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Galleon Taverns Limited
Directors' Report and Financial Statements
for the year ended 1st January 1997



Galleon Taverns Limited

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Galleon Taverns Limited

Directors' Report for the year ended 1st January 1997

The directors present their report and the financial statements for the year ended 1st January 1997.

Principal Activities and Review of the Business

The company's principal activity during the year was the management of public houses.

The directors are satisfied with the company's progress during the year and anticipate this continuing into the forthcoming financial year.

Results and Dividends

The results for the year are set out on page 3.

The directors do not recommend payment of a dividend.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1997	1996
R. A. J. Wingrove	Ordinary shares	-	-
Mrs. M. K. Wingrove	Ordinary shares	-	-
I. R. Wingrove	Ordinary shares	-	-
J. P. Wingrove	Ordinary shares	-	-
S. K. Wingrove	Ordinary shares	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that BRB Wilkins Kennedy be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' Responsibilities

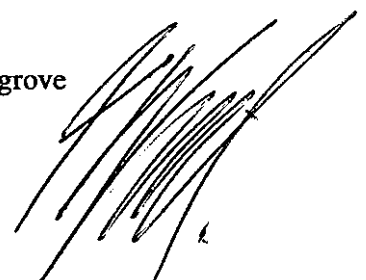
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 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. 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.

This report was approved by the Board on 17th October 1997

I. R. Wingrove
Secretary



Galleon Taverns Limited

**Auditors' Report
to the shareholders of Galleon Taverns Limited**

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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.

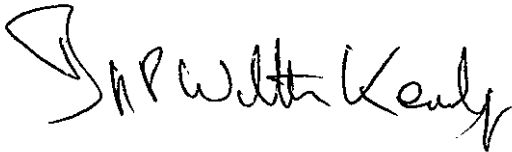
Basis of opinion

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 1st January 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BRB Wilkins Kennedy

**Chartered Accountants
Registered Auditor**

20th October 1997

Elvaco House
180 High Street
Egham, Surrey
TW20 9DN.

Galleon Taverns Limited

**Profit and Loss Account
for the year ended 1st January 1997**

	Notes	1997 £	1996 £
Turnover	2	3,662,453	2,424,950
Cost of sales		(897,417)	(514,907)
Gross profit		<u>2,765,036</u>	<u>1,910,043</u>
Administrative expenses		(2,675,507)	(1,763,239)
Other operating income		-	1,792
Operating profit	3	<u>89,529</u>	<u>148,596</u>
Interest payable and similar charges	4	(6,855)	(1,815)
Profit on ordinary activities before taxation		<u>82,674</u>	<u>146,781</u>
Tax on profit on ordinary activities	5	(14,069)	(13,450)
Profit for the year	13	<u>£ 68,605</u>	<u>£ 133,331</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

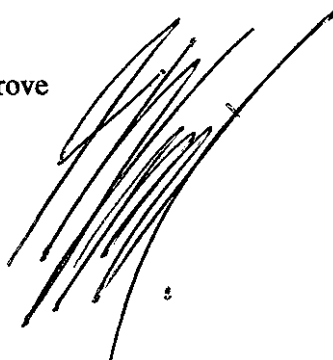
Galleon Taverns Limited

**Balance Sheet
as at 1st January 1997**

	Notes	1997 £	1996 £
Fixed Assets			
Intangible assets	6	21,455	25,031
Tangible assets	7	1,178,492	791,802
		<u>1,199,947</u>	<u>816,833</u>
Current Assets			
Stocks	8	71,054	48,976
Debtors	9	91,661	71,556
Cash at bank and in hand		5,000	3,000
		<u>167,715</u>	<u>123,532</u>
Creditors: amounts falling due within one year	10	<u>(1,044,879)</u>	<u>(686,187)</u>
Net Current Liabilities		<u>(877,164)</u>	<u>(562,655)</u>
Total Assets Less Current Liabilities		<u>£ 322,783</u>	<u>£ 254,178</u>
Capital and Reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	321,783	253,178
Shareholders' Funds (equity interests)	14	<u>£ 322,783</u>	<u>£ 254,178</u>

The financial statements were approved by the Board on 17th October 1997.

I. R. Wingrove
Director



Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	20% p.a. straight line
Motor vehicles	-	25% p.a. straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

3. Operating Profit

Operating profit is stated after charging:

	1997 £	1996 £
Depreciation of intangible assets	3,576	3,576
Depreciation of tangible assets	185,374	33,196
Hire of plant and machinery	14,347	10,760
Operating lease rentals		
- Land and buildings	227,223	227,193
Auditors' remuneration	5,000	5,000

4. Interest Payable

	1997 £	1996 £
On bank loans and overdrafts	6,639	1,815
On overdue tax	216	-
	<u>£ 6,855</u>	<u>£ 1,815</u>

5. Taxation

	1997 £	1996 £
U.K. Current year taxation		
U.K. Corporation tax at 24% (1996 - 25%)	10,551	13,450
Prior years		
U.K. Corporation tax	3,518	-
	<u>£ 14,069</u>	<u>£ 13,450</u>

Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

6. Intangible Fixed Assets

	Goodwill £
Cost	
At 4th January 1996 & at 1st January 1997	71,518
Provision for diminution in value	
At 4th January 1996	46,487
Charge for year	3,576
At 1st January 1997	50,063
Net book value	
At 1st January 1997	£ 21,455
At 3rd January 1996	£ 25,031

7. Tangible Assets

	Improvements to leasehold premises £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 4th January 1996	324,238	1,294,804	81,399	1,700,441
Additions	-	609,543	13,000	622,543
Disposals	(45,000)	-	(26,776)	(71,776)
At 1st January 1997	279,238	1,904,347	67,623	2,251,208
Depreciation				
At 4th January 1996	-	836,611	72,028	908,639
On disposals	-	-	(21,297)	(21,297)
Charge for year	-	179,530	5,844	185,374
At 1st January 1997	-	1,016,141	56,575	1,072,716
Net book values				
At 1st January 1997	£ 279,238	£ 888,206	£ 11,048	£ 1,178,492
At 3rd January 1996	£ 324,238	£ 458,193	£ 9,371	£ 791,802

The parent company, Wingrove Properties Limited, has agreed to compensate Galleon Taverns Limited for leasehold improvement costs incurred should the lease be terminated early. The properties are fully maintained and for this reason the improvements are not amortised.

Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

8. Stocks	1997	1996
	£	£
Finished goods and goods for resale	<u>£ 71,054</u>	<u>£ 48,976</u>
9. Debtors	1997	1996
	£	£
Trade debtors	76,235	54,880
Other debtors	120	120
Prepayments and accrued income	15,306	16,556
	<u>£ 91,661</u>	<u>£ 71,556</u>
10. Creditors: amounts falling due within one year	1997	1996
	£	£
Bank loans and overdrafts	77,077	39,696
Trade creditors	189,785	86,892
Amounts owed to group undertaking	430,080	278,061
Corporation tax	14,273	13,440
Other taxes and social security costs	108,094	92,444
Directors' current accounts	133,388	110,311
Other creditors	-	57,643
Accruals and deferred income	92,182	7,700
	<u>£ 1,044,879</u>	<u>£ 686,187</u>

Bank borrowings amounting to £1,710,588 (1996 - £1,081,025) due to National Westminster Bank plc by Wingrove Properties Limited are cross guaranteed by Galleon Taverns Limited. Bank borrowings are secured by a fixed and floating charge over the company's assets.

11. Pension Costs

Pension costs amounted to £252,976 (1996 £13,335) and were made to money purchase defined contribution schemes.

Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

12. Share Capital	1997	1996
	£	£
Authorised		
10,000 Ordinary shares of £1 each	<u>£ 10,000</u>	<u>£ 10,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
13. Profit And Loss Account	1997	1996
	£	£
Retained profits at 4th January 1996	253,178	119,847
Retained profit for the year	<u>68,605</u>	<u>133,331</u>
Retained profits at 1st January 1997	<u>£ 321,783</u>	<u>£ 253,178</u>
14. Reconciliation of Movements in Shareholders' Funds	1997	1996
	£	£
Profit for the financial year	68,605	133,331
Opening shareholders' funds	<u>254,178</u>	<u>120,847</u>
Closing shareholders' funds	<u>£ 322,783</u>	<u>£ 254,178</u>
15. Financial Commitments		
At 1st January 1997 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	1997	1996
	£	£
Expiry date:		
Within one year	<u>225,000</u>	<u>225,000</u>

Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

16. Directors' Emoluments	1997	1996
	£	£
Remuneration	<u>£ 330,231</u>	<u>£ 138,891</u>
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman	<u>£ -</u>	<u>£ -</u>
The highest-paid director	<u>£ 34,231</u>	<u>£ 47,307</u>
Other directors' emoluments (excluding pension contributions) were in the following ranges:	Number	Number
£Nil - £5,000	1	1
£20,001 - £25,000	2	-
£45,001 - £50,000	<u>-</u>	<u>2</u>
17. Employees		
Number of employees		
The average monthly number of employees (including directors) during the year was:	1997	1996
	Number	Number
Administration	9	9
Bar and catering	92	97
	<u>101</u>	<u>106</u>
Employment costs	£	£
Wages and salaries	1,043,352	748,710
Social security costs	70,020	59,228
Other pension costs	252,976	13,335
	<u>£ 1,366,348</u>	<u>£ 821,273</u>

Galleon Taverns Limited

Notes to the Financial Statements for the year ended 1st January 1997

18. Transactions With Related Parties

Name of Related Party	Nature of relationship	Description of transactions	Amount	Amounts owed (to)/by as at 1st January 1997
Wingrove Properties Limited	Parent Company	Rents and management charges paid	215,000	
		Loan finance	62,981	430,080
Wingrove and Galleon Retirement Benefits Scheme	Directors' self Administered Pension Scheme	Rents paid	35,000	57,643

19. Ultimate Parent Company

The ultimate parent company is Wingrove Properties Limited, a company incorporated and registered in England.