The monthly average number of employees (including directors) during the year was nil (2000: 39).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2001 £ | 2000 £ |
|--------------------|-------------------|-------------------|
| UK corporation tax | — | 1,817 |
| | <u> </u> | <u> </u> |

6. DEBTORS

| | 2001 £ | 2000 £ |
|--|-------------------|-------------------|
| Trade debtors | 547,657 | 885,377 |
| Amounts due from group undertakings | 452,412 | — |
| Amounts recoverable on long-term contracts | — | 8,809 |
| Other debtors | 43,057 | 625,465 |
| | <u> </u> | <u> </u> |
| | <u>1,043,116</u> | <u>1,519,651</u> |

Peter J Brown & Son Limited

NOTES TO THE ACCOUNTS

at 1 July 2001

7. CREDITORS: amounts due falling due within one year

| | 2001 £ | 2000 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 146,834 | 275,212 |
| Amounts due to parent undertakings | — | 348,157 |
| Corporation tax | 91,425 | 91,425 |
| | <u>238,259</u> | <u>714,794</u> |

8. SHARE CAPITAL

| | 2001 £ | Authorised 2000 £ |
|----------------------------|---|-------------------------|
| Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| | <i>Allotted, called up and fully paid</i> | |
| | 2001 £ | 2000 £ |
| Ordinary shares of £1 each | 5 | 5 |
| | <u>5</u> | <u>5</u> |

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | Share capital £ | Profit and loss account £ | Total shareholders' funds £ |
|-------------------|-----------------------|---------------------------------|--------------------------------------|
| At 3 July 1999 | 5 | 925,113 | 925,118 |
| Loss for the year | — | (1,817) | (1,817) |
| At 3 July 2000 | <u>5</u> | <u>923,296</u> | <u>923,301</u> |
| Loss for the year | — | — | — |
| At 1 July 2001 | <u>5</u> | <u>923,296</u> | <u>923,301</u> |

NOTES TO THE ACCOUNTS
at 1 July 2001

10. RELATED PARTIES

During the year the company undertook building works to a value of £nil on behalf of Unchained Growth Pubs I-VI plc, companies in which P S Mackie is a director.

At 1 July 2001 an amount of £483,325 (2000:£483,325) due to the company from Unchained Growth I-VI plc has been included within trade debtors.

The company has taken advantage of the exemption not to disclose any transactions with entities that are part of the group because consolidated financial statements in which it is included are publicly available.

11. PARENT UNDERTAKING AND CONTROLLING PARTY

At 1 July 2001 the company's ultimate parent company and controlling party was Regent Inns PLC. Regent Inns PLC has included the company in its group accounts, copies of which are available group its registered office: 77 Muswell Hill, London, N10 3PJ.