
OAK TAVERNS LIMITED

OFFICERS AND ADMINISTRATION

DIRECTORS

I Collinson
E Scott

SECRETARY

D Collinson

AUDITORS

Richardsons
Chartered Accountants
30 Upper High Street
Thame
Oxfordshire
OX9 3EZ

REGISTERED OFFICE

5 Sycamore Drive
Thame
Oxfordshire
OX9 2AT

COMPANY NUMBER

2645556



OAK TAVERNS LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 2004.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of the management of a group of public houses.

REVIEW OF DEVELOPMENTS

The company merged with Park Taverns Limited on 30 November 2003. Park Taverns Limited became a wholly owned subsidiary of Oak Taverns Limited from this date. The directors feel that the critical mass achieved by the combination of the two companies puts the group in a stronger position in the market place, providing a foundation on which to grow the business and develop new opportunities.

DIRECTORS AND THEIR INTEREST

The directors holding office during the year and their interest in the share capital of the company were as follows:

	At 30 September 2004	At 30 September 2003
I Collinson:		
Ordinary Shares	1,080	-
Ordinary 'A' Shares	460	100
Ordinary 'B' Shares	-	100
E Scott:		
Ordinary 'B' Shares	460	-

DIRECTORS' RESPONSIBILITIES

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 at the period end and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

OAK TAVERNS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES

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. He is 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.

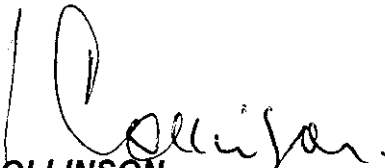
AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Richardsons be reappointed as auditors of the company will be put to the members at the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors


I COLLINSON
DIRECTOR

Date: 5/1/05,

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

OAK TAVERNS LIMITED

We have audited the financial statements of Oak Taverns Limited for the year ended 30 September 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective 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 auditor's 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

As described in the Directors' Report, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 became aware of any apparent misstatements within it.

BASIS OF 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

OAK TAVERNS LIMITED

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 the company's affairs as at 30 September 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Richardsons

RICHARDSONS
Chartered Accountants
Registered Auditors

30 Upper High Street
Thame
Oxfordshire
OX9 3EZ

5 January 2005

OAK TAVERNS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2004**

NOTES	<u>2004</u>	<u>2003</u>
1(a) TURNOVER	3,742,059	2,324,144
Cost of sales	<u>(2,178,960)</u>	<u>(1,283,429)</u>
GROSS PROFIT	1,563,099	1,040,715
Administrative expenses	(1,635,193)	(1,077,971)
Profit on sale of fixed assets	-	109,719
Other operating income	<u>50,724</u>	<u>33,358</u>
2 OPERATING (LOSS)/PROFIT	(21,370)	105,821
Income from shares in group undertakings	12,397	-
Interest receivable	3,532	1,281
Interest payable	<u>(21,843)</u>	<u>(2,526)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(27,284)	104,576
3 Tax on (loss)/profit on ordinary activities	<u>(5,446)</u>	<u>(5,733)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(32,730)	98,843
Dividends paid	<u>-</u>	<u>(71,750)</u>
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR	(32,730)	27,093
Balance brought forward	<u>191,554</u>	<u>164,461</u>
BALANCE CARRIED FORWARD	<u>£ 158,824</u>	<u>£ 191,554</u>

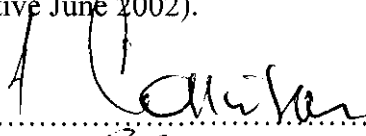
The attached notes form part of, and are to be read in conjunction with, these accounts.

OAK TAVERNS LIMITED


BALANCE SHEET AS AT 30 SEPTEMBER 2004

NOTES		<u>2004</u>	<u>2003</u>
	FIXED ASSETS		
4	Intangible assets	2,500	-
5	Tangible assets	917,356	131,723
6	Investments	<u>5,000</u>	<u>-</u>
		924,856	131,723
	CURRENT ASSETS		
	Stocks	71,319	42,242
7	Debtors	160,389	202,289
	Cash at bank and in hand	<u>46,669</u>	<u>75,858</u>
		278,377	320,389
8	CREDITORS: amounts falling due within one year	<u>(558,961)</u>	<u>(256,563)</u>
	NET CURRENT (LIABILITIES)/ ASSETS	<u>(280,584)</u>	<u>63,826</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	644,272	195,549
9	CREDITORS: amounts falling due after more than one year	(476,753)	(1,818)
10	PROVISIONS FOR LIABILITIES AND CHARGES	<u>(3,495)</u>	<u>(1,977)</u>
	NET ASSETS	<u>£ 164,024</u>	<u>£ 191,754</u>
	CAPITAL AND RESERVES		
11	Called up share capital	2,000	200
	Share premium account	3,200	-
	Profit and loss account	<u>158,824</u>	<u>191,554</u>
	SHAREHOLDERS' FUNDS	<u>£ 164,024</u>	<u>£ 191,754</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective June 2002).

.....I Collinson- Director

Date 5/1/05.....

.....E Scott- Director

The attached notes form part of, and are to be read in conjunction with, these accounts.

OAK TAVERNS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and the accounting policies adopted below.

(a) Turnover

Turnover represents amounts of retail sales to third parties and management charges to related parties, net of VAT and trade discounts.

(b) Goodwill

Goodwill is the difference between the amount paid on the acquisition of the business of the Park Taverns partnership and the aggregate fair value of its separable net assets. It is being written off in equal annual instalments over its estimated economic life of 4 years. The amortisation period has been shortened from 10 years following a review of the remaining useful life of goodwill.

(c) Tangible fixed assets and depreciation

Fixed assets are recorded at cost, less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value over the expected useful life of each asset as follows:

Leasehold improvements	over 10 years
Motor vehicles	25% straight line
Fixtures, fittings and equipment	20% straight line
Office equipment	20% straight line

(d) Investment in associated undertakings

Investments in associated undertakings are included in the group accounts using equity accounting.

(e) Stocks

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

(f) Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

OAK TAVERNS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

1. ACCOUNTING POLICIES CONTINUED

(g) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

(h) Pensions

The company operates a defined contribution pension scheme covering the director and one employee, it also makes contributions to a stakeholder scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the company in an independently administered funds.

(i) Disposal of public houses

The purchase and sale of public houses are part of the trading activities of the business and not an exceptional item. Consequently this has resulted in any profit being included as other operating income and not as an exceptional item.

2. OPERATING (LOSS)/PROFIT	<u>2004</u>	<u>2003</u>
This is stated after charging/(crediting):		
Director's emoluments (including pension costs)	76,552	49,734
Auditors' remuneration	6,000	4,750
Depreciation: owned assets	74,631	58,710
assets held under finance leases and hire purchase contracts	13,852	14,997
Loss/(profit) on disposal of fixed assets	<u>262</u>	<u>(109,719)</u>

3. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Corporation tax	8,527	13,606
Charge in deferred tax provision (note 10)	<u>(3,081)</u>	<u>(7,873)</u>
	<u>£ 5,446</u>	<u>£ 5,733</u>

These notes form part of, and are to be read in conjunction with, the attached accounts.

OAK TAVERNS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

4. INTANGIBLE FIXED ASSETS

Goodwill

COST:

At 1 October 2003	-
Additions	200,000
At 30 September 2004	<u>£ 200,000</u>

AMORTISATION:

At 1 October 2003	-
On acquisition	151,667
Provided during the period	45,833
At 30 September 2004	<u>£ 197,500</u>

NET BOOK VALUE:

At 30 September 2004	<u>£ 2,500</u>
At 30 September 2003	<u>£ -</u>

5. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Fixtures & Fittings	Freehold Property	Motor Vehicles	Office Equipment	Total
COST:						
At 1 October 2003	58,736	278,891	-	48,665	23,867	410,159
Acquired on merger	80,944	150,892	150,550	-	2,529	384,915
Additions	12,764	8,634	581,525	16,349	2,568	621,840
Disposals	-	(8,111)	-	(32,170)	-	(40,281)
At 30 September 2004	<u>£ 152,444</u>	<u>£ 430,306</u>	<u>£ 732,075</u>	<u>£ 32,844</u>	<u>£ 28,964</u>	<u>£1,376,633</u>

DEPRECIATION:

At 1 October 2003	23,686	203,467	-	31,904	19,379	278,436
On merger	18,801	86,661	3,699	-	1,555	110,716
Provided during the year	13,625	60,954	6,271	5,805	1,829	88,484
Disposals	-	(998)	-	(17,361)	-	(18,359)
At 30 September 2004	<u>£ 56,112</u>	<u>£ 350,084</u>	<u>£ 9,970</u>	<u>£ 20,348</u>	<u>£ 22,763</u>	<u>£ 459,277</u>

NET BOOK VALUE:

At 30 September 2004	<u>£ 96,332</u>	<u>£ 80,222</u>	<u>£ 722,105</u>	<u>£ 12,496</u>	<u>£ 6,201</u>	<u>£ 917,356</u>
At 30 September 2003	<u>£ 35,050</u>	<u>£ 75,424</u>	<u>£ -</u>	<u>£ 16,761</u>	<u>£ 4,488</u>	<u>£ 131,723</u>

The net book value of motor vehicles above includes an amount of £12,497 (2003: £16,761) in respect of assets held under finance leases and hire purchase contracts.

OAK TAVERNS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

6. INVESTMENTS

	2004	2003
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COST

Unlisted investments	£ 5,000	£ -
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The company owns 100% of the issued share capital of Park Taverns Limited, a company incorporated in England.

Aggregate capital and reserves	5,000
Profit after tax for the year	<u>(16,972)</u>

7. DEBTORS

Trade debtors	5,510	1,598
Other debtors	58,894	121,617
Prepayments	95,985	79,074
	<u>£ 160,389</u>	<u>£ 202,289</u>

Included in other debtors are amounts of £44,040 which are due after more than one year (2003: £22,325).

8. CREDITORS: amounts falling due within one year

Bank loans and overdrafts	91,476	-
Other loans	27,940	-
Obligations under finance leases and hire purchase contracts	1,277	8,699
Trade creditors (note 14)	215,761	129,867
Corporation tax	8,527	13,584
Other taxes and social security costs	65,024	40,361
Director's loan account	119,992	51,502
Other creditors	18,637	4,100
Accruals	10,327	8,450
	<u>£ 558,961</u>	<u>£ 256,563</u>

Hire purchase and finance lease obligations are secured on the assets concerned.

The bank loans and overdraft are secured by an un-scheduled mortgage debenture dated 11 August 2003, incorporating a fixed and floating charge over all current and future assets of the company, an unlimited composite guarantee dated 18 August 2003 between Oak Taverns Limited and Park Taverns Limited, and mortgages over the freehold properties, The White Hart Coaching Inn, Norfolk, The Royal Oak, Suffolk, Old Crown Inn, Stroud, The Feathers, Norfolk and over the leasehold property of The Cock, Norwich and a guarantee from the directors, limited to £200,000.

OAK TAVERNS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

9. CREDITORS: Amounts falling due after more than one year	<u>2004</u>	<u>2003</u>
Bank loan (note 8)	418,277	-
Other loans	44,920	-
Obligations under finance leases and hire purchase contracts (note 8)	<u>13,556</u>	<u>1,818</u>
	<u>£ 476,753</u>	<u>£ 1,818</u>
Debt due after more than one year:		
repayable between one and five years	339,842	1,818
repayable in five years or more	<u>136,911</u>	<u>-</u>
	<u>£ 476,753</u>	<u>£ 1,818</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation are as follows:

Balance brought forward	1,977	-
Acquired on merger	4,599	-
Charge for the year	<u>(3,081)</u>	<u>1,977</u>
Balance carried forward	<u>£ 3,495</u>	<u>£ 1,977</u>

11. SHARE CAPITAL

Authorised

1,080 Ordinary shares of £1 each	1,080	-
460 Ordinary 'A' shares of £1 each	460	1,000
460 Ordinary 'B' shares of £1 each	<u>460</u>	<u>1,000</u>
	<u>£ 2,000</u>	<u>£ 2,000</u>

Issued and fully paid

1,080 Ordinary shares of £1 each	1,080	-
460 Ordinary 'A' shares of £1 each	460	100
460 Ordinary 'B' shares of £1 each	<u>460</u>	<u>100</u>
	<u>£ 2,000</u>	<u>£ 200</u>

During the year, the issued shares were re-classified as a single class of £1 ordinary shares from which a bonus issue was made. The remaining unissued share capital was reclassified as A ordinary and B ordinary shares. The A ordinary and B ordinary shares were issued in exchange for the £1 ordinary shares of Park Taverns Limited on 30 November 2003.

OAK TAVERNS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

12. OTHER FINANCIAL COMMITMENTS

At 30 September 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>2004</u>	<u>2003</u>
	Land & Buildings	
Operating leases which expire:		
within one year	53,516	5,200
within two to five years	53,542	25,000
in over five years	<u>369,178</u>	<u>271,269</u>
	<u>£ 476,236</u>	<u>£ 301,469</u>

13. CAPITAL COMMITMENTS

Contracted but not provided	<u>£ -</u>	<u>£ 5,000</u>
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14. RELATED PARTY TRANSACTIONS

The company was under the control of E Scott and I Collinson, its directors.

During the year the company acquired goods and services on behalf of the partnership Acorn Freehouses in which Mr I Collinson is a partner, to the value of £2,815 (2003: £2,295) and a management fee of £6,500 (2003: £5,600) was charged to Acorn. Included in Other debtors is a balance of £3,019 which Acorn Freehouses owed the company at the year end (2003: £204). A management fee of £5,000 (2003: £58,500) was charged to Park Taverns Limited, a company in which, at the balance sheet date Mr I Collinson and Mr E Scott are shareholders and which became a wholly owned subsidiary on 30 November 2003. All transactions were charged at normal commercial rates.

Rent was paid to the Oak Taverns Limited Pension Fund of £22,667 (2003: £21,000) in respect of a public house leased from the scheme. Included in other debtors is a rent deposit of £3,800 (2003: £3,800) which is held by the Oak Taverns Limited Pension Fund. These transactions were on a normal trading basis.