

**THE DEVONSHIRE PUB COMPANY
LIMITED**

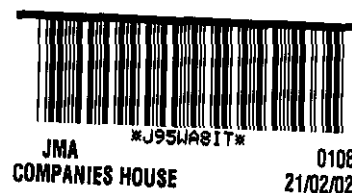
FINANCIAL STATEMENTS

FOR

29 APRIL 2001

REGISTRARS COPY

Company Registration Number 2588480



HLB KIDSONS

Chartered Accountants & Registered Auditors
Devonshire House
36 George Street
Manchester
M1 4HA

THE DEVONSHIRE PUB COMPANY LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

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THE DEVONSHIRE PUB COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J E Baer M J Norris
Company secretary	M J Norris
Registered office	Marian House Beech Grove Ashton Preston PR2 1DU
Auditors	HLB Kidsons Chartered Accountants & Registered Auditors Devonshire House 36 George Street Manchester M1 4HA
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ

THE DEVONSHIRE PUB COMPANY LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 April 2000 to 29 April 2001.

Principal activities and business review

The principal activity of the company is the acquisition, development, management and operation of licensed premises.

The directors consider the results, excluding the exceptional items, to be satisfactory. The exceptional items relate to reorganisation costs following the acquisition of the company by Honeycombe Leisure,. Following this reorganisation, the company is believed to be well placed to develop its position in the future.

Results and dividends

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the period were as follows:

W A McLean
S W Padgett
A P A Snape
R B Barton
S J Price
J E Baer
M J Norris

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

R B Barton was appointed as a director on 10 July 2000.

J E Baer was appointed as a director on 5 March 2001.

M J Norris was appointed as a director on 5 March 2001.

W A McLean retired as a director on 5 March 2001.

S W Padgett retired as a director on 5 March 2001.

A P A Snape retired as a director on 5 March 2001.

R B Barton retired as a director on 5 March 2001.

S J Price retired as a director on 13 April 2000.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with employee representatives and regular newsletters.

THE DEVONSHIRE PUB COMPANY LIMITED**THE DIRECTORS' REPORT****PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001****Disabled persons**

The group gives full consideration to applications for employment from disabled persons where the requirements for the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Directors' responsibilities

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 at the end of the period and of the loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 that the financial statements comply with the Companies Act 1985. The directors 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.

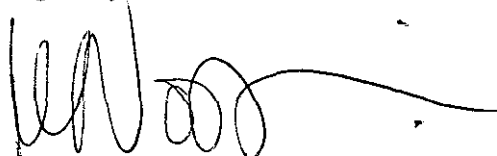
Auditors

Grant Thornton resigned as auditors during the period and HLB Kidsons were appointed.

A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Marian House
Beech Grove
Ashton
Preston
PR2 1DU

Signed by order of the directors



M J Norris
Company Secretary

Approved by the directors on 19 January 2002

THE DEVONSHIRE PUB COMPANY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

Respective responsibilities of the directors and the auditors

As described on page 3, 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 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 29 April 2001 and of the loss of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
& Registered Auditors

Devonshire House
36 George Street
Manchester
M1 4HA

19 February 2002

THE DEVONSHIRE PUB COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

	Note	£	Period to 29 Apr 01 £	£	As restated Year to 31 Mar 00 £
Turnover	2		15,118,403		11,741,782
Cost of sales			(9,229,875)		(6,610,487)
Gross profit			5,888,528		5,131,295
Distribution Costs			(52,971)		(51,955)
Administrative expenses:					
Exceptional		(301,948)		-	
Other		(4,321,186)		(4,082,410)	
Total administrative expenses			(4,623,134)		(4,082,410)
Operating profit	3		1,212,423		996,930
Profit on disposal of fixed assets	7		145,230		185,694
			1,357,653		1,182,624
Interest payable and similar charges:					
Exceptional		(354,950)		-	
Other		(1,690,906)		(1,321,845)	
Total interest payable and similar charges	8		(2,045,856)		(1,321,845)
Loss on ordinary activities before taxation			(688,203)		(139,221)
Tax on loss on ordinary activities			-		-
Loss for the financial period			(688,203)		(139,221)
Balance brought forward			2,199,309		2,338,530
Balance carried forward			1,511,106		2,199,309

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as continuing.


THE DEVONSHIRE PUB COMPANY LIMITED

BALANCE SHEET

29 APRIL 2001

	Note	£	29 Apr 01 £	£	31 Mar 00 £
Fixed assets					
Tangible assets	9		24,195,447		21,687,719
Current assets					
Stocks	10	299,932		236,292	
Debtors	11	5,639,769		5,274,932	
Cash in hand		203,451		92,915	
		<u>6,143,152</u>		<u>5,604,139</u>	
Creditors: amounts falling due within one year	12	<u>(7,335,571)</u>		<u>(8,235,515)</u>	
Net current liabilities			<u>(1,192,419)</u>		<u>(2,631,376)</u>
Total assets less current liabilities			<u>23,003,028</u>		<u>19,056,343</u>
Creditors: amounts falling due after more than one year	13		<u>(21,490,922)</u>		<u>(16,856,034)</u>
			<u>1,512,106</u>		<u>2,200,309</u>
Capital and reserves					
Called-up equity share capital	19		1,000		1,000
Profit and Loss Account			1,511,106		2,199,309
Shareholders' funds	20		<u>1,512,106</u>		<u>2,200,309</u>

These financial statements were approved by the directors on the 19/2/02, and are signed on their behalf by:


M J Norris

THE DEVONSHIRE PUB COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001****1. Accounting policies****Basis of accounting**

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cashflow statement.

Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the period, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% Straight line
Leasehold Property	- period of the lease
Fixtures & Fittings	- varying rates to 20%
Motor Vehicles	- 25% Straight line
Equipment	- 20% Straight line

Interest charges which can be allocated to a specific site are capitalised for the period that the building and refurbishment work is undertaken.

Stocks

These are valued on a first in, first out basis at the lower of cost and net realisable value.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals paid under operating leases are charged against income as incurred.

THE DEVONSHIRE PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

1. Accounting policies *(continued)*

Pension costs

Defined contribution Scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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.

Comparatives

The comparative profit and loss account has been restated due to alternative analysis between cost of sales and administrative expenses.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Period to 29 Apr 01 £	Year to 31 Mar 00 £
United Kingdom	<u>15,118,403</u>	<u>11,741,782</u>

3. Operating profit

Operating profit is stated after charging:

	Period to 29 Apr 01 £	Year to 31 Mar 00 £
Depreciation	711,083	545,795
Auditors' remuneration		
- as auditors	16,000	15,000
- other services	4,000	32,925
Operating lease costs:		
Plant and equipment	26,642	52,202
Vehicles	<u>52,971</u>	<u>51,955</u>

4. Exceptional items

The exceptional administrative and interest items relate to reorganisation costs due to the acquisition of Devonshire Pub Company Limited by Honeycombe Leisure Plc during the year. These are all allowable for tax purposes.

With no exceptional items the tax charge would have been £197,069 higher than the actual charge in the accounts.

THE DEVONSHIRE PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

5. Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

	Period to 29 Apr 01	Year to 31 Mar 00
	No.	No.
Building department and administration	41	52
Sales and marketing	527	471
	<u>568</u>	<u>523</u>

The aggregate payroll costs of the above were:

	Period to 29 Apr 01	Year to 31 Mar 00
	£	£
Wages and salaries	3,842,149	3,611,967
Social security costs	272,993	212,035
Other pension costs	47,689	43,307
	<u>4,162,831</u>	<u>3,867,309</u>

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Period to 29 Apr 01	Year to 31 Mar 00
	£	£
Emoluments receivable	288,363	278,235
Value of company pension contributions to money purchase schemes	24,239	24,188
Compensation for loss of directorship	151,750	50,000
	<u>464,352</u>	<u>352,423</u>

Emoluments of highest paid director:

	Period to 29 Apr 01	Year to 31 Mar 00
	£	£
Total emoluments (excluding pension contributions):	207,605	98,485
Value of company pension contributions to money purchase schemes	8,576	8,718
	<u>216,181</u>	<u>107,203</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	Period to 29 Apr 01	Year to 31 Mar 00
	No.	No.
Money purchase schemes	<u>4</u>	<u>4</u>

THE DEVONSHIRE PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

7. Profit on disposal of fixed assets

	Period to 29 Apr 01 £	Year to 31 Mar 00 £
Profit on disposal of fixed assets	<u>145,230</u>	<u>185,694</u>

8. Interest payable

	Period to 29 Apr 01 £	Year to 31 Mar 00 £
Interest payable on bank borrowing	189,767	110,605
Finance charges	5,226	5,357
Other similar charges payable	1,850,863	1,269,672
Capitalised interest	-	(63,789)
	<u>2,045,856</u>	<u>1,321,845</u>

9. Tangible fixed assets

	Freehold Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
Cost						
At 1 Apr 2000	19,676,461	711,523	2,150,155	116,650	277,215	22,932,004
Additions	2,329,183	33,997	777,448	94,538	54,922	3,290,088
Disposals	-	-	-	(133,507)	-	(133,507)
Transfers	(171,525)	-	171,525	-	-	-
At 29 Apr 2001	<u>21,834,119</u>	<u>745,520</u>	<u>3,099,128</u>	<u>77,681</u>	<u>332,137</u>	<u>26,088,585</u>
Depreciation						
At 1 Apr 2000	176,665	28,461	842,339	53,436	143,384	1,244,285
Charge for the period	50,916	18,992	550,090	25,091	65,994	711,083
On disposals	-	-	-	(62,230)	-	(62,230)
At 29 Apr 2001	<u>227,581</u>	<u>47,453</u>	<u>1,392,429</u>	<u>16,297</u>	<u>209,378</u>	<u>1,893,138</u>
Net book value						
At 29 Apr 2001	<u>21,606,538</u>	<u>698,067</u>	<u>1,706,699</u>	<u>61,384</u>	<u>122,759</u>	<u>24,195,447</u>
At 31 Mar 2000	<u>19,499,796</u>	<u>683,062</u>	<u>1,307,816</u>	<u>63,214</u>	<u>133,831</u>	<u>21,687,719</u>

Finance lease agreements

Included within the net book value of £24,195,447 is £54,521 (2000 - £57,500) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £10,004 (2000 - £11,500).

THE DEVONSHIRE PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

9. Tangible fixed assets *(continued)*

Capital commitments

	29 Apr 01	31 Mar 00
	£	£
Contracted but not provided for in the accounts	-	450,000

10. Stocks

	29 Apr 01	31 Mar 00
	£	£
Finished goods	299,932	236,292

11. Debtors

	29 Apr 01	31 Mar 00
	£	£
Trade debtors	47,263	97,439
Amounts owed by group undertakings	5,260,037	4,930,821
Other debtors	175,602	48,068
Prepayments and accrued income	156,867	198,604
	<u>5,639,769</u>	<u>5,274,932</u>

12. Creditors: amounts falling due within one year

	£	29 Apr 01	£	31 Mar 00
		£		£
Bank loans and overdrafts		5,064,703		6,392,905
Trade creditors		1,294,021		1,155,689
Finance leases		8,770		10,492
Other creditors including taxation				
Other taxation and social security	442,219		204,166	
Other creditors	<u>146,074</u>		<u>77,550</u>	
		588,293		281,716
Accruals and deferred income		379,784		394,713
		<u>7,335,571</u>		<u>8,235,515</u>

13. Creditors: amounts falling due after more than one year

	29 Apr 01	31 Mar 00
	£	£
Amounts owed to group undertakings	21,445,868	16,801,519
Finance leases	45,054	54,515
	<u>21,490,922</u>	<u>16,856,034</u>

THE DEVONSHIRE PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

14. Deferred taxation

The elements of deferred taxation, which result in a nil balance at the end of the period are as follows:

	Period to 29 Apr 01 £	Year to 31 Mar 00 £
Excess of taxation allowances over depreciation on fixed assets	1,470,000	990,000
Tax losses available	(1,470,000)	(990,000)
	<u>-</u>	<u>-</u>

The company has unutilised trading losses of approximately £235,000 (2000:£377,000) available for relief against future profits.

No provision has been made for taxation of £1,385,000 (1999:1,385,000) in respect of rolled over gains on property disposals which may become payable if the assets into which the gains has been rolled over are subsequently disposed of.

15. Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

	29 Apr 01 £	31 Mar 00 £
Amounts payable within 1 year	8,770	10,492
Amounts payable between 1 and 2 years	8,770	10,492
Amounts payable between 3 and 5 years	36,284	44,023
	<u>53,824</u>	<u>65,007</u>

16. Commitments under operating leases

At 29 April 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	29 Apr 01		31 Mar 00	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	59,837	-	48,534
Within 2 to 5 years	27,370	71,493	27,370	191,722
After more than 5 years	85,000	1,352	35,000	-
	<u>112,370</u>	<u>132,682</u>	<u>62,370</u>	<u>240,256</u>

17. Contingencies

The company is party to an unlimited guarantee with the group undertakings in favour of the bank to secure facilities, which are secured by a fixed and floating charge over the assets of the group.

THE DEVONSHIRE PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2000 TO 29 APRIL 2001

18. Related party transactions

The company has taken advantage of the exemption from disclosing transactions with other group companies as it is a 100% subsidiary whose holding company has prepared consolidated accounts.

During the year £50,881 was paid to the Chairman of DPC Holdings, for services provided during the year and termination payment.

During the year the company made sales of £22,860 to W A McClean, a director of the company, the balance outstanding at the year end was £435 and the highest balance owed during the year was £17,956.

19. Share capital

Authorised share capital:

	29 Apr 01	31 Mar 00
	£	£
1,000 Ordinary shares of £1.00 each	1,000	1,000

Allotted, called up and fully paid:

	29 Apr 01	31 Mar 00
	£	£
Ordinary share capital	1,000	1,000

20. Reconciliation of movements in shareholders' funds

	29 Apr 01	31 Mar 00
	£	£
Loss for the financial period	(688,203)	(139,221)
Opening shareholders' equity funds	2,200,309	2,339,530
Closing shareholders' equity funds	1,512,106	2,200,309

21. Ultimate parent company

The parent undertaking is Honeycombe Leisure Plc a company registered in England. There is no individual ultimate controlling party.

22. Post balance sheet events

After the period end contracts have been exchanged for the disposal of ten of the company's public houses for consideration of £5.35m.