

REGISTER
OF COMPANIES

THE FREEDOM BREWING COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

Company No. 2957982



MacIntyre Hudson

THE FUTURE IS WHAT YOU MAKE IT™

THE FREEDOM BREWING COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

Mr D Watts
Mr D O'Malley

SECRETARY

Mr D O'Malley

COMPANY NUMBER

2957982

REGISTERED OFFICE

11 Galena Road
London
W6 0LT

AUDITORS

MacIntyre Hudson
Greenwood House
4/7 Salisbury Court
London
EC4Y 8BT

THE FREEDOM BREWING COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

The Directors submit their annual report and audited financial statements of the company for the year ended 31 December 2003.

Principal Activities and Review of Business

The company's principal activity during the period was the brewing and selling of premium lager and the ownership and management of retail brewery, bars and restaurant businesses.

Results and Dividends

The results of the company for the year are detailed on page 4.

The Directors do not recommend a dividend.

Directors

The Directors who served during the year, and their interests, together with those of their families, in the shares of the ultimate parent company, Spring & Greene, were as follows:

Name of Director	Share Type	At 31st December 2003	At 1st January 2003
D.M. Watts	Ordinary	75,202	75,202
D.J. O'Malley	-	Nil	Nil

The directors hold no shares in The Freedom Brewing Company Ltd.

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of company's affairs and of the profit and loss for that period.

In preparing these accounts the directors are required to:

Select suitable accounting policies and apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts on a 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 accounts 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.

THE FREEDOM BREWING COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

Auditors

A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985.

This report was approved by the Board on 17 August 2004 and signed on its behalf



Mr D. Watts

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF THE FREEDOM BREWING COMPANY LIMITED

We have audited the financial statements of The Freedom Brewing Company Limited on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 the directors and the auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

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

Basis of 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.

In forming our opinion, we have considered whether it is appropriate for the financial statements to be prepared on a going concern basis. As a result of the matter mentioned in Note 1 to the financial statements and other information made available to us during the course of our audit, we consider that it is appropriate for the directors to prepare the financial statements on a going concern basis. Our opinion is not qualified in this respect.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MacIntyre Hudson
Chartered Accountants and Registered Auditors
Greenwood House
4/7 Salisbury Court
London EC4Y 8BT

Date : 26th August 2004

THE FREEDOM BREWING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	2,511,589	1,290,477
Cost of sales		(1,606,343)	(1,023,922)
Gross Profit		905,246	266,555
Distribution expenses		-	-
Administrative expenses		(1,214,170)	(921,484)
Other operating income		3,811	1,996
Operating Loss	3	(305,113)	(652,933)
Exceptional item - diminution in value of property		(450,000)	-
		(755,113)	(652,933)
Loss on ordinary activities before taxation		(755,113)	(652,933)
Tax on profit/(loss) on ordinary activities		-	-
Loss for the financial period		(755,113)	(652,933)

All amounts relate to continuing activities.

There were no recognised gains or losses in either period other than those included in the profit and loss account.

THE FREEDOM BREWING COMPANY LIMITED

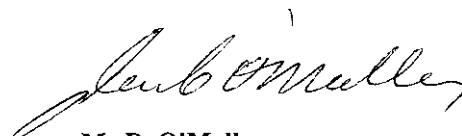
BALANCE SHEET

AT 31 DECEMBER 2003

	Notes	£	2003 £	£	2002 £
Fixed Assets					
Tangible Assets	4		1,071,109		1,637,021
Investments	5		1		1
Current Assets					
Stock	6	27,783		38,277	
Debtors	7	54,667		124,549	
Cash at bank and in hand		15,683		2,745	
		<u>98,133</u>		<u>165,571</u>	
Creditors: Amounts Falling Due Within One Year	8	<u>(1,528,644)</u>		<u>(1,406,882)</u>	
Net Current Assets			<u>(1,430,511)</u>		<u>(1,241,311)</u>
Total Assets Less Current Liabilities			<u>(359,402)</u>		<u>395,711</u>
Capital and Reserves					
Share capital	9		83,558		83,558
Share premium account	10		3,777,525		3,777,525
Profit and loss account	10		(4,220,485)		(3,465,372)
Shareholders' Funds	12		<u>(359,402)</u>		<u>395,711</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985

These financial statements were approved by the Board on 17 August 2004 and signed on its behalf by


Mr D. O'Malley
Director

THE FREEDOM BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Group Accounts

The company is exempt from the requirement to prepare group accounts by virtue of section 248 Companies Act 1985.

These accounts present information about the company as an individual undertaking and not about its group.

Turnover

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

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, over their expected useful lives.

Leasehold properties	Over the period of the lease
Fixtures and fittings	10% - 25% Straight line method

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

Full provision is made for material deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition in the company's corporation tax computations that have not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that directors consider reversal to be likely.

THE FREEDOM BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting Policies (cont)

Hire purchase and leases assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represent 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.

Related Party Transactions

The Freedom Brewing Company Ltd is included in the consolidated Financial Statements of its ultimate parent company (Note 14). The company has taken advantage of the exemption conferred by Financial Reporting Standard No.8 (3). not to disclose transactions with entities that are part of the same group.

Going concern

The company meets its working capital requirements through funding from Group companies. These companies have confirmed their intention for continuing support. As such, the directors consider it appropriate to prepare the accounts on a going concern basis.

2 Turnover

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

3 Operating Profit/(Loss)

The operating profit/(loss) is arrived at after charging or crediting:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned assets	146,016	92,602
Operating Leases:		
- land and buildings	280,000	280,000
- plant and equipment	3,029	3,029
Auditors' remuneration	5,000	3,365

THE FREEDOM BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

4 Fixed Assets

	Leasehold Land and Buildings	Fixtures and Fittings	TOTAL
	£	£	
Cost			
At 1st January 2002	1,319,552	1,055,654	2,375,206
Additions	-	30,104	30,104
At 31st December 2003	<u>1,319,552</u>	<u>1,085,758</u>	<u>2,405,310</u>
Depreciation			
At 1st January 2002	560,453	177,732	738,185
Charge for year	299,776	296,240	596,016
At 31st December 2003	<u>860,229</u>	<u>473,972</u>	<u>1,334,201</u>
NBV as at 31st December 2003	<u>459,323</u>	<u>611,786</u>	<u>1,071,109</u>
NBV as at 1st January 2002	<u>759,099</u>	<u>877,922</u>	<u>1,637,021</u>

5 Fixed Asset Investments

	Shares in group undertakings	Total
	£	£
Net book value		
At 31st December 2003	<u>1</u>	<u>1</u>
At 31st December 2002	<u>1</u>	<u>1</u>

Shares in group undertakings

Name of Company	The Soho Brewing Company Limited
Country of Incorporation	England
Details of Investment	Ordinary £1 Shares
Number of Shares held	825,500
Proportion held	100%
Nature of Business	Brew Pub

The directors consider that the aggregate value of the assets of the company consisting of shares in, or amounts owing from, the company's subsidiary undertaking is not less than the aggregate amount at which those assets are stated in the company's balance sheet.

THE FREEDOM BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

6	Stocks	2003 £	2002 £
	Raw Materials	4,132	10,482
	Finished Goods	23,651	27,795
		<u>27,783</u>	<u>38,277</u>

7	Debtors	2003 £	2002 £
	Trade debtors	29,629	80,385
	Other Debtors	25,038	44,164
		<u>54,667</u>	<u>124,549</u>

Included within other debtors is a rent deposit amounting to £22,296, which is subject to a charge.

8 Creditors: Amounts Falling Due Within One Year

	2003 £	2002 £
Bank loans and overdrafts	-	11,300
Trade Creditors	43,168	75,515
Amounts owed to group undertakings	1,475,050	1,286,765
Other creditors	10,426	33,301
	<u>1,528,644</u>	<u>1,406,882</u>

In September 2002, all bank borrowings were transferred to Spring & Greene Ltd (the ultimate parent company). The bank loans and overdrafts within Spring & Greene Ltd are secured by a fixed and floating charge over all the group's assets and its subsidiaries including The Freedom Brewing Company Ltd.

9 Share Capital

	2003 £	2002 £
<u>Authorised</u>		
83,558 Ordinary shares of £1 each	83,558	83,558
	<u>83,558</u>	<u>83,558</u>
<u>Allotted</u>		
83,558 Allotted, called up and fully paid ordinary shares of £1 each	83,558	83,558
	<u>83,558</u>	<u>83,558</u>

THE FREEDOM BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

10 Reserves	Share Premium Account	Profit and loss Account
At 31st December 2002	3,777,525	(3,465,372)
Loss for the period	-	(755,113)
At 31st December 2003	<u>3,777,525</u>	<u>(4,220,485)</u>

11 Operating Lease Commitments

At 31st December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003	2002
Operating leases which expire:		
	Other	
Within 1 year	2,776	-
Between 2 to 5 years	<u>-</u>	<u>3,029</u>
	Land and Buildings	
After five years	<u>280,000</u>	<u>280,000</u>

12 Reconciliation of Shareholders' Funds

	2003	2002
	£	£
Loss for the financial period	(755,113)	(652,933)
Increase/(Decrease) in the shareholders' funds	<u>(755,113)</u>	<u>(652,933)</u>
Opening shareholders funds	395,711	1,048,644
Closing shareholders' funds	<u>(359,402)</u>	<u>395,711</u>

13 Ultimate Parent Company

The ultimate parent company and controlling company is Spring & Greene Limited, a company registered in England.

14 Deferred taxation

A potential deferred tax asset exists amounting to £686,777 (2002: £633,688) in respect of taxation losses and depreciation charges in excess of capital allowances. This has not been brought into the financial statements.