

COMPANY NO: 3338454

Ha! Ha! Bar & Canteen Limited

Annual Report

52 weeks ended 30 March 2003



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HA! HA! BAR & CANTEEN LIMITED

COMPANY INFORMATION

Company Registration Number	3338454
Directors	M J W Hennessy M V Jones S L Fowler
Secretary	D J Kay
Registered office	Peter Yates House Manchester Road Bolton BL3 2PY
Auditors	RSM Robson Rhodes LLP Chartered Accountants St George House 40 Great George Street Leeds West Yorkshire LS1 3DQ
Solicitors	Walker Morris Kings Court 12 King Street Leeds LS1 2HL
Bankers	Royal Bank of Scotland plc 100 Barbirolli Square Manchester M60 3DU

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the 52 week period ended 30 March 2003.

Principal activity

The company is principally engaged in the retail sale of wines, spirits, beers and food.

Results, dividends and business review

The turnover for the period was £20,043,000 (2002: £16,312,000).

The profit for the period after taxation amounted to £1,253,000 (2002: £1,015,000). The directors do not recommend the payment of a dividend (2002: £nil) leaving a profit of £1,253,000 (2002: £1,015,000) to be transferred to reserves.

Directors

The current directors are shown on page 1. The directors in office during the period are listed below. All served on the board throughout the period unless otherwise indicated.

M J W Hennessy
S L Fowler (appointed 19.3.03)
M V Jones (appointed 21.3.03)
T A Meggitt (resigned 09.6.03)

None of the directors had any beneficial interest in the share capital of the company.

The interests of M J W Hennessy, S L Fowler, M V Jones and T A Meggitt in the ultimate parent undertaking as at 30 March 2003 are disclosed in that company's financial statements.

Directors' responsibilities for the annual report

Company law in the United Kingdom 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
- state whether applicable United Kingdom accounting standards have been followed, 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 keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

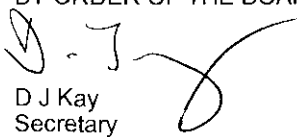
Creditor payment terms

The company agrees terms and conditions which include payment details with its suppliers. Payment is made in accordance with those terms and conditions, provided the supplier has also complied with them. Creditors represented 16 (2002: 44) days purchases at the year-end.

Auditors

On 3 May 2003, RSM Robson Rhodes, the company's auditors, transferred their entire business to RSM Robson Rhodes LLP. The directors have consented to treating the appointment of RSM Robson Rhodes as extending to RSM Robson Rhodes LLP and a resolution to reappoint RSM Robson Rhodes LLP as auditors to the company will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


D J Kay
Secretary
11 June 2003

HA! HA! BAR & CANTEEN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HA! HA! BAR & CANTEEN LIMITED

We have audited the financial statements on pages 4 to 10.

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 Annual Report and 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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

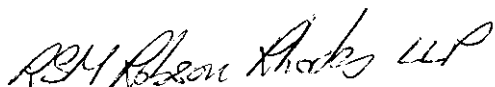
Basis of audit opinion

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 March 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Leeds, England

11 June 2003

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PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 30 MARCH 2003

	Note	2003 £'000	2002 £'000
Turnover	2	20,043	16,312
Cost of sales		<u>(5,609)</u>	<u>(4,647)</u>
Gross profit		14,434	11,665
Distribution costs		(11,664)	(9,518)
Administration expenses		<u>(983)</u>	<u>(1,120)</u>
Profit on ordinary activities before taxation	2	1,787	1,027
Taxation	4	<u>(534)</u>	<u>(12)</u>
Retained profit for the period	9	<u>1,253</u>	<u>1,015</u>

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

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**BALANCE SHEET
AS AT 30 MARCH 2003**

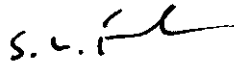
	Note	2003 £'000	2002 £'000
Current assets			
Stocks	5	209	198
Debtors	6	2,340	1,293
Cash in hand		<u>1,253</u>	<u>1,226</u>
		3,802	2,717
Creditors: amounts falling due within one year	7	<u>(960)</u>	<u>(1,128)</u>
Net current assets		<u>2,842</u>	<u>1,589</u>
Capital and reserves			
Called up share capital	8	5	5
Profit and loss account	9	<u>2,837</u>	<u>1,584</u>
Equity shareholders' funds	10	<u>2,842</u>	<u>1,589</u>

These financial statements were approved by the Board on 11 June 2003 and were signed on its behalf by:

M V Jones
Director



S L Fowler
Director



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 30 MARCH 2003**

1 ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business for goods and services supplied excluding VAT.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost means purchase price including handling and transport costs calculated on a first in, first out basis. Net realisable value means estimated selling price less all costs to be incurred in marketing, selling and distribution.

Pensions

Defined benefit scheme

The cost of pensions is provided on a systematic basis over the period during which the company benefits from employees' services. The cost is calculated actuarially and takes into account the amortisation of past surpluses or deficits.

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Deferred tax

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. In accordance with FRS19 deferred tax is not provided for:

- (a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
- (b) gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

The group has adopted a policy of discounting deferred tax assets and liabilities to reflect the time value of money. Deferred tax assets and liabilities are discounted using a discount rate equivalent to the post tax yield that could be obtained at the balance sheet date on government bonds with similar maturity dates and currencies. The increase or decrease in the discount deducted in arriving at the deferred tax balance is included in the deferred tax charge or credit in the profit and loss account.

Leased assets

All leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 MARCH 2003

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit for the period were attributable to one activity, the retail supply of soft and alcoholic drinks and food, carried out wholly within the United Kingdom.

Profit on ordinary activities before taxation is stated after charging:

	2003 £'000	2002 £'000
<i>Operating lease rentals</i>		
- external		
- plant and machinery	66	115
- inter-group		
- land & buildings	2,029	1,756
- plant and machinery	783	428
<i>- Exceptional item</i>		
- costs involved in the re-organisation of trading operations	34	181
	<hr/>	<hr/>

The auditors' remuneration was settled by the ultimate parent undertaking.

3 DIRECTORS AND EMPLOYEES

	2003 £'000	2002 £'000
Staff costs during the period were as follows:		
Wages and salaries	5,900	4,529
Social security costs	388	345
Pension costs	29	28
	<hr/>	<hr/>
	6,317	4,902
	<hr/>	<hr/>
	2003 Number	2002 Number
The average number of employees during the period was:		
Management	13	9
Retail	578	399
	<hr/>	<hr/>
	591	408
	<hr/>	<hr/>

There was no remuneration paid to directors during the period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 MARCH 2003

4 TAXATION

	2003 £'000	2002 £'000
Analysis of charge in year		
UK corporation tax on profits of the year	534	12
Adjustments in respect of prior periods	-	-
Total current tax	534	12
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	534	12
Current tax reconciliation		

The tax assessed is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	1,787	1,027
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	535	308
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(1)	5
Group relief	-	(295)
Rate difference	-	(6)
Current tax charge for year	534	12

5 STOCKS

	2003 £'000	2002 £'000
Goods for resale	206	190
Consumables	3	8
	209	198

6 DEBTORS

	2003 £'000	2002 £'000
Trade debtors	52	1
Amounts owed by group undertakings	2,209	1,143
Other debtors	38	57
Prepayments	41	92
	2,340	1,293

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 MARCH 2003

7 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Trade creditors	476	561
Accruals	484	567
	<u>960</u>	<u>1,128</u>

8 SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised		
9,986 Ordinary Shares of £1 each	<u>10</u>	<u>10</u>
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	<u>5</u>	<u>5</u>

9 RESERVES

	Profit and loss account £'000
At 1 April 2002	1,584
Profit for the period	<u>1,253</u>
At 30 March 2003	<u>2,837</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit for the financial period	1,253	1,015
Opening shareholders' funds	<u>1,589</u>	<u>574</u>
Closing shareholders' funds	<u>2,842</u>	<u>1,589</u>

11 LEASING COMMITMENTS

At 30 March 2003, the company had annual commitments under non-cancellable operating leases. These were due to expire in the following periods after 30 March:

	2003 £'000	2002 £'000
Plant and machinery		
Within one year	21	7
Between one and two years	10	39
Between two to five years	<u>12</u>	<u>9</u>
	<u>43</u>	<u>55</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 30 MARCH 2003**

12 CONTINGENT LIABILITIES

At 30 March 2003 there was a contingent liability of £66,994,000 (2002: £79,626,000) in respect of guarantees given by the company in the normal course of business in respect of bank facilities granted to group undertakings.

13 PENSIONS

Yates Group PLC operates a funded defined benefit scheme, the membership of which is closed and a defined contribution scheme introduced on 1 April 1994. The assets of the two schemes are held in a single separate trustee administered fund. An actuarial assessment of the defined benefit part of the scheme was last carried out by an independent qualified actuary at 31 March 2001. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would exceed the rate of staff salary increases by 2% and the rate of discretionary pension increased by 3%. The market value of the scheme's assets was £10.2m representing 102% of the benefits that had accrued to members. The total pension cost to the group in respect of the defined contribution scheme was £307,000 (2002: £351,000) and the total cost for the defined benefit scheme was £80,000 (2002: £nil).

The defined benefit pension scheme is a group wide pension scheme. It has not been possible to split the assets and liabilities of the scheme between the individual employer companies. As a result the Income and Expenditure charge for the period under both SSAP24 and FRS17 represent the employer contribution payable.

14 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the company is Yates Group PLC which is registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Yates Group PLC incorporated and registered in England and Wales.

15 CASH FLOW STATEMENT & RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of Yates Group PLC and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996)

The company is also exempt under the terms of FRS8 from disclosing transactions with other members of the group controlled by Yates Group PLC as the parent company owns more than 90% of the issued share capital.