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P B DEVELOPMENT COMPANY LIMITED

(Company Number: 97813)

**DIRECTORS' REPORT
AND ABBREVIATED ACCOUNTS**

30 JUNE 2000

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Anderson Anderson & Brown
Chartered Accountants

P B DEVELOPMENT COMPANY LIMITED
DIRECTORS' REPORT

A²+B

Directors: J Clarkson
S A Clarkson

Secretaries: Paull & Williamsons

Registered office: Investment House, 6 Union Row, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 30 June 2000.

RESULTS AND DIVIDENDS

The profit for the year, amounting to £925,643 (1999 - £166,377) has been dealt with as shown in the profit and loss account. A dividend of £2,000 (1999 - £10,000) per share has been paid during the year.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company consists of the provision of catering foods and drinks and discotheque entertainment.

The directors are satisfied with the results for the year.

During the year the company sold its operations known as The Cotton Club and Café Bardot and they also purchased a property, Langstane Kirk, which the directors intend to develop into a nightclub.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year ended 30 June 2000 were as noted above.

According to the register maintained as required under the Companies Act 1985, the directors' interests in the share capital of the company during the year were as follows:

Ordinary shares of £1 each
2000 & 1999

J Clarkson	1
S A Clarkson	9

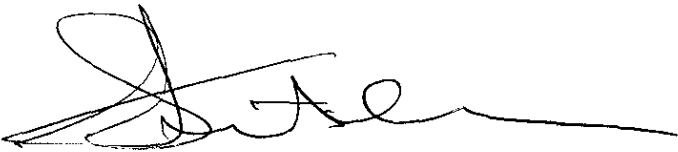
P B DEVELOPMENT COMPANY LIMITED
DIRECTORS' REPORT (continued)

A²+B

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'J. A. Brown', written over a horizontal line.

Director

P B DEVELOPMENT COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) prepare the accounts 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 which 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.

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ANDERSON
ANDERSON
& BROWN
—
CHARTERED
ACCOUNTANTS
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**AUDITORS' REPORT TO THE DIRECTORS OF P B DEVELOPMENT
COMPANY LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 5 to 19 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 June 2000.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether or not the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to discharge our responsibilities set out above. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full accounts.

Opinion on the abbreviated accounts

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30 June 2000 and the abbreviated accounts on pages 5 to 19 have been properly prepared in accordance therewith.

Anderson Anderson & Brown

Registered Auditors
Aberdeen

25 APRIL 2001

P B DEVELOPMENT COMPANY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

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	Note	£	2000 £	1999 £
OPERATING PROFIT				
Continuing operations		(164,379)		(137,395)
Discontinued operations		<u>261,204</u>		<u>400,821</u>
			96,825	263,426
Profit on sale of trading entity			974,393	-
Loss on sale of fixed asset investment			(22,250)	-
Income from investments			4,600	-
Interest receivable			3,217	10,384
Interest payable and similar charges	5		<u>(62,900)</u>	<u>(62,335)</u>
PROFIT BEFORE TAXATION			993,885	211,475
Taxation	6		<u>68,242</u>	<u>45,098</u>
PROFIT AFTER TAXATION			925,643	166,377
Dividend	7		<u>20,000</u>	<u>100,000</u>
RETAINED PROFIT FOR YEAR			<u>£ 905,643</u>	<u>£ 66,377</u>

The company has made no gains or losses other than as reported above.

Movements on reserves are as set in Note 18.

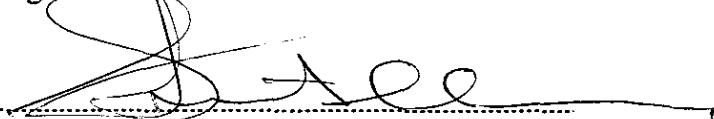
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P B DEVELOPMENT COMPANY LIMITED
ABBREVIATED BALANCE SHEET – 30 JUNE 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	8	2,299,646	1,939,903
Investments	9	1,100	99,100
		<u>2,300,746</u>	<u>2,039,003</u>
CURRENT ASSETS			
Stocks	10	39,834	36,293
Debtors	11	485,004	169,217
Cash at bank and in hand		17,987	26,114
		<u>542,825</u>	<u>231,624</u>
CREDITORS: amounts falling due within one year	12	856,818	621,279
NET CURRENT LIABILITIES		<u>(313,993)</u>	<u>(389,655)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,986,753</u>	<u>1,649,348</u>
CREDITORS: amounts falling due after more than one year	13	168,331	752,225
PROVISION FOR LIABILITIES AND CHARGES	16	98,925	83,269
		<u>£ 1,719,497</u>	<u>£ 813,854</u>
CAPITAL AND RESERVES			
Called up share capital	17	10	10
Profit and loss account	18	1,719,487	813,844
SHAREHOLDERS' FUNDS	18	<u>£ 1,719,497</u>	<u>£ 813,854</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium sized companies.

Signed on behalf of the board of directors


 Director – S A Clarkson

25.04.01 Date

P B DEVELOPMENT COMPANY LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

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	Note	2000 £	1999 £
Net cash (outflow)/inflow from operating activities	19	(124,772)	194,199
Returns on investments and servicing of finance	20	(55,083)	(51,951)
Taxation	20	(50,344)	(25,811)
Capital transactions	20	617,690	(106,412)
Equity dividend – paid		(20,000)	(100,000)
Cash inflow/(outflow) before financing		367,491	(89,975)
Financing – decrease in debt	20	(393,240)	(58,367)
Decrease in cash in year		£ (25,749)	£ (148,342)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2000 £	1999 £
Decrease in cash in year		(25,749)	(148,342)
Cash inflow from decrease in debt and lease financing		393,240	58,367
Change in net debt resulting from cash flows		367,491	(89,975)
New finance leases and hire purchase agreements		(78,518)	(75,365)
Movements in net debt in year		288,973	(165,340)
Net debt at 30 June 1999	21	(890,676)	(725,336)
Net debt at 30 June 2000	21	£ (601,703)	£ (890,676)

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Depreciation*

The base stock of cutlery and glassware is not depreciated.

The cost of other fixed assets is depreciated by equal instalments over their expected useful lives as follows:

Heritable property	50 years
Furniture, fixtures, fittings and equipment	5-10 years
Motor vehicles	4-5 years

(c) *Stocks*

Stocks are valued at the lower of cost and net realisable value.

(d) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(e) *Leasing and hire purchase commitments*

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The capital element of future payments is treated as a liability and the interest element is charged to the profit and loss account.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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2. OPERATING PROFIT *is stated after charging:*

	2000 £	1999 £
Operating lease rentals - plant and machinery	11,967	13,293
Auditors' remuneration - audit services	<u>6,200</u>	<u>6,500</u>

3. EMOLUMENTS OF DIRECTORS

The directors received remuneration of £227,042, including benefits in kind, during the year (1999 - £232,088). The emoluments of the highest paid director were £168,391 (1999 - £180,009).

4. STAFF NUMBERS

The average number of persons employed by the company during the year, including the directors, was as follows:

	2000 No	1999 No
Management and administration	9	11
Bar/Restaurant – full time	20	8
Bar/Restaurant – part time	28	68
	<u>57</u>	<u>87</u>

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

A² + B**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £	1999 £
Brewery loan	-	17,894
Bank overdraft and loan	54,184	35,706
Hire purchase charges	6,888	5,522
Other interest	1,828	3,213
	<u>£ 62,900</u>	<u>£ 62,335</u>

6. TAXATION *charge based on the profit for the year comprises:*

	2000 £	1999 £
Corporation tax	51,341	49,099
Transfer to/(from) deferred taxation	15,656	(4,170)
Prior year adjustment	1,245	169
	<u>£ 68,242</u>	<u>£ 45,098</u>

7. DIVIDEND

	2000	1999
£2,000 per ordinary share paid (1999 - £10,000)	<u>£ 20,000</u>	<u>£ 100,000</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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8. TANGIBLE FIXED ASSETS

	Heritable property £	Furniture, fixtures, fittings & equipment £	Motor vehicles £	Base stock, cutlery & glassware £	Total £
COST					
At 30 June 1999	1,817,675	530,397	209,289	36,936	2,594,297
Additions	721,983	166,224	50,670	-	938,877
Disposals	(489,969)	(328,391)	(34,615)	(13,514)	(866,489)
At 30 June 2000	<u>2,049,689</u>	<u>368,230</u>	<u>225,344</u>	<u>23,422</u>	<u>2,666,685</u>
DEPRECIATION					
At 30 June 1999	213,157	369,369	71,868	-	654,394
Charge for year	33,921	72,468	36,868	-	143,257
Relating to disposals	(130,994)	(266,734)	(32,884)	-	(430,612)
At 30 June 2000	<u>116,084</u>	<u>175,103</u>	<u>75,852</u>	<u>-</u>	<u>367,039</u>
Net book amounts at:					
30 June 2000	<u>£ 1,933,605</u>	<u>£ 193,127</u>	<u>£ 149,492</u>	<u>£ 23,422</u>	<u>£ 2,299,646</u>
30 June 1999	<u>£ 1,604,518</u>	<u>£ 161,028</u>	<u>£ 137,421</u>	<u>£ 36,936</u>	<u>£ 1,939,903</u>

The net book values of motor vehicles and furniture, fixtures, fittings and equipment include amounts of £118,826 (1999 - £100,681) and £26,630 (1999 - £nil) respectively, relating to assets held under finance leases and hire purchase contracts.

The land element of heritable property is not considered material by the directors, therefore the full cost of heritable property is depreciated, except for an investment property with cost and net book value of £153,884, which is not depreciated.

9. INVESTMENTS

	£
COST	
At 30 June 1999	99,100
Disposals	(98,000)
At 30 June 2000	<u>£ 1,100</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

A² + B

9. INVESTMENTS (continued)

	2000 £	1999 £
Listed investments	-	98,000
Unlisted investments	1,100	1,100
	<u>£ 1,100</u>	<u>£ 99,100</u>

VALUATION

Listed investments – market value	<u>£ -</u>	<u>£ 88,400</u>
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10. STOCKS

	2000	1999
Goods for resale	<u>£ 39,834</u>	<u>£ 36,293</u>

11. DEBTORS

	2000 £	1999 £
Trade debtors	23,213	17,759
Other debtors	426,188	137,108
Prepayments and accrued income	35,030	13,777
Corporation tax	573	573
	<u>£ 485,004</u>	<u>£ 169,217</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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A + B

12. CREDITORS: *amounts falling due within one year*

	2000 £	1999 £
Bank overdraft	70,882	53,260
Bank loans (Note 14)	384,469	136,865
Trade creditors	124,867	128,899
Advance discount	6,866	9,025
Corporation tax	51,341	49,099
Social security	11,932	65,974
Value added tax	27,155	54,843
Accruals and deferred income	70,496	30,300
Obligations under finance leases and hire purchase contracts (Note 15)	28,957	12,096
Other creditors	4,960	-
Directors' loan account	74,893	80,918
	<u>£ 856,818</u>	<u>£ 621,279</u>

The bank overdraft and bank loans are secured by standard securities over three of the company's properties and a floating charge over the company's assets and undertakings.

13. CREDITORS: *amounts falling due after more than one year*

	2000 £	1999 £
Bank loans (Note 14)	55,221	658,166
Advance discount	32,949	37,656
Obligations under finance leases and hire purchase contracts (Note 15)	80,161	56,403
	<u>£ 168,331</u>	<u>£ 752,225</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

A² + B

14. LOANS

	2000 £	1999 £
Business variable bank loan repayable in monthly instalments of £9,615 commencing 10 December 1998	-	714,647
Bank term loan at 2% over base rate repayable in quarterly instalments of variable amounts commencing 28 May 1997	64,690	80,384
Libor related loan repayable 31 May 2001	375,000	-
	<u>£ 439,690</u>	<u>£ 795,031</u>
<i>Amounts repayable by instalments:</i>		
Within one year	384,469	136,865
Between one and two years	10,265	124,854
Between two and five years	36,146	379,554
After five years	8,810	153,758
	<u>439,690</u>	<u>795,031</u>
Included in creditors: <i>amounts falling due within one year</i>	<u>(384,469)</u>	<u>(136,865)</u>
Included in creditors: <i>amounts falling due after more than one year</i>	<u>£ 55,221</u>	<u>£ 658,166</u>

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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A + B

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2000 £	1999 £
<i>Amounts payable:</i>		
Within one year	36,911	17,048
Within two to five years	89,051	62,623
	<u>125,962</u>	<u>79,671</u>
Less: finance charges allocated to future periods	16,844	11,172
	<u>£ 109,118</u>	<u>£ 68,499</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (Note 12)	28,957	12,096
Non-current obligations (Note 13)	80,161	56,403
	<u>£ 109,118</u>	<u>£ 68,499</u>

16. PROVISION FOR LIABILITIES AND CHARGES

	2000 £	1999 £
<i>Deferred taxation:</i>		
Provision at 30 June 1999	83,269	87,439
Transfer from/(to) profit and loss account	15,656	(4,170)
Provision at 30 June 2000	<u>£ 98,925</u>	<u>£ 83,269</u>
<i>Deferred taxation provided is attributable to:</i>		
Accelerated capital allowances	99,425	83,269
Other timing differences	(500)	-
	<u>£ 98,925</u>	<u>£ 83,269</u>

No provision has been made for the potential tax charge of £51,000 which would arise if certain properties were disposed of at their book values and rollover relief was disallowed.

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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17. CALLED UP SHARE CAPITAL

2000 & 1999

Authorised: Ordinary shares of £1 each	<u>£ 1,000</u>
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>£ 10</u>

**18. RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

	Share capital £	Profit and loss account £	Total £
At 30 June 1998	10	747,467	747,477
Profit for the year	-	166,377	166,377
Dividends	-	(100,000)	(100,000)
At 30 June 1999	10	813,844	813,854
Profit for the year	-	925,643	925,643
Dividends	-	(20,000)	(20,000)
At 30 June 2000	<u>£ 10</u>	<u>£ 1,719,487</u>	<u>£ 1,719,497</u>

**19. RECONCILIATION OF OPERATING PROFIT TO
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2000 £	1999 £
Operating profit	96,825	263,426
Loss/(gain) on sale of fixed assets	7,971	(9,575)
Depreciation	143,257	118,051
(Increase)/decrease in debtors	(315,787)	203,113
Decrease in creditors	(53,497)	(389,610)
(Increase)/decrease in stock	(3,541)	8,794
	<u>£ (124,772)</u>	<u>£ 194,199</u>

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

A² + B**20. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT**

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	3,217	10,384
Dividends received	4,600	-
Interest paid	(56,012)	(56,813)
Interest element of hire purchase rental payments	(6,888)	(5,522)
	<u>£ (55,083)</u>	<u>£ (51,951)</u>
Taxation		
UK corporation tax paid	(50,344)	(31,556)
Tax refunded	-	5,745
	<u>£ (50,344)</u>	<u>£ (25,811)</u>
Capital transactions		
Purchase of tangible fixed assets	(860,359)	(40,462)
Sale of tangible fixed assets	1,402,299	32,050
Payments to acquire fixed asset investment	-	(98,000)
Sale of fixed asset investment	75,750	-
	<u>£ 617,690</u>	<u>£ (106,412)</u>
Financing		
Repayment of loan	(730,341)	(742,623)
Capital element of hire purchase rental payments	(37,899)	(65,744)
New secured loans	375,000	750,000
	<u>£ (393,240)</u>	<u>£ (58,367)</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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21. ANALYSIS OF NET DEBT

	At 30 June 1998 £	Cash flow £	At 30 June 1999 £	Cash flow £	At 30 June 2000 £
Cash at bank and in hand	121,196	(95,082)	26,114	(8,127)	17,987
Bank overdraft	-	(53,260)	(53,260)	(17,622)	(70,882)
Brewery loan	(691,573)	691,573	-	-	-
Hire purchase agreements	(58,878)	(9,621)	(68,499)	(40,619)	(109,118)
Term loan	(96,081)	15,697	(80,384)	15,694	(64,690)
Business variable loan	-	(714,647)	(714,647)	714,647	-
Libor related loan	-	-	-	(375,000)	(375,000)
	<u>£ (725,336)</u>	<u>£ (165,340)</u>	<u>£ (890,676)</u>	<u>£ 288,973</u>	<u>£ (601,703)</u>

22. RELATED PARTIES

Control

Throughout the year the company was controlled by the directors. Details of the directors' interests in the company's share capital are set out in the directors' report.

Transactions

During the year the company had the following transactions with related parties:

Related party	Transaction	£	Balance at year end £
Cotton House (an entity in which both directors are partners)	Expense recharges	47	85,959
Queen's Road Property Development Company (Aberdeen) Ltd, (a company in which S Clarkson is a director)	Loan	189,250	208,319
Rulebright Ltd, (a company in which S Clarkson is the sole director)	Loan write off	12,445	-
SAS Ltd (a company in which S Clarkson is a director)	Loan repayment	(14,590)	6,410
PB Development Company Ltd Employee Benefit Trust	Payment to Trust	40,000	-

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2000

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22. RELATED PARTIES (continued)

Related party	Transaction	£	Balance at year end £
J Clarkson, director	Loan	31,964	(26,843)
S Clarkson, director	Loan	(25,939)	(48,050)
The maximum balance outstanding during the year was £118,549	Sale of motor vehicle	(12,400)	-