

P B DEVELOPMENT COMPANY LIMITED

(Company Number: 97813)

DIRECTORS' REPORT AND ABBREVIATED ACCOUNTS

30 JUNE 2002



Anderson Anderson & Brown
Chartered Accountants

P B DEVELOPMENT COMPANY LIMITED
DIRECTORS' REPORT

²
A + 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 2002.

RESULTS AND DIVIDENDS

The loss for the year after taxation, amounting to £8,112 (2001 – profit £86,710) has been dealt with as shown in the profit and loss account. A dividend of £12,778 (2001 – £16,667) 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, drinks and entertainment.

The directors are satisfied with the results for the year.

FUTURE DEVELOPMENTS

The directors plan to commence the development of a casino with bar/diner facility following the granting of planning permission for the building which was formerly the Langstane Kirk.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year ended 30 June 2002 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
2002 & 2001

J Clarkson	1
S A Clarkson	9

P B DEVELOPMENT COMPANY LIMITED
DIRECTORS' REPORT (continued)

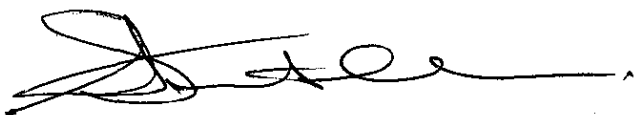
CHARITABLE DONATIONS

During the year the company made various charitable contributions totalling £700.

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



Director

P B DEVELOPMENT COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

⁽²⁾
A⁺B

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 United Kingdom 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PB 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 2002.

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 the directors and auditors

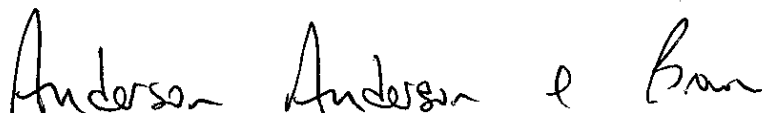
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether or not the abbreviated accounts have been 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 2002 and the abbreviated accounts on pages 5 to 19 have been properly prepared in accordance therewith.



Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

28 April 2003

P B DEVELOPMENT COMPANY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

²
A+B

	Note	2002 £	2001 £
OPERATING PROFIT			
Continuing operations		28,730	172,109
Discontinued operations		-	(11,016)
	2	<u>28,730</u>	<u>161,093</u>
Interest receivable		16,191	7,712
Interest payable and similar charges	5	<u>(51,639)</u>	<u>(53,858)</u>
(LOSS)/PROFIT BEFORE TAXATION		(6,718)	114,947
Taxation	6	<u>1,394</u>	<u>28,237</u>
(LOSS)/PROFIT AFTER TAXATION		(8,112)	86,710
Dividends	7	<u>127,778</u>	<u>166,667</u>
ACCUMULATED LOSS FOR YEAR		<u>£ (135,890)</u>	<u>£ (79,957)</u>

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

Movements on reserves are as set in Note 18.

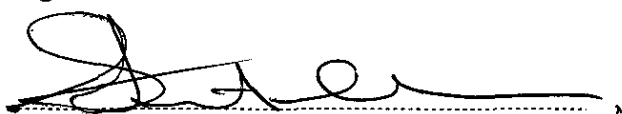
P B DEVELOPMENT COMPANY LIMITED
ABBREVIATED BALANCE SHEET – 30 JUNE 2002

²
A + B

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	2,218,813	2,263,160
Investments	9	1,100	1,100
		<u>2,219,913</u>	<u>2,264,260</u>
CURRENT ASSETS			
Stocks	10	20,369	23,637
Debtors	11	167,242	570,286
Cash at bank and in hand		316,141	31,263
		<u>503,752</u>	<u>625,186</u>
CREDITORS: <i>amounts falling due within one year</i>	12	783,449	1,034,804
NET CURRENT LIABILITIES		<u>(279,697)</u>	<u>(409,618)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,940,216	1,854,642
CREDITORS: <i>amounts falling due after more than one year</i>	13	342,566	118,008
PROVISION FOR LIABILITIES AND CHARGES	16	94,000	97,094
		<u>£ 1,503,650</u>	<u>£ 1,639,540</u>
CAPITAL AND RESERVES			
Called up share capital	17	10	10
Profit and loss account	18	1,503,640	1,639,530
SHAREHOLDERS' FUNDS	18	<u>£ 1,503,650</u>	<u>£ 1,639,540</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

28/4/03

Date

P B DEVELOPMENT COMPANY LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002

²
A + B

	Note	2002 £	2001 £
Net cash inflow from operating activities	19	612,337	132,253
Returns on investments and servicing of finance	20	(35,448)	(46,146)
Taxation	20	(50,899)	(29,998)
Capital transactions	20	37,860	(8,248)
Equity dividends – paid		(294,445)	-
Cash inflow before financing		269,405	47,861
Financing – increase/(decrease) in debt	20	158,548	(106,778)
Increase/(decrease) in cash in year		£ 427,953	£ (58,917)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2002 £	2001 £
Increase/(decrease) in cash in year		427,953	(58,917)
Cash(inflow)/outflow from (increase)/decrease in debt and lease financing		(158,548)	106,778
Change in net debt resulting from cash flows		269,405	47,861
New finance leases and hire purchase agreements		(96,570)	(80,329)
Movements in net debt in year		172,835	(32,468)
Net debt at 30 June 2001	21	(634,171)	(601,703)
Net debt at 30 June 2002	21	£ (461,336)	£ (634,171)

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
Tenants improvements	7 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.

(f) *Pensions*

The company contributes to the personal pension scheme of one of the directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

⁽²⁾
A+B

1. ACCOUNTING POLICIES (continued)

(g) *Turnover*

Turnover represents the sales value of food, drink and services provided and is stated net of value added tax.

2. OPERATING PROFIT *is stated after charging:*

	2002 £	2001 £
Operating lease rentals - plant and machinery	3,400	3,693
- land and buildings	2,658	-
Auditors' remuneration	<u>7,000</u>	<u>6,200</u>

3. EMOLUMENTS OF DIRECTORS

The directors received remuneration of £209,472, including pension contributions and benefits in kind, during the year (2001 - £187,006).

Payments were made to the personal pension scheme of one director.

The amounts in respect of the highest paid director are as follows:

	2002	2001
Emoluments (including benefits in kind)	<u>£ 136,760</u>	<u>£ 120,176</u>
Company contributions paid to personal pension schemes	<u>£ 4,532</u>	<u>£ 4,698</u>

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A+B**4. STAFF NUMBERS**

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

	2002 No	2001 No
Management and administration	8	10
Bar/Restaurant – full time	13	12
Bar/Restaurant – part time	40	41
	<u>61</u>	<u>63</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank overdraft and loan	35,409	42,205
Other loan interest	4,626	-
Hire purchase charges	10,381	11,624
Other interest	1,223	29
	<u>£ 51,639</u>	<u>£ 53,858</u>

6. TAXATION *charge based on the (loss)/profit for the year comprises:*

	2002 £	2001 £
Corporation tax	5,000	30,068
Transfer from deferred taxation	(3,094)	(1,831)
Prior year adjustment	(512)	-
	<u>£ 1,394</u>	<u>£ 28,237</u>

The tax charge for the year is higher than the amount which would be anticipated by applying the company's tax rate of 19% to its pre-tax loss because of the depreciation charge for assets which do not qualify for capital allowances.

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A+B**7. DIVIDENDS**

	2002 £	2001 £
£12,778 per ordinary share - paid	127,778	-
£16,667 per ordinary share - proposed	-	166,667
	<u>£ 127,778</u>	<u>£ 166,667</u>

8. TANGIBLE FIXED ASSETS

	Heritable property & tenants improvements £	Furniture, fixtures, fittings & equipment £	Motor vehicles £	Base stock, cutlery & glassware £	Total £
COST					
At 1 July 2001	2,102,085	400,543	199,501	23,422	2,725,551
Additions	12,593	26,659	110,658	-	149,910
Disposals	-	-	(139,953)	-	(139,953)
At 30 June 2002	<u>2,114,678</u>	<u>427,202</u>	<u>170,206</u>	<u>23,422</u>	<u>2,735,508</u>
DEPRECIATION					
At 1 July 2001	147,618	233,531	81,242	-	462,391
Charge for year	33,291	55,669	36,518	-	125,478
Relating to disposals	-	-	(71,174)	-	(71,174)
At 30 June 2002	<u>180,909</u>	<u>289,200</u>	<u>46,586</u>	<u>-</u>	<u>516,695</u>
Net book amounts at:					
30 June 2002	<u>£ 1,933,769</u>	<u>£ 138,002</u>	<u>£ 123,620</u>	<u>£ 23,422</u>	<u>£ 2,218,813</u>
1 July 2001	<u>£ 1,954,467</u>	<u>£ 167,012</u>	<u>£ 118,259</u>	<u>£ 23,422</u>	<u>£ 2,263,160</u>

The net book values of motor vehicles and furniture, fixtures, fittings and equipment include amounts of £96,513 (2001 - £109,716) and £13,315 (2001 - £19,973) 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, and a property which is not yet redeveloped with cost and net book value of £574,753, which is also not depreciated.

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A + B

9. INVESTMENTS

COST

At 30 June 2002 and 2001

£ 1,100

2002 & 2001

Unlisted investments

£ 1,100

10. STOCKS

2002

2001

Goods for resale

£ 20,369

£ 23,637

11. DEBTORS

2002

2001

£

£

Trade debtors

30,265

21,159

Other debtors

-

1,222

Prepayments and accrued income

35,118

29,709

Amounts due by related parties (Note 23)

88,740

388,295

Directors' loan accounts (Note 23)

12,546

129,328

Corporation tax

573

573

£ 167,242

£ 570,286

P B DEVELOPMENT COMPANY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A+B**12. CREDITORS: amounts falling due within one year**

	2002 £	2001 £
Bank overdraft	-	143,075
Bank loans (Note 14)	386,111	385,265
Other loan (Note 14)	30,000	-
Trade creditors	135,609	142,717
Amounts owed to related parties (Note 23)	103,351	-
Advance discount	-	5,068
Corporation tax	5,000	51,411
Social security	12,867	13,547
Value added tax	24,841	39,154
Accruals and deferred income	66,870	39,135
Obligations under finance leases and hire purchase contracts (Note 15)	18,800	48,765
Proposed dividend	-	166,667
	<u>£ 783,449</u>	<u>£ 1,034,804</u>

The bank overdraft and bank loans are secured by standard securities over some of the company's properties.

The other loan is secured by a standard security over one 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

	2002 £	2001 £
Bank loans (Note 14)	22,193	38,732
Other loan (Note 14)	264,597	-
Advance discount	-	29,679
Obligations under finance leases and hire purchase contracts (Note 15)	55,776	49,597
	<u>£ 342,566</u>	<u>£ 118,008</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A + B

14. LOANS

	2002 £	2001 £
Bank term loan at 2% over base rate repayable in quarterly instalments of variable amounts commencing 28 May 1997	33,304	48,997
Libor related loan repayable 28 June 2003	375,000	375,000
Brewery loan at 1% below base rate repayable in monthly instalments commencing March 2002, to be settled by March 2007	294,597	-
	<u>£ 702,901</u>	<u>£ 423,997</u>
<i>Amounts repayable by instalments:</i>		
Within one year	416,111	385,265
Between one and two years	41,111	11,111
Between two and five years	245,679	27,621
	<u>702,901</u>	<u>423,997</u>
Included in creditors: <i>amounts falling due within one year</i>	<u>(416,111)</u>	<u>(385,265)</u>
Included in creditors: <i>amounts falling due after more than one year</i>	<u>£ 286,790</u>	<u>£ 38,732</u>

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2002 £	2001 £
<i>Amounts payable:</i>		
Within one year	23,372	56,749
Within two to five years	59,375	52,796
	<u>82,747</u>	<u>109,545</u>
Less: finance charges allocated to future periods	<u>8,171</u>	<u>11,183</u>
	<u>£ 74,576</u>	<u>£ 98,362</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (Note 12)	18,800	48,765
Non-current obligations (Note 13)	55,776	49,597
	<u>£ 74,576</u>	<u>£ 98,362</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A + B

16. PROVISION FOR LIABILITIES AND CHARGES

	2002 £	2001 £
<i>Deferred taxation:</i>		
Provision at 30 June 2001	97,094	98,925
Transfer to profit and loss account	(3,094)	(1,831)
Provision at 30 June 2002	<u>£ 94,000</u>	<u>£ 97,094</u>
<i>Deferred taxation provided is attributable to:</i>		
Accelerated capital allowances	94,500	97,594
Other timing differences	(500)	(500)
	<u>£ 94,000</u>	<u>£ 97,094</u>

No provision has been made for the potential tax charge of £50,000 which would arise if certain properties were disposed of at their book values and rollover relief was disallowed.

A further claim to rollover gains has been made and this is subject to satisfying Inland Revenue requirements for re-investment. No provision has been made for the potential tax charge of £60,000 which would arise if the claim was disallowed.

17. CALLED UP SHARE CAPITAL

	2002 & 2001
Authorised: Ordinary shares of £1 each	<u>£ 1,000</u>
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>£ 10</u>

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A + B

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

	Share capital £	Profit and loss account £	Total £
At 30 June 2000	10	1,719,487	1,719,497
Profit for the year	-	86,710	86,710
Dividends	-	(166,667)	(166,667)
At 30 June 2001	10	1,639,530	1,639,540
Loss for the year	-	(8,112)	(8,112)
Dividends	-	(127,778)	(127,778)
At 30 June 2002	£ 10	£ 1,503,640	£ 1,503,650

**19. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002 £	2001 £
Operating profit	28,730	161,093
Gain on sale of fixed assets	(22,421)	(14,068)
Depreciation	125,478	139,131
Decrease/(increase) in debtors	403,044	(85,282)
Increase/(decrease) in creditors	74,238	(84,818)
Decrease in stock	3,268	16,197
	£ 612,337	£ 132,253

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A + B

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

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	16,191	7,712
Interest paid	(41,258)	(42,234)
Interest element of hire purchase rental payments	(10,381)	(11,624)
Net cash outflow from returns on investments and servicing of finance	£ (35,448)	£ (46,146)
Taxation		
UK corporation tax paid	£ (50,899)	£ (29,998)
Capital transactions		
Purchase of tangible fixed assets	(53,340)	(135,448)
Sale of tangible fixed asset	91,200	127,200
	£ 37,860	£ (8,248)
Financing		
Repayment of loan	(22,340)	(15,693)
Capital element of hire purchase rental payments	(120,356)	(91,085)
New secured loans	301,244	-
	£ 158,548	£ (106,778)

P B DEVELOPMENT COMPANY LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 JUNE 2002

²
A⁺B

21. ANALYSIS OF NET DEBT

	At 30 June 2000 £	Cash flow £	At 30 June 2001 £	Cash flow £	At 30 June 2002 £
Cash at bank and in hand	17,987	13,276	31,263	284,878	316,141
Bank overdraft	(70,882)	(72,193)	(143,075)	143,075	-
Hire purchase agreements	(109,118)	10,756	(98,362)	23,786	(74,576)
Term loan	(64,690)	15,693	(48,997)	15,693	(33,304)
Other loan	-	-	-	(294,597)	(294,597)
Libor related loan	(375,000)	-	(375,000)	-	(375,000)
	<u>£ (601,703)</u>	<u>£ (32,468)</u>	<u>£ (634,171)</u>	<u>£ 172,835</u>	<u>£ (461,336)</u>

22. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings			Other
	2002	2001	2002	2001
	£	£	£	£
<i>Operating leases which expire:</i>				
In less than one year	-	-	1,130	-
Between one and five years	2,500	-	1,140	3,400
In more than five years	-	2,500	-	-
	<u>£ 2,500</u>	<u>£ 2,500</u>	<u>£ 2,270</u>	<u>£ 3,400</u>

23. 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	Movement in year £	Balance at year end £
Cotton House (an entity in which both directors are partners)	Loan	79,202	88,740
Queen's Road Property Development (a company in which S Clarkson is a director)	Loan	(482,108)	(103,351)
	Management and administration fees	80,000	
	Interest	12,943	-
Carlton Rock Ltd (a company in which S Clarkson is a director)	Loan	193,003	
	Purchases	1,250	-
PB Development Company Ltd	Rent	2,500	-
Employee Benefit Trust			
J Clarkson, director	Loan	(24,748)	(17,572)
The maximum balance outstanding during the year was £18,171	Sale of motor vehicle	6,200	-
S Clarkson, director	Loan	(92,034)	30,118
The maximum balance outstanding during the year was £127,207	Sale of motor vehicle	41,500	-