

**INTERPUB LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 1999**

Company No. 1327896



**Blackstone**  
**Franks**

**INTERPUB LIMITED**  
**COMPANY INFORMATION**

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**Directors**

K.C. Knowles  
T. Sykes (appointed 1/10/98)  
F. Knowles (appointed 6/7/98)  
O. Auber (appointed 6/7/98)  
M. Roberts (appointed 6/7/98)  
P. Sykes (appointed 23/4/99)  
A. Searle (appointed 22/7/99)  
G. Davies (appointed 22/7/99)  
M. Chitty (appointed 22/7/99)

**Secretary**

F. Knowles

**Company Number**

1327896

**Registered Office**

The Stag  
Hawthorne Lane  
Burnham Beeches  
Buckinghamshire  
SL2 3TA

**Auditors**

Blackstone Franks  
Barbican House  
26-34 Old Street  
London  
EC1V 9QR

**Bankers**

Bank of Scotland  
38, Threadneedle Street  
London  
EC2P 2EH

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**INTERPUB LIMITED**

**CONTENTS**

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|  | <b>Page</b> |
|--|-------------|
| <b>Directors' Report</b>   | 1 to 4      |
| <b>Auditors' Report</b>  | 5           |
| <b>Profit and Loss Account</b>   | 6           |
| <b>Statement of Total Recognised Gains and Losses</b>                              | 7           |
| <b>Balance Sheet</b>   | 8           |
| <b>Notes to the Financial Statements</b>   | 9 to 15     |
| <i>The following pages do not form part of the statutory financial statements:</i> |             |
| <b>Unaudited Management Profit and Loss Account</b>                                | 16 to 17    |

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**INTERPUB LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 1999**

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The directors present their report together with the audited financial statements for the year ended 31 March 1999.

**Principal Activities and Business Review**

The company's principal activity continued to be that of the operation of licensed public houses.

It is difficult to report on the year ending March 1999 in isolation and we are therefore dividing this report into three sections: The Past, Current activities and Future Plans. However in summary, it has taken us longer to get where we are than we would have wished but at the time of writing - just into the new millennium, we have never been so confident that we have followed the right strategy.

**The Past**

The year ending March 1999 proved to be somewhat frustrating one in that we lost a number of key units that we were operating on behalf of innkeeper on a managed basis and were unable to replace them with other units due to a lack of suitable sites and insufficient funding.

However, the year was not wasted as we refurbished two of our existing core units and opened a new unit, the Orient Espresso, which is a highly successful coffee shop operating together with St Christopher's. This unit is a mere 75 yards from the original St Christopher's and acts as an annexe.

The redevelopment of Belushi's in Covent Garden has resulted in a hugely successful operation which we believe can be expanded significantly. The unit which is a mere 900 square feet at ground floor level has traded exceptionally strongly both in winter and summer months.

Additionally, a new business plan was written and sent to a number of key players in the industry and in the city. This resulted in several key contacts being made in particular the Bank of Scotland and also Andrew Searle and Mark Chitty.

Since the end of the year, the following Milestone events have occurred.

**New Funding**

Following on from the restructuring of the company additional financing was sought and obtained. We are pleased that the Company has three new shareholders namely Andrew Searle and Mark Chitty who have jointly developed the Mark Warner business over the last 25 years and also Scottish and Newcastle PLC. These three new shareholders provide a further one million pounds in equity. In addition, the debt has been restructured and the Bank of Scotland has provided a facility of £2.8 million by way of refinancing the existing term loan, a new loan for expansion together with increased working capital and a leasing facility.

**Executives**

Both Andrew Searle and Mark Chitty have joined the Board as has Glen Davis representing Scottish and Newcastle's interest. In addition, Patricia Sykes an existing shareholder has joined the Board.

We are extremely glad to have the broad based additional experience that these new board members can bring.

**INTERPUB LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 1999**

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**Current Activities**

**Development and Growth**

The company has now expanded its St Christopher's backpacking units to a total of five - two of which have Belushi's cafe bars as their licensed operation.

Interpub (at the time of writing in January 2000) operates a total of 9 outlets as follows:

- St Christopher's Southwark
- St Christopher's Greenwich
- Belushi's Southwark
- Belushi's Camden
- Orient Espresso
- Belushi's Covent Garden
- Hercules Pillars
- The Stag Burnham Beeches
- The Flying Horse Finsbury (a short term lease)

As a result, we have moved significantly towards our targeted growth and have a total of 5 separate St Christopher's units. Both the St Christopher's and the Belushi's brands have been registered and there are imminent plans to develop a site in West London and possibly the City.

**The Future**

**Trading Outlook for the Year Ending March 2000**

The early part of 1999/2000 saw a further restructuring of our trading outlets and all of our non key sites were released allowing us to concentrate on refining both the Belushi's and St Christopher's brands as well as planning and then implementing the action that has been outlined above. The year ending March will produce a trading loss particularly in the first half taking account of restructuring and refinancing costs. However at present, the company is beginning to show profit at earnings before interest and depreciation charges and the prognosis is good.

**Development Plans**

The Business Plan calls for the development of some 20 units within a five year timescale and we are currently on target to achieve this. We shall continue to develop sites in London prior to expanding into other key locations suitable for both St Christopher's and Belushi's - the two brands compliment one another and can trade successfully together or as stand alone units depending on the nature of the trading location.

The board is confident that the company is now well set for a successful future and will continue to take the bold decisions that are necessary to develop a company that looks to the medium to long term rather than just short term.

**Results and Dividends**

The results for the year are set out in the profit and loss account on page 6.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

The directors consider the state of the company's affairs to be satisfactory.

**INTERPUB LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 1999**

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**Directors**

The directors who served during the year and their beneficial interests in the company's issued share capital were:

|                                 | <b>Ordinary Shares</b> |               |
|---------------------------------|------------------------|---------------|
|                                 | <b>31</b>              | <b>01</b>     |
|                                 | <b>March</b>           | <b>April</b>  |
|                                 | <b>1999</b>            | <b>1998</b>   |
| K.C. Knowles                    | <b>54,125</b>          | <b>55,625</b> |
| T. J. Harris (resigned 31/8/99) | -                      | -             |
| T. Sykes (appointed 1/10/98)    | <b>12,500</b>          | <b>10,000</b> |
| F. Knowles (appointed 6/7/98)   | <b>17,875</b>          | <b>16,375</b> |
| O. Auber (appointed 6/7/98)     | -                      | -             |
| M. Roberts (appointed 6/7/98)   | -                      | -             |

**Issue of Shares**

During the year the company issued a further 5,000 Ordinary shares for cash consideration of £10 each.

**Year 2000 Compliance**

The directors believe the company has taken all necessary steps to mitigate the impact of any year 2000 problems no problems as yet have been identified.

**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 the company's affairs and of the profit or loss for that year. In preparing these 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;

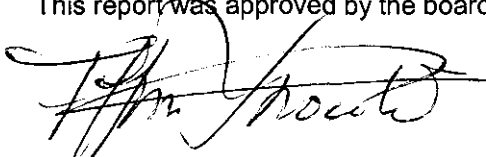
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and 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.

**INTERPUB LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 1999**

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This report was approved by the board and signed on its behalf by:



**F. Knowles, Secretary**

**Date: 31 January 2000**

**AUDITORS' REPORT TO THE  
SHAREHOLDERS OF INTERPUB LIMITED**

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We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9.

**Respective Responsibilities of Directors and 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 financial statements and 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 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 the information in the financial statements.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Blackstone Franks*

**Blackstone Franks  
Chartered Accountants and Registered Auditors  
Barbican House  
26-34 Old Street  
London  
EC1V 9QR**

**Date: 31 January 2000**

**Ref:SVT/K194**



**INTERPUB LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 1999**

|  | Notes | 1999<br>£          | 1998<br>£ |
|--|-------|--------------------|-----------|
| <b>Turnover</b>                                      | 2     | <b>4,049,456</b>   | 819,704   |
| Cost of Sales  |       | <b>(1,443,183)</b> | (221,321) |
| <b>Gross Profit</b>                                  |       | <b>2,606,273</b>   | 598,383   |
| Distribution Costs                                   |       | <b>(936,861)</b>   | (328,360) |
| Administrative Expenses                              |       | <b>(1,626,372)</b> | (245,990) |
|  |       | <b>43,040</b>      | 24,033    |
| Other operating income                               | 3     | <b>2,792</b>       | 80,000    |
| <b>Operating Profit</b>                              | 3     | <b>45,832</b>      | 104,033   |
| <b>Exceptional Items</b>                             |       |                    |           |
| Loan write offs                                      | 6     | <b>(20,043)</b>    | 73,080    |
| Compensation received                                | 6     | -                  | 30,000    |
| Diminution in value of investment                    | 6     | <b>(27,500)</b>    | -         |
| Inter-company loan written off                       | 6     | <b>795,556</b>     | -         |
|  |       | <b>793,845</b>     | 207,113   |
| Interest Payable and Similar Charges                 | 4     | <b>(51,006)</b>    | (47,745)  |
| <b>Profit on Ordinary Activities before Taxation</b> |       | <b>742,839</b>     | 159,368   |
| Tax on profit on ordinary activities                 | 7     | -                  | -         |
| <b>Profit for the Financial Year</b>                 | 17    | <b>742,839</b>     | 159,368   |

All amounts relate to continuing activities.

**INTERPUB LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 MARCH 1999**

|  | <b>1999</b>    | 1998    |
|--|----------------|---------|
|  | <b>£</b>       | £       |
| <b>Statement of Total Recognised Gains and Losses</b>  |                |         |
| Profit for the financial year  | <b>742,839</b> | 159,368 |
| Unrealised surplus on revaluations of freehold land and buildings                                | <b>208,793</b> | -       |
| Total recognised losses relating to the year   | <b>951,632</b> | 159,368 |
| <b>Historical Costs Profits and Losses</b>   |                |         |
| Profit on ordinary activities before taxation  | <b>742,839</b> | 159,368 |
| Realisation of revaluation profit of previous periods  | -              | 32,000  |
| Historical cost profit on sale of revalued asset   | <b>50,000</b>  | -       |
| Historical cost profits on ordinary activities before taxation                                   | <b>792,839</b> | 191,368 |
| Historical cost profits for the year retained after taxation, dividends and other appropriations | <b>792,839</b> | 191,368 |

INTERPUB LIMITED

BALANCE SHEET

AS AT 31 MARCH 1999

|  | Notes | £            | 1999<br>£             | £                | 1998<br>£               |
|--|-------|--------------|-----------------------|------------------|-------------------------|
| <b>Fixed Assets</b>  |       |              |                       |                  |                         |
| Tangible assets  | 8     |              | 1,774,451             |                  | 267,177                 |
| Investments  | 9     |              | -                     |                  | 27,500                  |
|  |       |              | <u>1,774,451</u>      |                  | <u>294,677</u>          |
| <b>Current Assets</b>  |       |              |                       |                  |                         |
| Stocks   | 10    | 41,050       |                       | 12,041           |                         |
| Debtors  | 11    | 135,679      |                       | 64,465           |                         |
| Cash at bank and in hand                                       |       | 23,533       |                       | 2,699            |                         |
|  |       |              | <u>200,262</u>        | <u>79,205</u>    |                         |
| <b>Creditors: Amounts Falling Due Within One Year</b>          | 12    |              | <u>(749,705)</u>      | <u>(770,585)</u> |                         |
| <b>Net Current Liabilities</b>                                 |       |              | <u>(549,443)</u>      |                  | <u>(691,380)</u>        |
| <b>Total Assets Less Current Liabilities</b>                   |       |              | <u>1,225,008</u>      |                  | <u>(396,703)</u>        |
| <b>Creditors: Amounts Falling Due After More Than One Year</b> | 13    |              | <u>(628,561)</u>      |                  | <u>(8,482)</u>          |
| <b>Net Assets/(Liabilities)</b>                                |       |              | <u><u>596,447</u></u> |                  | <u><u>(405,185)</u></u> |
| <b>Capital and Reserves</b>                                    |       |              |                       |                  |                         |
| Share capital - equity   | 16    |              | 100,000               |                  | 95,000                  |
| Share capital - non equity                                     | 16    |              | 2,500                 |                  | 2,500                   |
| Share premium account  | 17    |              | 225,000               |                  | 180,000                 |
| Revaluation reserve  | 17    |              | 377,226               |                  | 218,433                 |
| Profit and loss account  | 17    |              | <u>(108,279)</u>      |                  | <u>(901,118)</u>        |
| <b>Shareholders' Funds</b>                                     |       |              |                       |                  |                         |
| Equity   |       | 593,947      |                       | (407,685)        |                         |
| Non-equity   |       | <u>2,500</u> |                       | <u>2,500</u>     |                         |
| <b>Capital Surplus/(Deficit)</b>                               | 18    |              | <u><u>596,447</u></u> |                  | <u><u>(405,185)</u></u> |

These financial statements were approved by the board and signed on its behalf by:

K.C. Knowles  
Director

Date: 31 January 2000

# INTERPUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

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### 1 Accounting Policies

#### Basis of Accounting

The Financial Statements have been prepared under the historical cost convention except that certain freehold properties are shown at their revalued amounts.

#### Turnover

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

#### Depreciation

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

|                       |                          |
|-----------------------|--------------------------|
| Leasehold properties  | Over period of the lease |
| Motor vehicles        | 25%                      |
| Fixtures and fittings | 15%                      |

Leasehold buildings with more than 20 years to the expiry of the lease have not been depreciated as required by Statement of Standard Accounting Practice No.12 as the directors are of the opinion that current values will be maintained and no provision is required.

#### Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

#### Stocks

Stocks are 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.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

#### 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.

**INTERPUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 1999**

**2 Turnover**

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

**3 Operating Profit**

The operating profit is arrived at after charging or crediting:

|  | 1999    | 1998     |
|--|---------|----------|
|  | £       | £        |
| Depreciation of owned assets   | 97,035  | 28,556   |
| Depreciation of assets held under finance leases and hire purchase contracts | 11,384  | 4,369    |
| Hire of equipment - operating leases   | 35,437  | 7,403    |
| Hire of equipment - operating leases - land and buildings                    | 504,628 | 89,639   |
| Auditors' remuneration   | 4,000   | 4,500    |
| Other operating income - management charges                                  | (2,792) | (80,000) |

**4 Interest Payable and Similar Charges**

|  | 1999          | 1998          |
|--|---------------|---------------|
|  | £             | £             |
| Bank overdrafts and loans                  | 45,774        | 33,290        |
| Finance leases and hire purchase contracts | 4,432         | 552           |
| Other interest payable                     | 800           | 13,903        |
|  | <u>51,006</u> | <u>47,745</u> |

**5 Directors**

|                         | 1999    | 1998 |
|-------------------------|---------|------|
|                         | £       | £    |
| Directors' remuneration | 261,342 | -    |

**6 Exceptional Items**

|                                       | 1999           | 1998           |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Loan write offs                       | (20,043)       | 73,080         |
| Compensation received                 | -              | 30,000         |
| Inter-company loan written off        | 795,556        | -              |
|                                       | <u>775,513</u> | <u>103,080</u> |
| <b>Discontinued operations</b>        |                |                |
| Write off of investment in subsidiary | (27,500)       | -              |
|                                       | <u>748,013</u> | <u>103,080</u> |

**7 Taxation**

No provision in respect of corporation tax has been made due to the availability of tax losses from previous years.

**INTERPUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1999**

**8 Tangible Fixed Assets**

|                          | <b>Short<br/>Leasehold<br/>Land and<br/>Buildings</b> | <b>Motor<br/>Vehicles</b> | <b>Fixtures<br/>and<br/>Fittings</b> | <b>Total</b>     |
|--------------------------|---|---------------------------|--------------------------------------|------------------|
| <b>Cost or valuation</b> | <b>£</b>  | <b>£</b>                  | <b>£</b>                             | <b>£</b>         |
| At 1 April 1998          | 328,164   | 25,970                    | 306,600                              | 660,734          |
| Additions                | 1,013,562   | 47,448                    | 445,890                              | 1,506,900        |
| Disposals                | (55,000)  | -                         | (70,000)                             | (125,000)        |
| Revaluations             | 208,793   | -                         | -                                    | 208,793          |
| <b>At 31 March 1999</b>  | <b>1,495,519</b>                                      | <b>73,418</b>             | <b>682,490</b>                       | <b>2,251,427</b> |
| <b>Depreciation</b>      |   |                           |                                      |                  |
| At 1 April 1998          | 186,085   | 15,015                    | 192,457                              | 393,557          |
| Charge for the year      | 17,367  | 11,384                    | 79,668                               | 108,419          |
| Disposals                | -   | -                         | (25,000)                             | (25,000)         |
| <b>At 31 March 1999</b>  | <b>203,452</b>  | <b>26,399</b>             | <b>247,125</b>                       | <b>476,976</b>   |
| <b>Net Book Value</b>    |   |                           |                                      |                  |
| <b>At 31 March 1999</b>  | <b>1,292,067</b>                                      | <b>47,019</b>             | <b>435,365</b>                       | <b>1,774,451</b> |
| At 31 March 1998         | 142,079   | 10,955                    | 114,143                              | 267,177          |

Assets held under finance leases originally cost £73,418 (1998: £25,970) and have a net book value of £26,399 (1998: £10,956).

The leasehold properties (including fixture and fittings) were revalued on 4 May 1999 at their open market values in their present condition and existing use as fully equipped operational public houses by Christie & Co., professional surveyors and valuers.

Valuation is carried out on an individual basis rather than a group basis. The directors expect that higher valuations would be achieved if the units were valued as a group. St Christopher's and Belushi's are now intellectual property of the company by registered trade marks.

**INTERPUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1999**

**9 Fixed Assets Investments**

|                            | Shares in<br>Group<br>Undertaking<br>£ | Total<br>£ |
|----------------------------|--|------------|
| <b>Cost</b>                |  |            |
| At 1 April 1998            | 27,500                                 | 27,500     |
| <b>Amounts Written Off</b> |  |            |
| Provided during the year   | 27,500                                 | 27,500     |
| <b>Net Book Value</b>      |  |            |
| At 31 March 1999           | -                                      | -          |
| At 31 March 1998           | 27,500                                 | 27,500     |

On 10 April 1998 the company acquired the entire assets, liabilities and trade of Interpub Solutions Limited a wholly owned subsidiary of the company. It is the directors intention for Interpub Solutions Limited to become a dormant company. The company has therefore written off its cost of investment in Interpub Solutions Limited.

|   |           |             |         |
|---|-----------|-------------|---------|
| <b>10 Stocks</b>  |           | <b>1999</b> | 1998    |
|   |           | £           | £       |
| Goods for resale  |           | 41,050      | 12,041  |
| <b>11 Debtors</b>   |           | <b>1999</b> | 1998    |
|   |           | £           | £       |
| Other debtors   |           | 64,508      | 48,777  |
| Prepayments   |           | 68,171      | 15,688  |
| Directors' loan accounts                                    |           | 3,000       | -       |
|   |           | 135,679     | 64,465  |
| <b>12 Creditors: Amounts Falling Due Within One Year</b>    |           | <b>1999</b> | 1998    |
|   |           | £           | £       |
| Other loans due within one year                             | (Note 14) | 84,700      | -       |
| Bank loans and overdrafts (secured)                         | (Note 14) | 82,133      | 25,000  |
| Obligations under hire purchase and finance lease contracts | (Note 15) | 19,972      | 5,209   |
| Trade creditors   |           | 335,066     | 135,435 |
| Amounts owed to group undertakings                          |           | -           | 509,531 |
| Corporation tax   |           | 16,479      | -       |
| Other taxes and social security                             |           | 82,598      | 15,185  |
| Other creditors   |           | 23,305      | 51,042  |
| Accruals  |           | 105,452     | 29,183  |
|   |           | 749,705     | 770,585 |

**INTERPUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1999**

|           |   |           |                |               |
|-----------|---|-----------|----------------|---------------|
| <b>13</b> | <b>Creditors: Amounts Falling Due After One Year</b>                                  |           | <b>1999</b>    | <b>1998</b>   |
|           |   |           | £              | £             |
|           | Loans   | (Note 14) | <b>50,722</b>  | -             |
|           | Bank loans and overdrafts (secured)   | (Note 14) | <b>551,236</b> | -             |
|           | Obligations under hire purchase and finance lease contracts                           | (Note 15) | <b>26,603</b>  | 8,482         |
|           |   |           | <b>628,561</b> | <b>8,482</b>  |
| <b>14</b> | <b>Loans</b>  |           | <b>1999</b>    | <b>1998</b>   |
|           |   |           | £              | £             |
|           | Amounts repayable:  |           |                |               |
|           | In one year or less, or on demand   |           | <b>166,833</b> | 25,000        |
|           | Between one and two years   |           | <b>50,722</b>  | -             |
|           | Between two and five years  |           | <b>551,236</b> | -             |
|           |   |           | <b>768,791</b> | <b>25,000</b> |
| <b>15</b> | <b>Obligations Under Hire Purchase and Finance Leases</b>                             |           | <b>1999</b>    | <b>1998</b>   |
|           |   |           | £              | £             |
|           | Obligations under finance leases and hire purchase contracts are analysed as follows: |           |                |               |
|           | Current obligations   |           | <b>19,972</b>  | 5,209         |
|           | Obligations due between one and five years  |           | <b>26,603</b>  | 8,482         |
|           |   |           | <b>46,575</b>  | <b>13,691</b> |



**INTERPUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1999**

| <b>16 Share Capital</b>   | <b>1999</b>      | <b>1998</b> |
|---|------------------|-------------|
|   | <b>£</b>         | <b>£</b>    |
| <b>Authorised Equity Shares</b>                                       |                  |             |
| 950,000 Ordinary shares of £1 each                                    | <b>950,000</b>   | 950,000     |
|   | <b>950,000</b>   | 950,000     |
| <b>Non Equity Shares</b>  |                  |             |
| 50,000 Preference shares of £1 each                                   | <b>50,000</b>    | 50,000      |
|   | <b>1,000,000</b> | 1,000,000   |
| <b>Allotted Equity Shares</b>   |                  |             |
| 100,000 Allotted, called up and fully paid ordinary shares of £1 each | <b>100,000</b>   | 95,000      |
| <b>Non Equity Shares</b>  |                  |             |
| 2,500 Preference shares of £1 each                                    | <b>2,500</b>     | 2,500       |
|   | <b>102,500</b>   | 97,500      |

During the year 5,000 Ordinary shares were issued for a price of £10 per share these were allotted and paid for in full for cash consideration.

The preference shareholders have no right to attend or vote at meetings. They are entitled to receive a non-cumulative dividend of 5% of the paid up capital on those shares. On a winding up they are entitled to the return of the capital paid up on them in priority of any other class of share.

**17 Reserves**

|                            | <b>Share Premium Account</b> | <b>Revaluation Reserve</b> | <b>Profit and Loss Account</b> |
|----------------------------|------------------------------|----------------------------|--------------------------------|
|                            | <b>£</b>                     | <b>£</b>                   | <b>£</b>                       |
| At 1 April 1997            | 180,000                      | 250,433                    | (1,092,486)                    |
| Profit for the year        | -                            | -                          | 159,368                        |
| Transfers on revaluation   | -                            | (32,000)                   | -                              |
| Transfers between reserves | -                            | -                          | 32,000                         |
| At 1 April 1998            | 180,000                      | 218,433                    | (901,118)                      |
| Profit for the year        | -                            | -                          | 742,839                        |
| Transfers on revaluation   | -                            | 208,793                    | -                              |
| Transfers between reserves | -                            | (50,000)                   | 50,000                         |
| Premium on allotment       | 45,000                       | -                          | -                              |
| <b>At 31 March 1999</b>    | <b>225,000</b>               | <b>377,226</b>             | <b>(108,279)</b>               |

**INTERPUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1999**

**18 Reconciliation of Shareholders' Funds**

|                                     | <b>1999</b>             | 1998             |
|-------------------------------------|-------------------------|------------------|
|                                     | <b>£</b>                | £                |
| Profit for the financial year       | <b>742,839</b>          | 159,368          |
| Other recognised gains and losses   | <b>208,793</b>          | -                |
| Realised gains and losses           | -                       | (32,000)         |
| Transfers to reserves               | -                       | 32,000           |
| Issue of share capital              | <b>50,000</b>           | 47,500           |
|                                     | <u><b>1,001,632</b></u> | <u>206,868</u>   |
| Increase in the shareholders' funds |                         |                  |
| Closing shareholders' funds         | <u><b>596,447</b></u>   | <u>(405,185)</u> |

**19 Operating Lease Commitments**

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as set out below:

|                                | <b>Land and buildings</b> |               | <b>Other</b>            |              |
|--------------------------------|---------------------------|---------------|-------------------------|--------------|
|                                | <b>1999</b>               | 1998          | <b>1999</b>             | 1998         |
|                                | <b>£</b>                  | £             | <b>£</b>                | £            |
| Operating leases which expire: |                           |               |                         |              |
| Within one year                | <b>367,614</b>            | 11,500        | <b>49,412</b>           | -            |
| Between two and five years     | <b>1,292,600</b>          | -             | <b>53,712</b>           | 2,088        |
| After five years               | <b>5,870,650</b>          | 44,900        | <b>5,870,650</b>        | -            |
|                                | <u><b>7,530,864</b></u>   | <u>56,400</u> | <u><b>5,973,774</b></u> | <u>2,088</u> |

**20 Post Balance Sheet Events**

After the year end, the company issued a further 68,784 Ordinary shares for cash consideration and a bonus issue of 16,463 Ordinary shares.

A loan given by T. Sykes, a director, was converted into 70,000 preference shares.

**21 Transactions with Directors**

The company owed an amount of £nil (1998- £509,531) to Interpub Solutions Limited, a company in which K.C. Knowles, M. Roberts and O. Auber are directors. Interpub Solutions Limited became a wholly owned subsidiary of the company on 31 March 1998 prior to this K.C. Knowles was the beneficial owner of the entire share capital of Interpub Solutions Limited.

The company charged Interpub Solutions Limited an amount of £Nil (1998- £80,000) for the provision of management services in the year.

**22 Trading activities**

The trading activities between 1 to 10 April 1998 of Interpub Solutions Limited are included in these accounts as the directors considered that the transactions were immaterial to prepare separate accounts.