

P M INNS LIMITED

Company No. 2126057

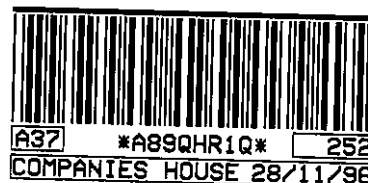
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

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JUSTICE & CO.
Chartered Accountants

P M INNS LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST MARCH 1996

The directors present herewith their annual report together with the financial statements of the company for the year ended 31st March 1996.

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 profit or loss of the company for that period. 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 to operate.

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 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.

REVIEW OF ACTIVITY

The principal activity of the company is the management of public houses.

On 7th August 1995, the whole of the company's share capital was acquired by Real Leisure PLC, a company registered in the UK. The trade, some of the assets and liabilities of P M Inns Limited were also acquired by this holding company with effect from 1st September 1995, from which date the company's income has been derived from the rental of the pub fixtures and equipment to the parent company.

DIRECTORS

The directors in office during the year and their beneficial interests in the issued ordinary share capital of the company were as follows:-

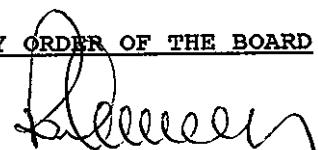
Ordinary Shares of £1 each

		<u>At 1st April 1995</u>	<u>At 31st March 1996</u>
P. Ladd	(resigned 7/8/95)	500	-
M. J. Wallace		500	-
E. Attard	(appointed 7/8/95, resigned 20/9/95)	-	-
R. Newing	(appointed 20/9/95)	-	-
S. Namasivayam	(appointed 11/3/96)	-	-

AUDITORS

The auditors, Messrs. Justice & Co., will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

BY ORDER OF THE BOARD


Director

20th November 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF

P M INNS LIMITED

We have audited the financial statements set out on pages 3 to 7 in accordance with auditing standards.

Respective responsibilities of directors and auditors

As described on page 1, 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 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 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 the company's affairs as at 31st March 1996, and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Justice + Co

Chartered Accountants
and Registered Auditor

72, Poulters Lane,
WORTHING,
West Sussex,
BN14 7SZ.

20th November 1996

P M INNS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
TURNOVER	1	429,145	1,215,034
Cost of Sales		186,090	535,646
GROSS PROFIT		243,055	679,388
Establishment Expenses	113,361		325,084
Pub Operating Expenses	98,433		293,333
Administration Expenses	25,217		82,084
Other Income	(37,702)		(101,667)
		199,309	598,834
OPERATING PROFIT	2	43,746	80,554
Interest Received	54		292
Interest Payable	3 (6,350)		(20,073)
		(6,296)	(19,781)
PROFIT ON ORDINARY ACTIVITIES, before taxation		37,450	60,773
Taxation	5	10,424	10,149
PROFIT ON ORDINARY ACTIVITIES, after taxation		27,026	50,624
RETAINED PROFITS/(LOSSES), brought forward		10,046	(40,578)
RETAINED PROFITS, carried forward		£ 37,072	£ 10,046

Notes

1. The company made no gains or losses in 1996 or 1995 other than the profit for the period as shown above.
2. Since the company ceased trading at 31st August 1995, all turnover and operating profit has been derived from operations that are now discontinued.

P M INNS LIMITEDBALANCE SHEETAS AT 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
FIXED ASSETS			
Tangible Assets	6	373,589	392,331
CURRENT ASSETS			
Stocks	-	-	35,345
Debtors	-	-	13,891
Brewers' and Rent Deposits	17,375	17,375	19,322
		<u>17,375</u>	<u>68,558</u>
CREDITORS			
Amounts falling due within one year	7	332,096	255,813
NET CURRENT LIABILITIES		<u>(314,721)</u>	<u>(187,255)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		58,868	205,076
CREDITORS			
Amounts falling due after more than one year			
Loans	8	(20,796)	(194,030)
		<u>£ 38,072</u>	<u>£ 11,046</u>
<u>Represented by:</u>			
CAPITAL AND RESERVES			
Called Up Share Capital	9	1,000	1,000
Profit and Loss Account		37,072	10,046
		<u>£ 38,072</u>	<u>£ 11,046</u>



Director
On behalf of P M Inns Limited

Approved by the Board on 20.11.96

P M INNS LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MARCH 19961. ACCOUNTING POLICIES(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents the value of cash sales, excluding value added tax. All turnover arises in the United Kingdom.

(c) Depreciation

Depreciation is provided at the following annual rates in order to write off assets over their estimated useful lives:

Leasehold Properties	- over the period of the lease
Permanent Fixtures and Fittings	- 10% on net book value
Fittings and Bar Equipment	- 20% on net book value

No depreciation is provided on the freehold property.

(d) Stocks

Stock is valued at cost. No allowances are necessary for slow-moving items.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):-

	<u>1996</u>	<u>1995</u>
Depreciation of Tangible Fixed Assets	£ 7,875	£ 14,814
Loss/(Profit) on Sale of Fixed Assets	261	(1,312)
Amortisation of Leasehold Properties	2,000	2,000
Auditors' Remuneration	800	1,000
Pension Costs - defined contribution schemes	-	14,400
Operating Lease Rentals - Motor Vehicles	-	(905)
	<u> </u>	<u> </u>

P M INNS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)FOR THE YEAR ENDED 31ST MARCH 19963. DIRECTORS' EMOLUMENTS

	<u>1996</u>	<u>1995</u>
Salaries and Other Emoluments (including benefits and pension contributions)	<u>£ 2,578</u>	<u>£ 19,009</u>

4. INTEREST PAID

Bank Loans and Overdraft	£ 5,591	£ 17,143
Other Loans	758	2,930
	<u>£ 6,349</u>	<u>£ 20,073</u>

5. TAXATION

UK Corporation Tax payable at 25% on the profits as adjusted for tax purposes	<u>£ 10,424</u>	<u>£ 10,149</u>
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6. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u> £	<u>Short Leasehold Property</u> £	<u>Motor Vehicles, Fixtures, Fittings and Equipment</u> £	<u>Total</u> £
<u>Cost</u>				
At 1st April 1995	306,398	19,343	161,892	487,633
Additions	-	-	2,421	2,421
Disposals	-	-	(18,369)	(18,369)
At 31st March 1996	<u>306,398</u>	<u>19,343</u>	<u>145,944</u>	<u>471,685</u>
<u>Depreciation</u>				
At 1st April 1995	-	3,040	92,262	95,302
Charge for Year	-	2,000	7,875	9,875
On Disposals	-	-	(7,081)	(7,081)
At 31st March 1996	<u>-</u>	<u>5,040</u>	<u>93,056</u>	<u>98,096</u>
<u>Net Book Values</u>				
At 31st March 1996	<u>£ 306,398</u>	<u>£ 14,303</u>	<u>£ 52,888</u>	<u>£ 373,589</u>
At 31st March 1995	<u>£ 306,398</u>	<u>£ 16,303</u>	<u>£ 69,630</u>	<u>£ 392,331</u>

There were no capital commitments at 31st March 1996 (1995 - Nil).

P M INNS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)FOR THE YEAR ENDED 31ST MARCH 19966. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u>	<u>1995</u>
Bank Loan and Overdraft (secured)	£ -	£ 96,613
Brewers' Loans	3,000	3,000
Current Taxation	10,424	10,149
Trade Creditors	3,246	97,955
Other Creditors	400	48,096
Amount due to Parent Company	315,026	-
	<u>£ 332,096</u>	<u>£ 255,813</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank Loan (secured)	£ -	£ 72,051
Directors' Loans	-	100,000
Brewers' Loans	20,796	21,979
	<u>£ 20,796</u>	<u>£ 194,030</u>
Amounts repayable by instalments:		
Within five years	15,000	133,050
After five years	8,796	9,980
	<u>23,796</u>	<u>143,030</u>
<u>Less:</u> Amounts falling due within one year	<u>3,000</u>	<u>49,000</u>
	<u>£ 20,796</u>	<u>£ 94,030</u>

8. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised, allotted, issued and fully paid 1,000 Ordinary Shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>

9. PARENT UNDERTAKING

On 7 August 1995, the company became a wholly owned subsidiary of Real Leisure PLC, a company incorporated and registered in England and Wales.