

MONTPELIERS (EDINBURGH) LIMITED
DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2000



Company No. SC0163913

MONTPELIERS (EDINBURGH) LIMITED

COMPANY INFORMATION

Directors

R S Elliott
D A Wither
W L Elliott
R F Wither
K D S Ross
G N Fuller
H Robertson

Secretary

D A Wither

Company Number

SC0163913

Registered Office

29 Queensferry Street
Edinburgh
EH2 4QS

Auditors

Scott Oswald
Chartered Accountants
1 Royal Terrace
Edinburgh
EH7 5AD

Solicitors

Henderson Boyd Jackson, WS
19 Ainslie Place
Edinburgh
EH3 6AU

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH1 2YR

The Royal Bank of Scotland plc
142-144 Princes Street
Edinburgh
EH2 4EQ

The Royal Bank of Scotland plc
206 Bruntsfield Place
Edinburgh
EH10 4DF

The Royal Bank of Scotland plc
61 Forrest Road
Edinburgh
EH1 2QP

MONTPELIERS (EDINBURGH) LIMITED

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MONTPELIERS (EDINBURGH) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 2000

The directors present their report together with the audited financial statements for the year ended 30th April 2000.

Principal Activities and Review of Business

The company's principal activity continued to be that of owning and managing licenced premises.

The directors consider the company's results for the year and its financial position to be satisfactory. The company acquired the assets and liabilities of the Montpeliers Partnership on 2nd May 1999.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The directors recommend dividends amounting to £200,000 (1999 £200,000).

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	30th April 2000	1st May 1999
R S Elliott	25,250	25,000
D A Wither	25,250	25,000
W L Elliott	25,250	25,000
R F Wither	25,250	25,000
K D S Ross	-	-
G N Fuller	-	-
H Robertson	-	-

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 the company's affairs and of the profit or loss for that year. In preparing these 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.

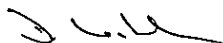
The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MONTPELIERS (EDINBURGH) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 2000

This report was approved by the board on 27th February 2001, and signed on its behalf by



D A Wither, Secretary
27th February 2001

AUDITORS' REPORT TO MONTPELIERS (EDINBURGH) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 4 to 16 together with the financial statements of Montpeliers (Edinburgh) Limited for the year ended 30th April 2000 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of Opinion

We have carried out procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 4 to 16 are properly prepared in accordance with that provision.



Scott Oswald
Chartered Accountants and Registered Auditors
1 Royal Terrace
Edinburgh
EH7 5AD
Date: 27th Feb 2001

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 2000

	Notes	2000 £	1999 £
Gross Profit		2,074,907	996,686
Administrative Expenses		1,674,854	891,889
Operating Profit	3	400,053	104,797
Reversal of Interest Subsidies	5	(186,513)	-
Interest Receivable		76	3,957
Interest Payable and Similar Charges	4	(78,332)	(22,994)
Profit on Ordinary Activities Before Taxation		135,284	85,760
Tax on Profit on Ordinary Activities	7	7,212	30,489
Profit for the Financial Year		128,072	55,271
Dividends	8	200,000	200,000
Retained (Loss) for the Year	20	(71,928)	(144,729)

All amounts relate to continuing activities.

MONTPELIERS (EDINBURGH) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH APRIL 2000

	2000	1999
	£	£
Statement of Total Recognised Gains and Losses		
Profit for the financial year	128,072	55,271
Unrealised surplus on revaluation of heritable property	1,979,917	-
Total recognised gains relating to the year	<u>2,107,989</u>	<u>55,271</u>

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED BALANCE SHEET

AS AT 30TH APRIL 2000

	Notes	£	2000 £	£	1999 £
Fixed Assets					
Tangible assets	9		7,860,192		4,731,916
Investments	10		2		2
			<u>7,860,194</u>		<u>4,731,918</u>
Current Assets					
Stocks	12	57,249		23,799	
Debtors	13	1,517,089		496,735	
Cash at bank and in hand		13,045		14,415	
			<u>1,587,383</u>	<u>534,949</u>	
Creditors: Amounts Falling Due Within One Year	14	1,058,483		957,453	
			<u>528,900</u>		<u>(422,504)</u>
Net Current Assets/(Liabilities)					
			<u>8,389,094</u>		<u>4,309,414</u>
Total Assets Less Current Liabilities					
Creditors: Amounts Falling Due After More Than One Year	15		3,200,440		1,041,925
			<u>5,188,654</u>		<u>3,267,489</u>
Capital and Reserves					
Share capital	19		101,000		100,000
Share premium account	20		12,176		-
Revaluation reserve	20		5,034,417		3,054,500
Profit and loss account	20		41,061		112,989
Shareholders' Funds	27		<u>5,188,654</u>		<u>3,267,489</u>

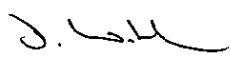
The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

These financial statements were approved by the board on 27th February 2001 and signed on its behalf by

R S Elliott
Director



D A Wither
Director



MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention except that certain heritable properties are shown at their revalued amounts.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than heritable property by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Heritable property	50 years
Leasehold property	over the remaining period of the lease
Equipment and utensils	20%
Motor vehicles	25%
Fixtures and fittings	15%

No depreciation is provided on land.

Revaluation of properties

The company's heritable property is revalued every five years by professional valuers and annually by the directors with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

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

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Hire Purchase and Finance Lease Contracts

Assets held under hire purchase and finance lease contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

Pre-opening expenses

Pre-opening expenses are included in prepayments and amortised to the profit and loss account over a three year period.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	2000	1999
	£	£
Depreciation of owned assets	251,290	110,490
Depreciation of assets held under finance leases and hire purchase contracts	10,518	-
Hire of equipment	10,136	14,914
Auditors' remuneration	6,500	6,000

4 Interest Payable and Similar Charges

	2000	1999
	£	£
Bank overdrafts and loans	62,811	6,194
Hire purchase and finance lease contracts	1,087	-
Interest payable on loans other than bank loans and overdrafts	14,434	16,800
	78,332	22,994

5 Reversal of Interest Subsidies

	2000	1999
	£	£
Reversal of interest subsidies	(186,513)	-

During the year there has been a reversal of interest subsidies previously carried in prepayments under the matching concept. The elimination was made due to the refinancing of the company which included the repayment of the loans concerned.

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

6 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	2000	1999
	£	£
Wages and salaries	1,379,576	581,111
Social security costs	111,858	44,523
Other pension costs	21,671	2,195
	<u>1,513,105</u>	<u>627,829</u>

The average monthly number of employees, including directors, during the year was as follows:

	2000	1999
	Number	Number
Sales	135	71
Administration	5	2
	<u>140</u>	<u>73</u>

Directors' emoluments

	2000	1999
	£	£
Emoluments	225,343	10,000
Directors' pension contributions under defined contribution schemes	4,850	-
	<u>230,193</u>	<u>10,000</u>

The highest paid director received emoluments and benefits as follows:-

	2000	1999
	£	£
Emoluments	84,177	-

7 Taxation

	2000	1999
	£	£
Based on the profit for the year		
UK corporation tax at 19.2% (1999: 21%)	10,219	28,261
Prior periods		
UK corporation tax	(3,007)	2,228
	<u>7,212</u>	<u>30,489</u>

8 Dividends

	2000	1999
	£	£
Ordinary dividends - paid	200,000	200,000

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

9 Tangible Fixed Assets

	Heritable property	Leasehold property	Equipment and utensils	Motor vehicles	Fixtures and fittings	Total
Cost or valuation	£	£	£	£	£	£
At 1st May 1999	4,305,551	-	154,863	30,964	539,490	5,030,868
Additions	519,159	75,000	128,024	32,820	655,164	1,410,167
Revaluation	1,979,917	-	-	-	-	1,979,917
At 30th April 2000	6,804,627	75,000	282,887	63,784	1,194,654	8,420,952
Depreciation						
At 1st May 1999	19,611	-	73,152	-	206,189	298,952
Charge for the year	18,754	3,025	65,054	10,831	164,144	261,808
At 30th April 2000	38,365	3,025	138,206	10,831	370,333	560,760
Net Book Value						
At 30th April 2000	6,766,262	71,975	144,681	52,953	824,321	7,860,192
At 30th April 1999	4,285,940	-	81,711	30,964	333,301	4,731,916

The company's heritable property was revalued in July 1997 by Fuller Peiser, Property Consultants, 21 Walker Street, Edinburgh at a value of £6,530,388. The property was revalued at estimated realisation price having regard to the trading potential of the business. The surplus arising has been transferred to the revaluation reserve.

On a historical cost basis, heritable land and buildings would have been included as follows:

	30th April 2000 £	1st May 1999 £
Cost	1,671,210	1,053,275
Cumulative depreciation based on cost	38,365	19,611

Assets held under hire purchase and finance lease agreements originally cost £48,784 (1999: £30,964) and have a net book value of £38,266 (1999: £30,964).

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

10 Fixed Assets Investments

	Shares in Group Undertaking
Cost	£
At 1st May 1999	2
At 30th April 2000	2
Net Book Value	
At 30th April 2000	2
At 30th April 1999	2

11 Subsidiary Undertaking

Name of company	Country of registration and operation	Holding	Proportion of voting rights and shares held	Nature of business
Favorit (Edinburgh) Limited	Scotland	100%	100%	Bar / Cafe Operator

The company generated a loss of £23,289 (1999 - £6,291 loss) for the year ended 30th April 2000 and had shareholders' funds of (£29,578) (1999 - (£6,289)).

12 Stocks	2000 £	1999 £
Bar and food stock	57,249	23,799

13 Debtors	2000 £	1999 £
Trade debtors	105,663	564
Development costs	757,524	63,740
Other debtors	4,181	8,695
Prepayments and accrued income	69,364	186,513
Amount due from subsidiary undertaking	580,357	237,223
	1,517,089	496,735

Included in the above are amounts falling due after more than one year as follows:

Amount due from subsidiary undertaking	516,965	217,939
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MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

14	Creditors: Amounts Falling Due Within One Year	2000	1999
		£	£
	Bank overdraft	366,340	289,565
	Bank loans (Note 16)	172,335	86,704
	Obligations under hire purchase and finance lease contracts (Note 18)	12,458	8,242
	Trade creditors	263,449	130,281
	Corporation tax	8,723	28,261
	Other taxes and social security	98,033	44,465
	Other creditors	15,816	302,631
	Accruals and deferred income	121,329	67,304
		1,058,483	957,453
15	Creditors: Amounts Falling Due After One Year	2000	1999
		£	£
	Other loans (Note 16)	815,000	160,000
	Bank loans (Note 16)	2,172,373	489,902
	Obligations under hire purchase and finance lease contracts (Note 18)	13,067	15,040
	Director's loan account (Note 16)	200,000	240,000
	Accruals and deferred income	-	136,983
		3,200,440	1,041,925
16	Loans	2000	1999
		£	£
	Amounts repayable:		
	In one year or less, or on demand	172,335	86,704
	Between one and five years	1,301,388	620,041
		1,473,723	706,745
	In five years or more	1,885,985	269,861
		3,359,708	976,606

The bank loans are repayable over 10 years by monthly instalments and interest is charged at 1% above the bank base rate.

The other loans shown in note 15 are loans from Belhaven Brewery Group plc, one of which amounts to £275,000 and is repayable in August 2001, the other amounting to £540,00 being repayable in 2009.

The director's loan is unsecured and is not repayable within one year.

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

17 Secured Creditors

The company has granted a standard security in favour of the Bank of Scotland and Belhaven Brewery Group plc, over the company's heritable properties. The Bank of Scotland security ranks ahead of the Belhaven Brewery Group plc security. The company has also granted a bond and floating charge in favour of the Bank of Scotland and Belhaven Brewery Group plc, these floating charges ranking pari passu.

18 Obligations Under Hire Purchase and Finance Leases

	2000 £	1999 £
Obligations under hire purchase and finance leases contracts are analysed:		
Current obligations	12,458	8,242
Obligations due between one and five years	13,067	15,040
	<u>25,525</u>	<u>23,282</u>

Amounts due under hire purchase and finance lease creditors are secured on the assets financed under these agreements.

19 Share Capital

	2000 £	1999 £
Authorised Equity Shares		
1,000,000 Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted Equity Shares		
101,000 (1999 - £100,000) Allotted, called up and fully paid ordinary shares of £1.00 each	<u>101,000</u>	<u>100,000</u>

During the year the company issued 1,000 ordinary shares to the partners in the Montpeliers Partnership, which are credited as fully paid, in exchange for all the assets and liabilities of that partnership.

20 Reserves

	Share Premium Account	Revaluation Reserve	Profit and Loss Account
	£	£	£
At 1st May 1999	-	3,054,500	112,989
(Loss) for the year	-	-	(71,928)
Surplus on revaluation	-	1,979,917	-
Premium on allotment	12,176	-	-
At 30th April 2000	<u>12,176</u>	<u>5,034,417</u>	<u>41,061</u>

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

21 Capital Commitments

The company had the following capital commitments:

	2000	1999
	£	£
Contracted for but not provided in the financial statements	1,412,100	325,000

22 Contingent Liabilities

No deferred tax liability has been provided in the financial statements in respect of the tax payable on the capital gain which would arise if the company's property was sold at its revalued amount as included in fixed assets. The potential deferred tax liability was £ 975,868 (1999 - £610,305) at the year end date but no provision has been made in the financial statements as it is not the company's intention to dispose of its trading property.

23 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £21,671 (1999: £2,195).

24 Related Parties

As the 100% parent undertaking of Favorit (Edinburgh) Limited, the company has taken advantage of the exemption granted by Financial Reporting Standard 8, Related Party Disclosures, not to report details of the transactions with entities which are more than 90% controlled by a parent undertaking.

K D S Ross is also a director in Belhaven Brewery Group plc. During the year Montpeliers (Edinburgh) Limited purchased goods of £616,581 (1999: £193,156) from Belhaven on an arms length basis. The balance due to Belhaven in respect of these transactions was £64,589 (1999 - £21,835) at the year end. In addition, Belhaven provides advance discount, promotional support and other trade finance arrangements to the company and the amount due by Montpeliers (Edinburgh) Limited in respect of these transactions amounted to £827,539 (1999: £309,244) at the year end. In addition Belhaven has guaranteed third party loans to the extent of £250,000 (1999 - £250,000) secured by second charges over the company's heritable property.

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

25	Gross Cash Flows	2000 £	1999 £
	Returns on Investments and Servicing of Finance		
	Interest received	76	3,957
	Interest paid	(49,795)	(22,994)
	Interest element of hire purchase and finance lease rentals payment	(1,087)	-
	Net cash outflow for returns on investments and servicing of finance	<u>(50,806)</u>	<u>(19,037)</u>
	Capital Expenditure and Financial Investment		
	Payments to acquire tangible fixed assets	(1,377,347)	(215,729)
	Proceeds from the sale of fixed assets	18,149	-
	Net cash outflow from investing activities	<u>(1,359,198)</u>	<u>(215,729)</u>
	Financing		
	Issue of ordinary share capital	1,000	1,000
	Increase in/(Repayment of) other loans	655,000	(40,000)
	Increase in/(Repayment of) bank loans	1,768,102	(58,706)
	Decrease/Increase in directors' loan account	(40,000)	240,000
	Capital element of hire purchase and finance lease rentals payments	(30,577)	(4,400)
	Net cash inflow for financing	<u>2,353,525</u>	<u>137,894</u>

26	Analysis of Changes in Net Debt	1999	Cash flows	Non-cash Changes	2000
		£	£	£	£
	Cash at bank and in hand	14,415	(1,370)	-	13,045
	Overdrafts	(289,565)	(76,775)	-	(366,340)
		<u>(275,150)</u>	<u>(78,145)</u>	<u>-</u>	<u>(353,295)</u>
	Debt due within 1 year	(86,704)	(85,631)	-	(172,335)
	Debt due after 1 year	(889,902)	(2,297,471)	-	(3,187,373)
	Hire purchase and finance leases	(23,282)	30,577	(32,820)	(25,525)
		<u>(999,888)</u>	<u>(2,352,525)</u>	<u>(32,820)</u>	<u>(3,385,233)</u>
		<u>(1,275,038)</u>	<u>(2,430,670)</u>	<u>(32,820)</u>	<u>(3,738,528)</u>

MONTPELIERS (EDINBURGH) LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2000

27 Reconciliation of Shareholders' Funds

	2000 £	1999 £
Profit for the financial year	128,072	55,271
Dividends	(200,000)	(200,000)
	(71,928)	(144,729)
Other recognised gains and losses	1,979,917	-
Issue of share capital	13,176	99,000
	1,921,165	(45,729)
Increase/(Decrease) in the shareholders' funds	3,267,489	3,313,218
Opening shareholders' funds		
Closing shareholders' funds	5,188,654	3,267,489