

COMPANY REGISTRATION NUMBER 1383858

BUTCOMBE PUBCO LIMITED
(FORMERLY
BUTCOMBE BREWERY (REALISATIONS) LIMITED
AND PREVIOUSLY BUTCOMBE BREWERY LIMITED)

FINANCIAL STATEMENTS

FOR

29 FEBRUARY 2004



NAYLOR WILLIS
Chartered Accountants & Registered Auditors
Redland House,
157 Redland Road,
Bristol,
BS6 6YE.

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

G.B. Newell
P.M. Horsley
P.F. Adams
G.E. Gould

Company secretary

G.E. Gould

Registered office

Butcombe
Bristol
BS40 7XQ

Auditors

Naylor Willis
Chartered Accountants
& Registered Auditors
Redland House,
157 Redland Road,
Bristol,
BS6 6YE.

BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY (REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE BREWERY LIMITED)

THE DIRECTORS' REPORT

YEAR ENDED 29 FEBRUARY 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 29 February 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company changed its name to Butcombe Brewery (Realisations) Limited on 6 March 2003 following its acquisition by Butcombe Brewing Company Limited on 28 February 2003. Subsequently, on 4 May 2004, the company changed its name to Butcombe Pubco Limited.

The company transferred its business to Butcombe Brewery Limited on 1 March 2003 and has not traded subsequently.

RESULTS AND DIVIDENDS

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

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At	At
		29 February 2004	1 March 2003 or later date of appointment
G.B. Newell		—	—
P.M. Horsley		—	—
P.F. Adams	(Appointed 13 March 2003)	—	—
G.E. Gould	(Appointed 3 June 2003)	—	—

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 year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 11 to 12, and then apply them

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 FEBRUARY 2004

consistently;

make judgements and estimates that are reasonable and prudent; and

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.

DONATIONS

During the year the company made the following contributions:

	Year to 29 February 2004	Period from 1 September 2002 to 28 February 2003
	£	£
Charitable	—	2,855

AUDITORS

A resolution to re-appoint Naylor Willis 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:
Butcombe
Bristol
BS40 7XQ

Signed by order of the directors



G.E. GOULD
Company Secretary

Approved by the directors on 25 May 2004

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 29 FEBRUARY 2004

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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 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.

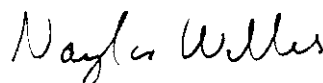
**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 29 FEBRUARY 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 February 2004 and of its result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Redland House,
157 Redland Road,
Bristol,
BS6 6YE.

NAYLOR WILLIS
Chartered Accountants
& Registered Auditors

25 May 2004

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 29 FEBRUARY 2004

	Note	Year to 29 Feb 04 £	Period from 1 Sep 02 to 28 Feb 03 £
TURNOVER	2	49,559	1,839,722
Cost of sales		49,559	709,996
GROSS PROFIT		—	1,129,726
Distribution Costs		—	46,068
Administrative expenses		—	1,267,263
Other operating income		—	(30,155)
OPERATING LOSS	3	—	(153,450)
Interest receivable		—	22,310
Interest payable	6	—	(225)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		—	(131,365)
Tax on loss on ordinary activities	7	—	(26,582)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		—	(104,783)
Dividends	8	—	—
LOSS FOR THE FINANCIAL YEAR		—	(104,783)
Balance brought forward		3,007,953	3,112,736
Balance carried forward		3,007,953	3,007,953

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

The notes on pages 11 to 18 form part of these financial statements.

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 29 FEBRUARY 2004

	Year to 29 Feb 04 £	Period from 1 Sep 02 to 28 Feb 03 £
Loss for the financial year	—	(104,783)
Dividends	—	—
	<hr/>	<hr/>
	—	(104,783)
Opening shareholders' equity funds	3,007,955	3,112,738
Closing shareholders' equity funds	3,007,955	3,007,955

The notes on pages 11 to 18 form part of these financial statements.

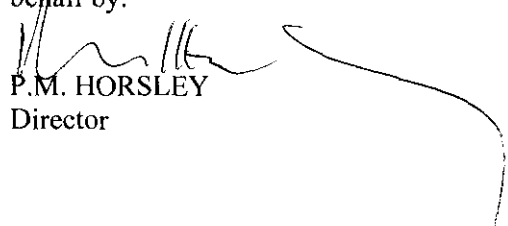
**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
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BREWERY LIMITED)**

BALANCE SHEET

29 FEBRUARY 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	—	1,704,722
CURRENT ASSETS			
Stocks	10	—	49,559
Debtors	11	3,007,953	378,814
Cash at bank and in hand		2	1,361,652
		3,007,955	1,790,025
CREDITORS: Amounts falling due within one year	12	—	465,720
NET CURRENT ASSETS		3,007,955	1,324,305
TOTAL ASSETS LESS CURRENT LIABILITIES		3,007,955	3,029,027
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	—	21,072
		3,007,955	3,007,955
CAPITAL AND RESERVES			
Called-up equity share capital	15	2	2
Profit and loss account		3,007,953	3,007,953
SHAREHOLDERS' FUNDS		3,007,955	3,007,955

These financial statements were approved by the directors on the 25 May 2004 and are signed on their behalf by:


P.M. HORSLEY
Director

The notes on pages 11 to 18 form part of these financial statements.

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

CASH FLOW STATEMENT

YEAR ENDED 29 FEBRUARY 2004

	Year to 29 Feb 04 £	Period from 1 Sep 02 to 28 Feb 03 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(3,045,300)	(85,876)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	—	22,310
Interest paid	—	(225)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	—	22,085
TAXATION	(21,072)	2
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	—	(4,743)
Receipts from sale of fixed assets	1,704,722	—
Payment to acquire other current asset investments	—	1,070,671
NET CASH INFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	1,704,722	1,065,928
(DECREASE)/INCREASE IN CASH	(1,361,650)	1,002,140

**RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM
OPERATING ACTIVITIES**

	Year to 29 Feb 04 £	Period from 1 Sep 02 to 28 Feb 03 £
Operating loss	—	(153,449)
Depreciation	—	18,598
Loss on disposal of fixed assets	—	1,889
Decrease/(increase) in stocks	49,559	(12,461)
Decrease/(increase) in debtors	(2,629,139)	(18,094)
(Decrease)/increase in creditors	(465,720)	77,642
Net cash outflow from operating activities	(3,045,300)	(85,875)

The notes on pages 11 to 18 form part of these financial statements.

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 29 FEBRUARY 2004

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004	2003
	£	£
(Decrease)/Increase in cash in the period	(1,361,650)	1,002,140
Movement in net funds in the period	(1,361,650)	1,002,140
Net funds at 1 March 2003	1,361,652	359,512
Net funds at 29 February 2004	2	1,361,652

ANALYSIS OF CHANGES IN NET FUNDS

	At		At
	1 Mar 2003	Cash flows	29 Feb 2004
	£	£	£
Net cash:			
Cash in hand and at bank	1,361,652	(1,361,650)	2
Net funds	1,361,652	(1,361,650)	2

The notes on pages 11 to 18 form part of these financial statements.

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

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 buildings - 1%

Leasehold property improvements - 1%

Casks - 15%

Plant and equipment - 15%

Office equipment - 15%

Cellar equipment - 15%

Depreciation is provided on a reducing balance basis.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY (REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE BREWERY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

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

An analysis of turnover is given below:

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
United Kingdom	49,559	1,839,722

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

3. OPERATING LOSS

Operating loss is stated after charging:

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
Directors' emoluments	—	318,592
Depreciation of owned fixed assets	—	18,598
Loss on disposal of fixed assets	—	1,889
Auditors' remuneration		
- as auditors	—	5,250
Operating lease costs:		
Vehicles	—	27,373

4. PARTICULARS OF EMPLOYEES

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

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	No	No
Number of production staff	—	10
Number of administrative staff	—	5
Number of management staff	—	5
Number of other staff	—	16
	—	36

The aggregate payroll costs of the above were:

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
Wages and salaries	—	648,285
Social security costs	—	79,440
Other pension costs	—	236,135
	—	963,860

BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY (REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE BREWERY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

5. DIRECTORS' EMOLUMENTS

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

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
Emoluments receivable	—	318,592

Emoluments of highest paid director:

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
Total emoluments (excluding pension contributions):	—	188,592

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

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	No	No
Money purchase schemes	—	1

6. INTEREST PAYABLE

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
Other similar charges payable	—	225

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year to 29 Feb 04	Period from 1 Sep 02 to 28 Feb 03
	£	£
Deferred tax:		
Decrease in deferred tax provision	—	(26,582)
Total deferred tax (note 13)	—	(26,582)

BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY (REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE BREWERY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	Year to 29 Feb 04 £	Period from 1 Sep 02 to 28 Feb 03 £
Dividend paid on ordinary shares	-	-

9. TANGIBLE FIXED ASSETS

	Brought forward 1 Mar 03 £		Disposals £	Carried forward 29 Feb 04 £
COST				
Freehold Property	1,350,797		(1,350,797)	-
Casks	298,349		(298,349)	-
Plant & Equipment	515,577		(515,577)	-
Office Equipment	19,569		(19,569)	-
Leasehold Property Improvements	148,019		(148,019)	-
Cellar Equipment	55,579		(55,579)	-
	<u>2,387,890</u>		<u>(2,387,980)</u>	-
	Brought forward 1 Mar 03 £	Charges £	Disposals £	Carried forward 29 Feb 04 £
DEPRECIATION				
Freehold Property	(13,560)	-	13,560	-
Casks	(212,025)	-	212,025	-
Plant & Equipment	(384,920)	-	384,920	-
Office Equipment	(14,558)	-	14,558	-
Leasehold Property Improvements	(17,929)	-	17,929	-
Cellar Equipment	(40,176)	-	(40,176)	-
	<u>(683,168)</u>	-	<u>683,168</u>	-

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
(REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE
BREWERY LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

9. TANGIBLE FIXED ASSETS *(continued)*

	Brought forward 1 Mar 03 £	Carried forward 29 Feb 04 £
NET BOOK VALUE		
Freehold Property	1,337,237	—
Casks	86,324	—
Plant & Equipment	130,657	—
Office Equipment	5,011	—
Leasehold Property Improvements	130,090	—
Cellar Equipment	15,403	—
	<u>1,704,722</u>	<u>—</u>

10. STOCKS

	2004 £	2003 £
Raw materials	—	17,959
Finished goods	—	31,600
	<u>—</u>	<u>49,559</u>

11. DEBTORS

	2004 £	2003 £
Trade debtors	—	356,088
Amount due from fellow subsidiary undertaking	3,007,953	—
Prepayments and accrued income	—	22,726
	<u>3,007,953</u>	<u>378,814</u>

12. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	—	116,263
PAYE and social security	—	136,988
VAT	—	143,267
Other creditors	—	1,949
Accruals and deferred income	—	67,253
	<u>—</u>	<u>465,720</u>

BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY (REALISATIONS) LIMITED AND PREVIOUSLY BUTCOMBE BREWERY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

13. DEFERRED TAXATION

	Year to 29 Feb 04 £	Period from 1 Sep 02 to 28 Feb 03 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	21,072	47,654
Profit and loss account movement arising during the year	-	(26,582)
Transfer to fellow subsidiary	(21,072)	
Provision carried forward	<u>-</u>	<u>21,072</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	-	21,072
	<u>-</u>	<u>21,072</u>

14. RELATED PARTY TRANSACTIONS

The company was under the control of Mr & Mrs Whitmore until 28 February 2003 and throughout the previous year. Mr S. Whitmore was the managing director until 27 February 2003. Mr & Mrs Whitmore held all of the company's issued shares until 28 February 2003 when the entire issued share capital was acquired by Butcombe Brewing Company Limited.

The company made sales of £47,184 in the period ended 28 February 2003 to two public houses which were owned by Mr & Mrs Whitmore in partnership. These public houses were acquired by the company from Mr & Mrs Whitmore after the close of business on 28 February 2003.

On 1 March 2003, the company transferred its business and net assets to Butcombe Brewery Limited in consideration for an intercompany loan.

**BUTCOMBE PUBCO LIMITED (FORMERLY BUTCOMBE BREWERY
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BREWERY LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

15. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	2	2	2	2