

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2003
for
Burton Inns Limited**



Burton Inns Limited

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for the Year Ended 31 December 2003**

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Burton Inns Limited
Company Information
for the Year Ended 31 December 2003

DIRECTORS: R F Kerry
A A Gentles

SECRETARY: Ms M J Slack

REGISTERED OFFICE: 39 Cornmill Lane
Tutbury
Burton-on-Trent
Staffordshire
DE13 9HA

REGISTERED NUMBER: 1933151 (England and Wales)

AUDITORS: Bourne & Co.
Registered Auditors &
Chartered Accountants
6 Lichfield Street
Burton-on-Trent
Staffordshire
DE14 3RD

Burton Inns Limited

Report of the Directors for the Year Ended 31 December 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a management and holding company.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividends were paid during the year ended 31 December 2003.

The directors recommend final dividends per share as follows:

"A" Ordinary Shares £1 shares	31.58p
"B" Ordinary Shares £1 shares	31.58p

The total distribution of dividends for the year ended 31 December 2003 will be £30,000.

DIRECTORS

The directors during the year under review were:

R F Kerry
A A Gentles

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
"A" Ordinary Shares £1 shares		
R F Kerry	48,705	48,410
A A Gentles	5,295	5,000
"B" Ordinary Shares £1 shares		
R F Kerry	-	-
A A Gentles	-	-

BRANSTON GOLF & COUNTRY CLUB LIMITED

The company's subsidiary, Branston Golf and Country Club Limited, had a principal activity in the year under review of a private golf club, incorporating health and leisure facilities.

The subsidiary's turnover has continued to rise which has resulted in increased pre-tax profits for the subsidiary for this year.

This trend is expected to continue during this coming financial year.

STATEMENT OF 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.

Burton Inns Limited

**Report of the Directors
for the Year Ended 31 December 2003**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

The auditors, Bourne & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
A A Gentles - Director

Date:

23/7/04

**Report of the Independent Auditors to the Shareholders of
Burton Inns Limited**

We have audited the financial statements of Burton Inns Limited for the year ended 31 December 2003 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 on pages two and three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bourne & Co.
Registered Auditors &
Chartered Accountants
6 Lichfield Street
Burton-on-Trent
Staffordshire
DE14 3RD

Date: 23/8/04

Burton Inns Limited
Profit and Loss Account
for the Year Ended 31 December 2003

		31.12.03		31.12.02	
	Notes	£	£	£	£
TURNOVER			-		-
Administrative expenses			12,072		1,570
OPERATING LOSS	3		(12,072)		(1,570)
Income from investments		25,448		22,093	
Interest receivable and similar income		22,878		21,579	
			48,326		43,672
			36,254		42,102
Interest payable and similar charges	4		-		64
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			36,254		42,038
Tax on profit on ordinary activities	5		2,053		3,839
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			34,201		38,199
Dividends	6		30,000		20,000
			4,201		18,199
Retained profit brought forward			317,182		298,983
RETAINED PROFIT CARRIED FORWARD			<u>£321,383</u>		<u>£317,182</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Burton Inns Limited

**Balance Sheet
31 December 2003**

		31.12.03		31.12.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Investments	7		344,222		344,222
CURRENT ASSETS:					
Debtors	8	511,390		468,191	
Cash at bank		18,244		46,190	
		<u>529,634</u>		<u>514,381</u>	
CREDITORS: Amounts falling due within one year	9	<u>37,473</u>		<u>26,421</u>	
NET CURRENT ASSETS:			<u>492,161</u>		<u>487,960</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£836,383</u></u>		<u><u>£832,182</u></u>
CAPITAL AND RESERVES:					
Called up share capital	10		95,000		95,000
Capital redemption reserve	11		420,000		420,000
Profit and loss account			<u>321,383</u>		<u>317,182</u>
SHAREHOLDERS' FUNDS:	14		<u><u>£836,383</u></u>		<u><u>£832,182</u></u>

ON BEHALF OF THE BOARD:

.....
A A Gentles Director

Approved by the Board on23/7/04.....

The notes form part of these financial statements

Burton Inns Limited

**Cash Flow Statement
for the Year Ended 31 December 2003**

		31.12.03	31.12.02
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(52,433)	14,980
Returns on investments and servicing of finance	2	48,326	43,608
Taxation		(3,839)	(31,874)
Equity dividends paid		(20,000)	-
(Decrease)/Increase in cash in the period		<u>£(27,946)</u>	<u>£26,714</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(27,946)</u>	<u>26,714</u>
Change in net funds resulting from cash flows		<u>(27,946)</u>	<u>26,714</u>
Movement in net funds in the period		<u>(27,946)</u>	<u>26,714</u>
Net funds at 1 January		<u>46,190</u>	<u>19,476</u>
Net funds at 31 December		<u>£18,244</u>	<u>£46,190</u>

The notes form part of these financial statements

Burton Inns Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2003**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.12.03 £	31.12.02 £
Operating loss	(12,072)	(1,570)
(Increase)/Decrease in debtors	(43,199)	20,106
Increase/(Decrease) in creditors	<u>2,838</u>	<u>(3,556)</u>
Net cash (outflow)/inflow from operating activities	<u><u>(52,433)</u></u>	<u><u>14,980</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.03 £	31.12.02 £
Returns on investments and servicing of finance		
Interest received	22,878	21,579
Interest paid	-	(64)
Dividends received	<u>25,448</u>	<u>22,093</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>48,326</u></u>	<u><u>43,608</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.03 £	Cash flow £	At 31.12.03 £
Net cash:			
Cash at bank	<u>46,190</u>	<u>(27,946)</u>	<u>18,244</u>
	<u>46,190</u>	<u>(27,946)</u>	<u>18,244</u>
Total	<u><u>46,190</u></u>	<u><u>(27,946)</u></u>	<u><u>18,244</u></u>
Analysed in Balance Sheet			
Cash at bank	<u>46,190</u>		<u>18,244</u>
	<u>46,190</u>		<u>18,244</u>

The notes form part of these financial statements

Burton Inns Limited

Notes to the Financial Statements for the Year Ended 31 December 2003

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The company and its subsidiary comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare consolidated group accounts. Therefore the accounts present information about the company as an individual undertaking and not about its group.

Accounting convention

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.12.03	31.12.02
	£	£
Wages and salaries	4,000	-
Other pension costs	100	-
	<u>4,100</u>	<u>-</u>

The average monthly number of employees during the year was as follows:

	31.12.03	31.12.02
Management and administration	<u>2</u>	<u>2</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	31.12.03	31.12.02
	£	£
Auditors' remuneration	<u>1,100</u>	<u>1,140</u>
Directors' emoluments	4,000	-
Directors' pension contributions to money purchase schemes	<u>100</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

	31.12.03	31.12.02
Money purchase schemes	<u>1</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.03	31.12.02
	£	£
Interest on corporation tax	<u>-</u>	<u>64</u>

Burton Inns Limited

Notes to the Financial Statements for the Year Ended 31 December 2003

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.03 £	31.12.02 £
Current tax:		
UK corporation tax	2,053	3,839
	<u>2,053</u>	<u>3,839</u>
Tax on profit on ordinary activities	<u>2,053</u>	<u>3,839</u>

UK corporation tax was charged at 19% in 2002.

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.03 £	31.12.02 £
Profit on ordinary activities before tax	<u>36,254</u>	<u>42,038</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 19%)	6,888	7,987
Effects of:		
Non taxable dividend income	(4,835)	(4,197)
Effect of changes in tax rate tax purposes	-	49
	<u>2,053</u>	<u>3,839</u>
Current tax charge	<u>2,053</u>	<u>3,839</u>

6. DIVIDENDS

	31.12.03 £	31.12.02 £
Equity shares:		
54,000 "A" Ordinary Shares shares of £1 each		
Proposed dividend	17,052	11,368
41,000 "B" Ordinary Shares shares of £1 each		
Proposed dividend	12,948	8,632
	<u>30,000</u>	<u>20,000</u>

Burton Inns Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

7. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2003	
and 31 December 2003	<u>344,222</u>
NET BOOK VALUE:	
At 31 December 2003	<u>344,222</u>
At 31 December 2002	<u>344,222</u>
	31.12.03 31.12.02
	£ £
Investments listed on recognised stock exchange	13,825 13,825
Unlisted investments	<u>330,397</u> <u>330,397</u>
	<u>344,222</u> <u>344,222</u>

Market value of listed investments at 31 December 2003 - £77,000 (2002 - £50,575).

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Branston Golf and Country Club Limited

Nature of business: Private golf club and leisure facilities

	%
Class of shares:	holding
Ordinary	64.80

	31.12.03 31.12.02
	£ £
Aggregate capital and reserves	1,974,534 1,884,686
Profit for the year	<u>126,068</u> <u>40,371</u>

8. DEBTORS

	31.12.03 31.12.02
	£ £
Amounts falling due within one year:	
Other Debtors	23,645 216,508
Prepayments	22,113 21,579
Amounts owed by subsidiary	<u>10,532</u> <u>28,004</u>
	<u>56,290</u> <u>266,091</u>
Amounts falling due after more than one year:	
Amounts owed by subsidiary	<u>455,100</u> <u>202,100</u>
Aggregate amounts	<u>511,390</u> <u>468,191</u>

Burton Inns Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.03	31.12.02
	£	£
Other creditors and accruals	5,420	2,582
Dividend proposed	30,000	20,000
Corporation Tax	2,053	3,839
	<u>37,473</u>	<u>26,421</u>

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.03	31.12.02
			£	£
544,000	"A" Ordinary Shares	£1	544,000	544,000
41,000	"B" Ordinary Shares	£1	41,000	41,000
415,000	5% redeemable preference shares	£1	415,000	415,000
			<u>1,000,000</u>	<u>1,000,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.03	31.12.02
			£	£
54,000	"A" Ordinary Shares	£1	54,000	54,000
41,000	"B" Ordinary Shares	£1	41,000	41,000
			<u>95,000</u>	<u>95,000</u>

The "A" ordinary shares and the "B" ordinary shares rank pari passu in all respects other than as follows :

The majority of the "A" ordinary shareholders are entitled to appoint three directors.

The majority of the "B" ordinary shareholders are entitled to appoint one director.

11. CAPITAL REDEMPTION RESERVE

	31.12.03	31.12.02
	£	£
Brought forward	<u>420,000</u>	<u>420,000</u>

12. CONTINGENT LIABILITIES

The company has made a guarantee in favour of Branston Golf & Country Club Limited, amounting to £150,000.

Burton Inns Limited

Notes to the Financial Statements for the Year Ended 31 December 2003

13. TRANSACTIONS WITH DIRECTORS

a) During the year the company charged interest of £22,112 (2002 - £11,116) and management charges of £2,500 (2002 - £nil) to Branston Golf and Country Club Limited. R F Kerry and A A Gentles are directors in Branston Golf and Country Club Limited. The company has a material interest in the share capital of Branston Golf and Country Club Limited.

b) During the year the company charged interest of £nil (2002 - £10,463) to Ye Olde Dog and Partridge Inn Limited. R F Kerry was a director of and had a material interest in the share capital of Ye Olde Dog and Partridge Inn Limited. A A Gentles was also a director of that company. Ye Olde Dog & Partridge Inn Limited ceased to trade in January 2003. The balance owed by the company has been repaid.

c) At 31st December 2003 the company was owed the following amounts by related parties:

	2003	2002
	£	£
Ye Olde Dog & Partridge Inn Ltd.	-	196,759
Branston Golf & Country Club Ltd.	487,744	241,220

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.03	31.12.02
	£	£
Profit for the financial year	34,201	38,199
Dividends	(30,000)	(20,000)
Net addition to shareholders' funds	4,201	18,199
Opening shareholders' funds	832,182	813,983
Closing shareholders' funds	836,383	832,182
Equity interests	836,383	832,182

15. CONTROL

The company is controlled by its principal shareholder R F Kerry.

Burton Inns Limited
Profit and Loss Account
for the Year Ended 31 December 2003

	31.12.03	31.12.02
	£	£
Income		
Other income:		
Dividends received	1,978	2,573
Dividends from subsidiaries	23,470	19,520
Other interest receivable	22,878	21,579
	<u>48,326</u>	<u>43,672</u>
	48,326	43,672
Expenditure:		
Directors' remuneration	4,000	-
Pension Contributions	100	-
Pension scheme costs	2,145	1,140
Group central charges	2,500	212
Audit and accountancy	1,100	-
Professional charges	2,452	127
Rates and water	(345)	-
Insurance	-	1,479
	<u>11,952</u>	<u>42,193</u>
	36,374	-
Finance costs:		
Interest on corporation tax	120	64
Bank charges	-	91
	<u>120</u>	<u>155</u>
	£36,254	<u>£42,038</u>
NET PROFIT		