

Company Registration No. 1994330 (England and Wales)

BLUBECKERS LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30 JANUARY 2005



BLUBECKERS LIMITED

COMPANY INFORMATION

Directors

P R Smith
R Brown
L O'Connor
A R Hancock
J K Brooks
Sir M Wilkes (Appointed 17 August 2004)
D P Duff (Appointed 19 April 2005)

Secretary

J A Yetman

Company number

1994330

Registered office

The Mill House
North Warnborough
Nr Basingstoke
Hampshire
England
RG29 1ET

Auditors

HLB AV Audit Plc
Charter Court
Third Avenue
Southampton
Hampshire
SO15 0AP

BLUBECKERS LIMITED

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BLUBECKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JANUARY 2005

The directors present their report and financial statements for the year ended 30 January 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of restaurateurs.

Results and dividends

The results for the year are set out on page 4.

The directors consider the profit on ordinary activities before taxation to be £1,279,968 (2004: £430,375) .

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 February 2004:

P R Smith	
P Copley	(Resigned 19 April 2005)
R Brown	
L O'Connor	
A R Hancock	
J K Brooks	
Sir M Wilkes	(Appointed 17 August 2004)
D P Duff	(Appointed 19 April 2005)

The directors have no interest in the shares of the company.

Where relevant the directors' interests in the ultimate parent undertaking, C.I. Traders Limited, are disclosed in that company's financial statements, which are publicly available.

Directors' interests

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Where relevant the directors' interests in the ultimate parent undertaking, C.I. Traders Limited, are disclosed in that company's financial statements, which are publicly available.

Charitable donations	2005 £	2004 £
During the year the company made the following payments:		
Charitable donations	647	740

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

BLUBECKERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JANUARY 2005

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB AV Audit Plc 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.

By order of the board



J A Yetman

Secretary

20 April 2005

BLUBECKERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLUBECKERS LIMITED

We have audited the financial statements of Blubeckers Limited on pages 4 to 16 for the year ended 30 January 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit Plc

HLB AV Audit Plc
Registered Auditor

20/4/15

Charter Court
Third Avenue
Southampton
Hampshire
SO15 0AP

BLUBECKERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JANUARY 2005

		Year ended 30 January 2005 £	Year ended 31 January 2004 £
	Notes		
Turnover	2	15,911,046	14,023,476
Cost of sales		(10,283,429)	(8,926,849)
Gross profit		5,627,617	5,096,627
Administrative expenses		(4,092,929)	(4,546,111)
Operating profit	3	1,534,688	550,516
Other interest receivable and similar income	4	1,149	6
Interest payable and similar charges	5	(255,869)	(120,147)
Profit on ordinary activities before taxation		1,279,968	430,375
Tax on profit on ordinary activities	6	(353,226)	(501,203)
Profit/(loss) on ordinary activities after taxation	15	926,742	(70,828)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BLUBECKERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JANUARY 2005

	Year ended 30 January 2005 £	Year ended 31 January 2004 £
Profit/(loss) for the financial year	926,742	(70,828)
Unrealised (deficit)/surplus on revaluation of properties	-	536,801
Total recognised gains and losses relating to the year	<u>926,742</u>	<u>465,973</u>

Note of historical cost profits and losses

	Year ended 30 January 2005 £	Year ended 31 January 2004 £
Reported profit on ordinary activities before taxation	1,279,968	430,375
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	247,777
Historical cost profit on ordinary activities before taxation	<u>1,279,968</u>	<u>678,152</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>926,742</u>	<u>176,949</u>

BLUBECKERS LIMITED

BALANCE SHEET AS AT 30 JANUARY 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7	20,080,138		17,838,972	
Current assets					
Stocks	8	290,948		223,738	
Debtors	9	303,352		1,512,683	
Cash at bank and in hand		364,013		329,571	
		<u>958,313</u>		<u>2,065,992</u>	
Creditors: amounts falling due within one year	10	<u>(4,352,404)</u>		<u>(1,899,710)</u>	
Net current (liabilities)/assets		<u>(3,394,091)</u>		<u>166,282</u>	
Total assets less current liabilities		16,686,047		18,005,254	
Creditors: amounts falling due after more than one year	11	(1,996,374)		(4,272,061)	
Provisions for liabilities and charges	12	<u>(225,653)</u>		<u>(195,915)</u>	
		<u>14,464,020</u>		<u>13,537,278</u>	
Capital and reserves					
Called up share capital	14	5,219		5,219	
Share premium account	15	455,793		455,793	
Revaluation reserve	15	9,608,839		9,608,839	
Profit and loss account	15	4,394,169		3,467,427	
Shareholders' funds - equity interests	16	<u>14,464,020</u>		<u>13,537,278</u>	

The financial statements were approved by the Board on 20 April 2005


R Brown
Director

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JANUARY 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Freehold and leasehold land and buildings, landlords' fixtures and tenants' fixtures are stated at valuation, or subsequent cost, less depreciation. The basis of valuation is set out in note 7. All other fixed assets are stated at cost less depreciation.

Land

Freehold land is not depreciated.

Leasehold land, on which restaurants, pubs, or housing is situated, is not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over such period.

Leasehold land, on which other property is situated, is not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over the shorter of the unexpired period of the lease or the expected useful life of the property thereon.

Buildings

Freehold buildings, restaurants, pubs and housing, are depreciated over 50 years at a rate of 2%.

Freehold buildings, specialised properties, are depreciated over the unexpired period of the individual depreciated replacement cost valuation.

Freehold buildings, other properties, are depreciated over the expected useful life on an individual appraisal basis.

Leasehold buildings, restaurants, pubs or housing, are not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over such period.

Leasehold buildings, other properties, are not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over the shorter of the unexpired period of the lease or the expected useful life of the property thereon.

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

1 Accounting policies (continued)

1.3 Tangible fixed assets and depreciation (continued)

Other assets

Tenants fixtures are depreciated over 8 years in a straight line basis, commencing in the financial year after the expenditure is incurred.

Landlords fixtures are depreciated over 30 years on a straight line basis, commencing in the financial year after the expenditure is incurred.

Plant, vehicles and other equipment are depreciated over periods ranging from 3-30 years on a straight line basis, commencing in the financial year after the expenditure is incurred.

1.4 Leasing and hire purchase commitments

Assets held under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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.

1.5 Stock

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

1.6 Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year in accordance with SSAP 24.

1.7 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

1.8 Grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.9 Revaluation

Surpluses arising from the professional valuations of properties are taken direct to revaluation reserve. Deficits are eliminated against any existing revaluation reserve in respect of that property with any excess, to the extent that it represents an impairment or where the valuation falls below the greater of historical cost or recoverable amount, being charged to the profit and loss account. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve.

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

1 Accounting policies (continued)

1.10 Impairment

Any impairment of fixed assets, other than an impairment which represents a consumption of economic benefit, is eliminated against any revaluation reserve in respect of that asset with any excess being charged to the profit and loss account.

2 Turnover

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

3 Operating profit	2005 £	2004 £
Operating profit is stated after charging:		
Exceptional impairment of tangible fixed assets	-	1,195,341
Depreciation of tangible assets	689,950	642,072
Operating lease rentals	584,034	364,413
Auditors' remuneration	12,000	10,000
and after crediting:		
Profit on disposal of tangible assets	-	(7,792)

4 Investment income	2005 £	2004 £
Bank interest	1,149	6

5 Interest payable	2005 £	2004 £
On bank loans and overdrafts	76,866	13,620
On other loans wholly repayable within five years	179,003	106,278
Hire purchase interest	-	249
	255,869	120,147

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

6	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	357,016	488,002
	Adjustment for prior years	(33,528)	(29,797)
		<hr/>	<hr/>
	Current tax charge	323,488	458,205
	Deferred tax		
	Deferred tax charge current year	29,738	42,998
		<hr/>	<hr/>
		353,226	501,203
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,279,968	430,375
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	383,990	129,113
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	212,191	360,992
	Capital allowances	(239,165)	15,048
	Group relief claimed	-	(15,000)
	Adjustments to previous periods	(33,528)	(29,797)
	Other tax adjustments	-	(2,151)
		<hr/>	<hr/>
		(60,502)	329,092
		<hr/>	<hr/>
	Current tax charge	323,488	458,205
		<hr/>	<hr/>

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

7 Tangible fixed assets

	Land	Buildings	Fixtures: Tenants	Fixtures: Landlords	Other Equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 February 2004	9,865,000	5,400,000	1,255,000	915,000	568,034	18,003,034
Additions	1,316,818	817,422	552,602	55,078	189,196	2,931,116
Disposals	-	-	-	-	(12,678)	(12,678)
At 30 January 2005	11,181,818	6,217,422	1,807,602	970,078	744,552	20,921,472
Depreciation						
At 1 February 2004	-	-	-	-	164,062	164,062
On disposals	-	-	-	-	(12,678)	(12,678)
Charge for the year	27,428	301,170	176,249	40,530	144,573	689,950
At 30 January 2005	27,428	301,170	176,249	40,530	295,957	841,334
Net book value						
At 30 January 2005	11,154,390	5,916,252	1,631,353	929,548	448,595	20,080,138
At 1 February 2004	9,865,000	5,400,000	1,255,000	915,000	403,972	17,838,972

An independent valuation of the freehold properties was undertaken as at 31 January 2004. The valuation was undertaken by CB Ellis and Alder Grimes and Gooderham. It was on the basis of existing use and was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

8 Stocks

	2005 £	2004 £
Finished goods and goods for resale	290,948	223,738

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

9 Debtors	2005	2004
	£	£
Trade debtors	-	212
Amounts owed by parent undertaking	-	1,250,000
Amounts owed by group undertakings	-	5,331
Corporation tax	18,337	-
Other debtors	37,229	45,270
Prepayments and accrued income	247,786	211,870
	<u>303,352</u>	<u>1,512,683</u>
10 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	73,222	-
Trade creditors	572,405	467,815
Amounts owed to group undertakings	2,899,369	525,687
Corporation tax	-	108,203
Other taxes and social security costs	491,812	502,096
Other creditors	55,052	43,643
Accruals and deferred income	260,544	252,266
	<u>4,352,404</u>	<u>1,899,710</u>

Included within other creditors is an amount for £5,420 (2004: £nil) relating to unpaid staff pension contributions.

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

11 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	-	2,500,000
Amounts owed to group undertakings	1,996,374	1,772,061
	<u>1,996,374</u>	<u>4,272,061</u>
Analysis of loans		
Wholly repayable within five years	2,722,061	4,797,748
Included in current liabilities	(725,687)	(525,687)
	<u>1,996,374</u>	<u>4,272,061</u>
Loan maturity analysis		
In more than one year but not more than two years	725,687	525,687
In more than two years but not more than five years	1,996,374	4,272,061
	<u>1,996,374</u>	<u>4,272,061</u>

Amounts owed to group undertakings is repayable over five years and interest is charged at HSBC Plc base rate plus 1.1%.

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 February 2004	195,915
Profit and loss account	29,738
	<u>225,653</u>
Balance at 30 January 2005	<u>225,653</u>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	225,653	176,998
Other timing differences	-	18,917
	<u>225,653</u>	<u>195,915</u>

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

13 Pension costs

Defined contribution

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. The pension cost charge represents contributions payable by the company to the fund.

	2005 £	2004 £
Contributions payable by the company for the year	20,454	960

14 Share capital

	2005 £	2004 £
Authorised		
10,000 Ordinary Shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
5,219 Ordinary Shares of £1 each	5,219	5,219

15 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 February 2004	455,793	9,608,839	3,467,427
Retained profit for the year	-	-	926,742
Balance at 30 January 2005	455,793	9,608,839	4,394,169

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit/(Loss) for the financial year	926,742	(70,828)
Other recognised gains and losses	-	(536,801)
Net addition to/(depletion in) shareholders' funds	926,742	(607,629)
Opening shareholders' funds	13,537,278	14,144,907
Closing shareholders' funds	14,464,020	13,537,278

BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JANUARY 2005

17 Contingent liabilities

The company has given a guarantee for all monies owed to the Royal Bank of Scotland International by C.I. Traders Limited (the ultimate parent undertaking) in respect of a facility totalling £130,000,000. The monies owed to the bank by C.I. Traders Limited are also secured against the freehold property owned by Blubeckers Limited.

18 Financial commitments

At 30 January 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 29 January 2006:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire:				
Within one year	225,645	221,527	45,897	28,189
Between two and five years	-	-	19,923	17,530
In over five years	756,729	431,000	-	-
	<u>982,374</u>	<u>652,527</u>	<u>65,820</u>	<u>45,719</u>

19 Capital commitments

2005	2004
£	£

At 30 January 2005 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	<u>66,000</u>	<u>123,115</u>
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20 Directors' emoluments

2005	2004
£	£

Emoluments for qualifying services	238,448	218,582
Company pension contributions to money purchase schemes	4,333	960
	<u>242,781</u>	<u>219,542</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2004 - 1).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>114,197</u>	<u>97,159</u>
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BLUBECKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JANUARY 2005

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Management	65	59
Selling and Distribution	480	448
	<u>545</u>	<u>507</u>

Employment costs

	2005 £	2004 £
Wages and salaries	5,669,551	4,916,265
Social security costs	335,400	278,089
Other pension costs	20,454	960
	<u>6,025,405</u>	<u>5,195,314</u>

22 Control

The company's immediate parent undertaking is Blubeckers Holdings Limited.

In the directors' opinion the company's ultimate parent company and controlling party is C.I.Traders Limited incorporated in Jersey.

23 Related party transactions

At the year end amounts totalling £1,854,851 and £267,282 were due to Blubeckers Holdings Limited and Blubeckers Inns Limited respectively. At 01 February 2004 amounts totalling £1,250,000 and £5,331 were due from Blubeckers Holdings Limited and Blubeckers Inns Limited respectively.

Included in creditors is a loan from Ann Street Finance Limited, which is also part of the C I Traders group, totalling £2,722,061 (2004: £2,297,748), of which £725,687 (2004: £525,687) is repayable within one year. Also an amount for £51,549 is owed to C.I. Traders Limited as a result of insurance and is repayable within one year.