

HANDYMINSTER LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
1 MARCH 1997**



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HANDYMINSTER LIMITED

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 1997**

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HANDYMINSTER LIMITED

COMPANY INFORMATION
AS AT 1 MARCH 1997

DIRECTORS

R Myers
K E D Jones
L I Ross
H C R Easton
S J Warner

SECRETARY

N J Fenton

REGISTERED NUMBER

3012988

JOINT AUDITORS

Mercers Bryant
Chartered Accountants
45 Crawford Place
London W1H 2AD

Binder Hamlyn
Chartered Accountants
20 Old Bailey
London EC4M 7BH

HANDYMINSTER LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the 11 month period ended 1 March 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company in the period under review was that of operating restaurants.

REVIEW OF THE BUSINESS

The net loss for the eleven month period after providing for taxation amounted to £22,325.

During the period the company became a member of the Whitbread PLC Group and the company changed its accounting reference date to match theirs.

DIVIDENDS

No dividends were paid during the period and no recommendation is made as to dividends.

POLICY ON PAYMENT OF CREDITORS

The company agrees terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial period ended 1 March 1997.

FUTURE DEVELOPMENTS

It is expected that the company will continue with its present trade and the directors hope for an improvement in trading.

DIRECTORS AND THEIR INTERESTS

The directors in office in the period and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

	Number of Shares	
	1997	1996
R Myers	-	-
K E D Jones	-	-
L I Ross	-	-
H C R Easton (appointed 31/3/95)	-	-
S J Warner (appointed 20/9/96)	-	-

The directors interests in the shares of the ultimate parent undertaking are shown in the accounts of that company.

HANDYMINSTER LIMITED

DIRECTORS' REPORT

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 as at the end of the financial year 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;
- comply with applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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.

EMPLOYMENT OF DISABLED PERSONS

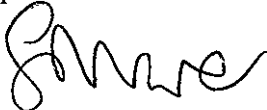
The company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retrain and assist any individuals disabled during their employment.

EMPLOYEE INVOLVEMENT

The board recognises the importance of employees being fully informed of events which directly affect them and their working conditions and to this end regular meetings are held with them. The involvement of employees in the success of the business is further encouraged through participation in the employee share option scheme of the ultimate parent undertaking.

By order of the board

Approved:



Director

30 September 1997

HANDYMINSTER LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

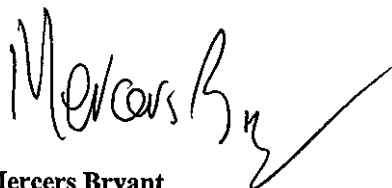
BASIS OF OPINION

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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 affairs of the company as at 1 March 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Mercers Bryant
Chartered Accountants
Registered Auditors
45 Crawford Place
London W1H 2AD

1 October 1997



Binder Hamlyn
Chartered Accountants
Registered Auditors
20 Old Bailey
London EC4M 7BH

1 October 1997

HANDYMINSTER LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 1 MARCH 1997**

	Notes	1997 £	Restated 1996 £
TURNOVER		294,718	224,918
Cost of sales		(89,373)	(72,471)
GROSS PROFIT		205,345	152,447
Administrative expenses		(227,670)	(180,101)
OPERATING LOSS	2	(22,325)	(27,654)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(22,325)	(27,654)
LOSS FOR THE FINANCIAL PERIOD	9	(22,325)	(27,654)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial periods.

The notes on pages 8 to 12 form part of these financial statements.

HANDYMINSTER LIMITED

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 1 MARCH 1997**

	1997 £	Restated 1996 £
Loss for the financial year	(22,325)	(27,654)
Prior year adjustment (as explained in note 9)	(25,067)	-
TOTAL NET LOSSES SINCE LAST ANNUAL REPORT	<u>(47,392)</u>	<u>(27,654)</u>

Historical cost

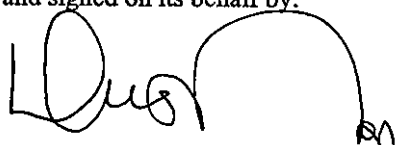
The difference between the results as disclosed in the profit and loss account before tax, and retained loss for the period, on an unmodified historical cost basis is not material.

The notes on pages 8 to 12 form part of these financial statements.

HANDYMINSTER LIMITED**BALANCE SHEET
AT 1 MARCH 1997**

	Notes	£	1997 £	£	Restated 1996 £
FIXED ASSETS					
Tangible assets	4		447,919		434,252
CURRENT ASSETS					
Stocks	5	15,527		13,540	
Cash at bank and in hand		909		559	
		<u>16,436</u>		<u>14,099</u>	
CREDITORS: amounts falling due within one year					
	6	(514,332)		(476,003)	
NET CURRENT LIABILITIES					
			<u>(497,896)</u>		<u>(461,904)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>(49,977)</u>		<u>(27,652)</u>
CAPITAL AND RESERVES					
Called up share capital	8		2		2
Profit and loss account	9		<u>(49,979)</u>		<u>(27,654)</u>
EQUITY SHAREHOLDERS' FUNDS					
	10		<u>(49,977)</u>		<u>(27,652)</u>

The financial statements were approved by the board of directors on30 September 1997
and signed on its behalf by:



L I Ross
Director

HANDYMINSTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 MARCH 1997

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) Going concern basis

The accounts have been prepared on a going concern basis as the company is currently in receipt of a letter of financial support from Whitbread PLC to enable it to trade in the normal course of business.

(b) Turnover

Turnover is the value of goods and services sold to third parties as part of the group's ordinary activities, after deducting sales-based taxes, in the UK.

(c) Fixed assets

Freehold and leasehold industrial and office buildings, plant and machinery and vehicles are written off by equal instalments over their estimated useful lives. Leasehold properties, with less than 20 years to run, are amortised over the remaining terms of the leases. The replacement of certain catering and other equipment is charged against operating profit.

While it is the group's policy to depreciate relevant fixed assets, the nature of the trade requires that, in order to protect that trade, premises are maintained in such a state of repair that their residual value is at least equal to their book amounts based on prices prevailing at the date of acquisition or subsequent valuation. In the opinion of the directors, any depreciation of freehold premises and leasehold premises where the lease has 20 or more years to run would not be material. Any permanent diminution in the value of properties below cost is charged to the profit and loss account. Depreciation is not provided on freehold land. The rates of depreciation are as follows:

- Leasehold premises where the lease has 20 or more years to run - nil.
- Leasehold licensed premises where the lease has less than 20 years to run - over the remaining terms of the lease.
- Other plant and machinery - 10% to 33.3%.

Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

HANDYMINSTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 MARCH 1997

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

(d) Stocks

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

(e) Taxation

Deferred taxation is recognised under the liability method on all timing differences where it is considered that a liability will crystallise or tax will be recoverable in the foreseeable future. Advance Corporation Tax at the current rate is provided on the proposed final dividend for the year. This will be offset against future Corporation Tax liabilities and is carried forward as a debtor.

(f) Leasing and hire purchase commitments

Assets obtained 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.

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

(g) Comparative amounts

Comparative amounts relate to the year ended 31 March 1996 and are restated where necessary to conform to current presentation.

(h) Cash flow

The accounts do not include a cash flow statement because the company is a wholly owned subsidiary of Whitbread Plc., whose consolidated financial statements include a cash flow statement which provides the information required by Financial Reporting Standard 1 "Cash flow statements".

2. OPERATING LOSS

Operating loss is stated:

	1997	1996
	£	£
After charging:		
Depreciation of fixed assets	7,529	2,947
Hire of equipment	190	140
Operating lease rentals		
Land and buildings	41,538	26,932

HANDYMINSTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 1997****3. INFORMATION ON DIRECTORS AND EMPLOYEES**

	1997 £	1996 £
Staff costs		
Wages and salaries	99,814	70,465
Social security costs	11,784	6,064
	<u>111,598</u>	<u>76,529</u>

	1997 No.	1996 No.
The average monthly number of employees (including directors) during the year was made up as follows:		

Restaurant	<u>19</u>	<u>18</u>
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4. TANGIBLE FIXED ASSETS

	Retail Property £	Plant and machinery £	Total £
Cost:			
At 1 April 1996	356,776	80,423	437,199
Additions	19,434	1,762	21,196
At 1 March 1997	<u>376,210</u>	<u>82,185</u>	<u>458,395</u>
Depreciation:			
At 1 April 1996	-	2,947	2,947
Charge for period	-	7,529	7,529
At 1 March 1997	-	<u>10,476</u>	<u>10,476</u>
Net book value:			
At 1 March 1997	<u>376,210</u>	<u>71,709</u>	<u>447,919</u>
At 1 April 1996	<u>356,776</u>	<u>77,476</u>	<u>434,252</u>

5. STOCKS

	1997 £	1996 £
Food, beverages and consumables	<u>15,527</u>	<u>13,540</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

HANDYMINSTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 1997****6. CREDITORS: amounts falling due within one year**

	1997 £	1996 £
Amounts owed to subsidiary undertakings	514,332	476,003
	<u>514,332</u>	<u>476,003</u>

7. PROVISIONS FOR LIABILITIES AND CHARGES

	Not provided		Provided	
	1997 £	1996 £	1997 £	1996 £
Deferred tax is calculated at 33% (1996 - 33%) analysed over the following timing differences:				
On the excess of capital allowances over depreciation	7,878	5,662	-	-
On other timing differences	-	8,272	-	-
	<u>7,878</u>	<u>13,934</u>	<u>-</u>	<u>-</u>

As a result of the high level of expenditure on additions to fixed assets which attract capital allowances, the timing differences between depreciation and taxation allowances are not expected to reverse in the foreseeable future and consequently a provision for deferred taxation is not required.

8. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity interests:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

HANDYMINSTER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 1997****9. PROFIT AND LOSS ACCOUNT**

	1997 £	1996 £
Accumulated losses at 1 April 1996	(2,587)	-
Prior year adjustments	(25,067)	-
Accumulated losses at 1 April 1996 as restated	(27,654)	-
Loss for the period	(22,325)	(27,654)
Accumulated losses at 1 March 1997	(49,979)	(27,654)

Previously, pre-opening expenditure incurred on new restaurants was capitalised and amortised over a five year period from the date operations commenced. Following the acquisition of The Pelican Group PLC by Whitbread PLC, the accounting policy was changed in order to re-align to the group's accounting policies. Pre-opening expenditure is now written off in the period in which it is incurred.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Loss for the financial period	(22,325)	(27,654)
Opening shareholders' funds as restated	(27,652)	2
Closing shareholders' funds	(49,977)	(27,652)
Represented by:-		
Equity interests	(49,977)	(27,652)

11. REVENUE COMMITMENTS

At period end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1997 £	1996 £	1997 £	1996 £
More than five years	45,000	45,000	-	-

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Whitbread PLC, a company registered in England & Wales. Whitbread PLC is the parent undertaking for the largest and smallest group of which the company is a member for which group accounts are drawn up. Copies of these group accounts are available from Whitbread PLC, Chiswell Street, London EC1Y 4SD.