COMPANY NO: 3338454

Ha! Ha! Bar & Canteen Limited

Annual Report

61 weeks ended 29 May 2005

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CONTENTS

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HA! HA! BAR & CANTEEN LIMITED

COMPANY INFORMATION

Company Registration Number	3338454
Directors	A Brown S Brown T Smalley
Secretary	Eversecretary Limited
Registered office	Porter Tun House 500 Capability Green Luton LU1 3LS
Auditors	Ernst & Young LLP 400 Capability Green Luton LU1 3LU
Bankers	Bank of Scotland 250 Bishopsgate London EC2M 4RB

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the 61 week period ended 29 May 2005.

Principal activity

The company is principally engaged in the ownership and management of bars and restaurants.

Results, dividends and business review

The turnover for the period was £29,051,000 (2004: £24,669,000).

On 27 August 2004 all of the issued share capital in the company's parent company, Yates Group PLC, was acquired by Thorium PLC and was de-listed from the London Stock Exchange; the company's name was changed to the Yates Group Limited and the accounting reference date changed to 29 May 2005. On 20 May 2005 Thorium PLC sold its interest in the shares of the Yates Group Limited to a company controlled by Laurel Pub Equity Holdings Limited.

The profit for the period after taxation amounted to £2,208,000 (52 weeks ended 28 March 2004: £1,663,000). The directors do not recommend the payment of a dividend (52 weeks ended 28 March 2004: £nil) leaving a profit of £2,208,000 (52 weeks ended 28 March 2004: £1,663,000) to be transferred to reserves.

The company continues to perform satisfactorily.

Future developments

Ha! Ha! will continue to offer opportunity for growth, stimulated by new bar openings. New bars were opened during the year in Liverpool and Plymouth, and in Leeds shortly after the year end.

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.

	Appointed	Resigned
M J W Hennessy	06.07.2001	13.09.2004
S L Fowler	19.03.2003	02.11.2004
M V Jones	21.03.2003	20.05.2005
C Rowlinson	02.11.2004	20.05.2005
A Brown	20.05.2005	
S Brown	20.05.2005	
T Smalley	20.05.2005	

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

Shareholdings of Yates directors in the ultimate parent company, Laurel Pub Equity Holdings Limited are as follows:

	At appointment No. of shares	29 May 2005 No. of shares
A Brown	174,441	174,441
S Brown	59,482	59,482
T Smalley	174,441	174,441

Statement of directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial period, 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; and
- 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 enables 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.

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 44 (2004: 28) days purchases at the period-end.

Employees

The company places great importance on the involvement of its employees. They are kept informed of developments through regular meetings. All employees are encouraged to participate in internal or external training schemes to enhance their career prospects.

The company gives full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a disabled or handicapped person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The company supports the employment of disabled people wherever possible, both in recruitment and in retention of those who become disabled during their employment.

Political and charitable donations

There were no political donations made during the period (2004: £nil). Charitable donations of £16,413 were made (2004: £nil).

Auditors

RSM Robson Rhodes LLP resigned as auditor during the period. KPMG LLP were appointed and resigned during the period. Ernst & Young LLP were appointed during the period and are willing to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

duly authorised signatory

For and on behalf of
Eversecretary Limited
25 May 2006

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

We have audited the company's financial statements for the period ended 29 May 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 affairs of the company as at 29 May 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton

25 May 2006

PROFIT AND LOSS ACCOUNT
FOR THE 61 WEEKS ENDED 29 MAY 2005

	Note	61 weeks ended 29 May 2005 £'000	52 weeks ended 28 March 2004 £'000
Turnover	2	29,051	24,669
Cost of sales		(7,398)	(6,584)
Gross profit		21,653	18,085
Distribution costs		(17,431)	(14,440)
Administrative expenses - normal		(1,717)	(1,360)
Administrative expenses - exceptional	2	(13)	(115)
Profit on ordinary activities before taxation	2	2,492	2,170
Taxation	4	(284)	(507)
Retained profit for the period	9	2,208	1,663

The results above relate to continuing activities. There were no recognised gains or losses other than the profit for the financial period.

BALANCE SHEET
AS AT 29 MAY 2005

	Note	61 weeks ended 29 May 2005 £'000	52 weeks ended 28 March 2004 £'000
Current assets			
Stocks	5	267	328
Debtors	6	26,100	4,518
Cash at bank and in hand		3,029	795
		29,396	5,641
Creditors: amounts falling due within one year	7	(22,683)	(1,136)
Net current assets		6,713	4,505
Capital and reserves			
Called up share capital	8	5	5
Profit and loss account	9	6,708	4,500
Equity shareholders' funds	10	6,713	4,505

These financial statements were approved by the board of directors on 25 May 2006 and were signed on its behalf by:

S Brown
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 61 WEEKS ENDED 29 MAY 2005

1 ACCOUNTING POLICIES

The financial statements 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. The accounting reference date has been changed to 29 May 2005 following the acquisition by the Laurel group.

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. As the company is part of a group scheme where the assets and liabilities cannot be split between individual employer companies, under FRS 17 the pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

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 taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS19 deferred tax is not provided on timing differences arising from:

a) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

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.

Cash flow statement & related party transactions

The company is a wholly-owned subsidiary of Yates Group Limited and is included in the consolidated financial statements of that company. 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 FRS8 from disclosing transactions with other members of the group controlled by Yates Group Limited as the parent company owns more than 90% of the issued share capital.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 61 WEEKS ENDED 29 MAY 2005

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit for the period were attributable to one activity, the management of bars and restaurants, carried out wholly within the United Kingdom.

Profit on ordinary activities before taxation is stated after charging:

	2005 61 weeks £'000	2004 52 weeks £'000
Operating lease rentals		
- external		
- plant and machinery	168	51
- buildings	3,180	2,569
- intra-group		
- equipment depreciation	1,704	1,027
- Exceptional item		
- costs involved in the reorganisation of trading operations	-	115
- closure of the head office	13	-

The auditors' remuneration was settled by Yates Group Limited. The exceptional cost of £13,000 comprises redundancy and related costs in connection with the closure of the head office and has been accrued as the decision to close the head office was communicated to staff before 29 May 2005.

3 DIRECTORS AND EMPLOYEES

	2005 61 weeks £'000	2004 52 weeks £'000
Staff costs during the period were as follows:		
Wages and salaries	8,383	7,158
Social security costs	609	520
Pension costs	25	27
	9,017	7,705

	2005 61 weeks Number	2004 52 weeks Number
The average number of employees during the period was:		
Management	9	13
Retail	672	674
	681	687

The emoluments of the directors up to 20 May 2005 were borne and paid by the immediate parent undertaking, Yates Group Limited. Since 20 May 2005 the emoluments of the directors have been paid by the ultimate parent undertaking, Laurel Pub Equity Holdings Limited. During the year, two directors (2004: 2) participated in the defined benefit pension scheme and one director (2004: 1) participated in the money purchase pension scheme.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE 61 WEEKS ENDED 29 MAY 2005

4 TAXATION

	2005 61 weeks £'000	2004 52 weeks £'000
Analysis of charge in period		
UK Corporation Tax on profits of the period	284	507
Total current tax	284	507
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	284	507

Current tax reconciliation

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

	2005 61 weeks £'000	2004 52 weeks £'000
Profit on ordinary activities before tax	2,492	2,170
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30% (2004: 30%)	747	651
Effects of:		
Expenses not deductible for tax purposes	-	1
Group relief	(463)	(145)
Current tax charge for period	284	507

5 STOCKS

	29 May 2005 £'000	28 March 2004 £'000
Goods for resale	267	313
Consumable stores	-	15
	267	328

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE 61 WEEKS ENDED 29 MAY 2005

6 DEBTORS

	29 May 2005 £'000	28 March 2004 £'000
Trade debtors	12	61
Amounts owed by group undertakings	25,114	4,347
Other debtors	157	36
Prepayments	817	74
	26,100	4,518

Included within amounts owed by group undertakings is an amount of £25,000 (2004: £nil) owed by Santa fe Limited.

7 CREDITORS: amounts falling due within one year

	29 May 2005 £'000	28 March 2004 £'000
Trade creditors	2,100	478
Amounts owed to group undertakings	19,978	-
Other creditors	8	18
Accruals	597	640
	22,683	1,136

8 SHARE CAPITAL

	29 May 2005 £'000	28 March 2004 £'000
Authorised		
9,986 Ordinary Shares of £1 each	10	10
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	5	5

9 RESERVES

	Profit and loss account £'000
At 29 March 2004	4,500
Profit for the financial period	2,208
At 29 May 2005	6,708

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE 61 WEEKS ENDED 29 MAY 2005

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 **61 weeks** **£'000**	2004 52 weeks £'000
Profit for the financial period	2,208	1,663
Opening shareholders' funds	4,505	2,842
Closing shareholders' funds	6,713	4,505

11 LEASING COMMITMENTS

At 29 May 2005, the company had annual commitments under non-cancellable operating leases. These were due to expire in the following periods after 29 May:

	29 May 2005 £'000	28 March 2004 £'000
Plant and machinery		
Within one year	6	12
Between one and two years	33	10
Between two to five years	20	30
	59	52

12 CONTINGENT LIABILITIES

At 29 May 2005 the company had provided guarantees in the normal course of business in respect of bank facilities granted to group undertakings.

13 PENSIONS

Yates Group Limited operates a funded defined benefit scheme, the membership of which is closed, and a defined contribution scheme which was introduced on 1 April 1994. The assets of the two schemes are held in a single separate trustee administered fund.

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 profit and loss account charge for the company for the period represents the employer contributions payable.

An actuarial assessment of the defined benefit part of the scheme was last carried out by an independent qualified actuary at 31 March 2004. The deficit on the group defined benefit pension scheme at the period end was £528,000 (28 March 2004: £1,562,000). The company's contributions to the defined benefit pension scheme for the period were £nil (52 weeks ended 28 March 2004: £nil).

The pension cost in respect of the defined contribution scheme for the period was £25,000 (52 weeks ended 28 March 2004: £27,000).

Full details of the pension scheme can be found in the financial statements of the immediate parent undertaking, Yates Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 61 WEEKS ENDED 29 MAY 2005

14 ULTIMATE PARENT UNDERTAKING

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

The ultimate parent company is Laurel Pub Equity Holdings Limited and the ultimate controlling party is the Tchenguiz Family Trust. The only group for which consolidated financial statements are prepared which include the company is that headed by the Yates Group Limited. Consolidated financial statements for the company are available to the public and can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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