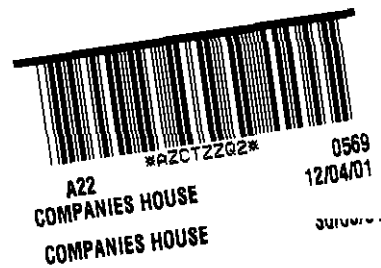


Forestfern Limited

Report and Financial Statements

14 Months Ended

31 May 2000



BDO

BDO Stoy Hayward
Chartered Accountants

FORESTFERN LIMITED

Annual report and financial statements for the 14 months ended 31 May 2000

Contents

Page:

1	Report of the directors
3	Accountants' report
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Director

KB Armstrong

Secretary and registered office

Miss J Tattersall, Armstrongs Mill, Middleton Street, Off Station Road, Ilkeston, Derbyshire,
DE7 5TT

Company number

2833370

Accountants

BDO Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

Bankers

HSBC plc, 6 Victoria Street, Nottingham, NG1 2FF

FORESTFERN LIMITED

Report of the directors for the 14 months ended 31 May 2000

The directors present their report together with the financial statements for the 14 months ended 31 May 2000.

Results and dividends

The profit and loss account is set out on page 4 and shows the result for the period.

The directors do not recommend the payment of a dividend.

Principal activity

The principal activity of the company was the operation of public houses. The company ceased trading in January 2000.

On 30 May 2000, 100% of the company's issued share capital was acquired by JB Armstrong & Company Ltd.

On 31 May 2000, the company transferred its assets and liabilities to JB Armstrong & Company Ltd, its ultimate parent company.

Directors

The directors of the company during the period and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	2000 £	1999 £
KB Armstrong	-	19,999
MS Armstrong (resigned 7 August 2000)	-	-
T Sansom (appointed 1 April 1999, resigned 1 January 2000)	-	-
	<u> </u>	<u> </u>

The interests of KB Armstrong in the share capital of JB Armstrong & Company Ltd, the company's ultimate parent undertaking, are disclosed in that company's financial statements.

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 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.

FORESTFERN LIMITED

Report of the directors for the 14 months ended 31 May 2000 (*continued*)

This director's report has been prepared in accordance with the provisions of Part VII of the Companies Act 1985 applicable to small companies.

By order of the Board

Secretary

Miss J Tattersall

A handwritten signature in cursive script, appearing to read 'J Tattersall', is written over the printed name.

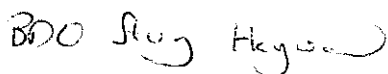
30 March 2001

Accountants' Report

To the members of Forestfern Limited

We have prepared the financial statements on pages 4 to 9 on the basis of records and information provided by the directors.

We have not audited the financial statements, which have been approved by the directors, and accordingly we do not express an audit opinion on them.



BDO Stoy Hayward
Chartered Accountants
Nottingham

30 March 2001

FORESTFERN LIMITED**Profit and loss account for the 14 months ended 31 May 2000**

	Note	2000 £	1999 £
Turnover	2	220,470	224,051
Cost of sales		113,535	110,517
Gross profit		<u>106,935</u>	<u>113,534</u>
Administrative expenses		195,783	215,825
Other operating income		21,027	954
Operating loss	4	<u>(67,821)</u>	<u>(101,337)</u>
Interest payable	5	13,132	2,536
Loss on ordinary activities before and after taxation and sustained deficit for the period/year		<u>(80,953)</u>	<u>(103,873)</u>
Accumulated losses brought forward		(248,963)	(145,090)
Accumulated losses carried forward		<u>(329,916)</u>	<u>(248,963)</u>

All amounts relate to discontinued activities.

The notes on pages 6 to 9 form part of these financial statements.

FORESTFERN LIMITED

Balance sheet at 31 May 2000

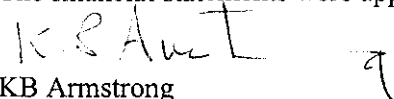
	Note	31 May 2000		31 March 1999	
		£	£	£	£
Fixed assets					
Tangible assets	6		-		333,580
Current assets					
Stock	7	-		7,101	
Debtors	8	-		7,782	
Cash at bank and in hand		-		5,592	
				<u>20,475</u>	
Creditors: amounts falling due within one year	9	-		(85,243)	
Net current liabilities			-		(64,768)
Total assets less current liabilities			<u>-</u>		<u>268,812</u>
Creditors: amounts falling due after more than one year	10		117,035		(304,894)
Net liabilities			<u>(117,035)</u>		<u>(36,082)</u>
Capital and reserves - equity					
Called up share capital	11		20,000		20,000
Profit and loss account	12		(137,035)		(248,963)
Revaluation reserve	12		-		192,881
Deficit in shareholders' funds	13		<u>(117,035)</u>		<u>(36,082)</u>

The directors have taken advantage of the exemption conferred by S.249A(1) not to have these financial statements audited and confirm that no notice has been deposited under S.249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with S.221 of the Companies Act 1985; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 May 2000 and of its loss for the period then ended in accordance with the requirement of S.226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 30 March 2001.


KB Armstrong
Director

The notes on pages 6 to 9 form part of these financial statements.

FORESTFERN LIMITED

Notes forming part of the financial statements for the 14 months ended 31 May 2000

1 Accounting policies

There have been no changes in accounting policies during the period.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers excluding value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	-	2% on cost
Fixtures, fittings, plant and equipment	-	25% on cost
Motor vehicles	-	25% on cost

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Employees

	2000 £	1999 £
Staff costs, including directors consist of:		
Wages and salaries	54,596	61,618
Social security costs	2,830	4,141
Other pension costs	3,200	4,400
	<u>60,626</u>	<u>70,159</u>

FORESTFERN LIMITED

Notes forming part of the financial statements for the 14 months ended 31 May 2000 (*Continued*)

4 Operating loss

	2000 £	1999 £
This has been arrived at after charging/(crediting):		
Operating lease rentals	24,375	22,500
Depreciation - Assets held under hire purchase	9,829	4,675
Depreciation - Owned assets	48,495	48,364
Profit on disposal of fixed assets	(375)	(1,000)
	<u> </u>	<u> </u>

5 Interest payable

	2000 £	1999 £
Hire purchase	2,222	659
Bank overdraft	656	1,877
Loan interest	10,254	-
	<u>13,132</u>	<u>2,536</u>

6 Tangible assets

	Motor vehicles £	Freehold land and buildings £	Fixtures, fittings, plant and equipment £	Total £
<i>Cost or valuation</i>				
At 1 April 1999	800	252,881	211,359	465,040
Additions	17,500	-	73,385	90,885
Disposals	(17,500)	-	-	(17,500)
Transfers to parent company	(800)	(252,881)	(284,744)	(538,425)
At 31 May 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Depreciation</i>				
At 1 April 1999	200	-	131,260	131,460
Provided for the year	4,608	5,901	47,815	58,324
Disposals	(4,375)	-	-	(4,375)
On transfers to parent company	(433)	(5,901)	(179,075)	(185,409)
At 31 May 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book value</i>				
At 31 May 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 1999	<u>600</u>	<u>252,881</u>	<u>80,099</u>	<u>333,580</u>

The freehold property was professionally revalued by Chestertons on 6 April 1999. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and Guidance Notes.

FORESTFERN LIMITED**Notes forming part of the financial statements for the 14 months ended 31 May 2000 (Continued)****7 Stocks**

	2000 £	1999 £
Finished goods	-	7,101
	<u> </u>	<u> </u>

8 Debtors

	2000 £	1999 £
Prepayments and accrued income	-	282
Other debtors	-	7,500
	<u> </u>	<u> </u>
	-	7,782
	<u> </u>	<u> </u>

All amounts shown under debtors fall due for payment within one year.

9 Creditors: amounts falling due within one year

Bank overdraft	-	20,436
Trade creditors	-	38,631
Taxation and social security	-	7,484
Accruals and deferred income	-	3,000
Obligations under hire purchase	-	10,189
Brewery loan	-	5,000
Director's loan account	-	503
	<u> </u>	<u> </u>
	-	85,243
	<u> </u>	<u> </u>

The bank overdraft was secured by means of a fixed and floating charge over the assets of the company. The brewery loan was repayable by monthly instalments of £416.67. Interest was charged on the outstanding balance at 2% above Bank of Scotland base rate.

10 Creditors: amounts falling due after more than one year

Brewery loan	-	44,116
Amount owed to ultimate parent undertaking	117,035	251,316
Obligations under hire purchase	-	9,462
	<u> </u>	<u> </u>
	117,035	304,894
	<u> </u>	<u> </u>

FORESTFERN LIMITED

Notes forming part of the financial statements for the 14 months ended 31 May 2000 (*Continued*)

11 Share capital

	Authorised		Allotted, called up and fully paid	
	2000 £	1999 £	2000 £	1999 £
Ordinary shares of £1 each	100,000	100,000	20,000	20,000

12 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 1999	192,881	(248,963)
Loss for the period	-	(80,953)
	<u>192,881</u>	<u>(329,916)</u>
Transfer of revaluation reserve on disposal of freehold properties	(192,881)	192,881
At 31 May 2000	<u>-</u>	<u>(137,035)</u>

13 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss after taxation on ordinary activities	(80,953)	(103,873)
Increase in revaluation reserve	-	192,881
	<u>(80,953)</u>	<u>89,009</u>
Opening deficit in shareholders' funds	(36,082)	(125,090)
Closing deficit in shareholders' funds	<u>(117,035)</u>	<u>(36,082)</u>

14 Related party transactions

The other loan referred to in note 10 is due to the parent company JB Armstrong & Company Limited. It is interest free and has no fixed terms for repayment.

JB Armstrong & Company Limited provides administration and accountancy services to the company without charge. JB Armstrong & Company Limited also incurs all the interest charges on the group overdraft facility.

15 Contingent liabilities

The company has guaranteed the overdraft of JB Armstrong & Company Limited, which at 31 May 2000 amounted to £323,690 (31 March 1999:£ 277,714).