

**Company Registration No. 06198430 (England and Wales)**

**BRITISH COUNTRY INNS 4 PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 24 JANUARY 2009**

# BRITISH COUNTRY INNS 4 PLC

## COMPANY INFORMATION

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**Directors**

D T Udell  
A J Miller  
P J Mathews  
M W Sherwood

**Secretary**

Athenaeum Secretaries Ltd

**Company number**

06198430

**Registered office**

Ampney House  
Falcon Close  
Quedgeley  
Gloucester  
GL2 4BR

**Auditors**

Saffery Champness  
Lion House  
Red Lion Street  
London  
WC1R 4GB

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# BRITISH COUNTRY INNS 4 PLC

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## **BRITISH COUNTRY INNS 4 PLC**

### **CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 24 JANUARY 2009**

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I am pleased to enclose the Report and Accounts for your Company for the period ended 24<sup>th</sup> January 2009 and to invite you to attend the Company's Annual General meeting to be held at the offices of Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY at 10.30am on Thursday 18<sup>th</sup> June 2009.

#### **Performance**

Despite the unnerving state of the UK economy, the constant flow of depressing business and licensed trade news, your Company has contained its overall loss for the year to £387,972 (2008 part year: £941 profit). During the year we have continued to develop the estate, with the acquisitions of the Three Horseshoes at Allensmore, the Llangeinor Arms, the Butchers Arms and the Old Barn. Investment has been completed at the Inn on the Wye and the Butchers Arms. The Company purchased a closed house, the Old Brewery at St Athans, for future development.

#### **Profitability**

- The Company's performance has been affected by the continuing programme of acquisition and development which initially results in increased costs before contribution improves. Total house trading loss (before central costs, depreciation and interest) was £11,122 (2008 part year: £26,231 profit), representing -0.72% of turnover.
- The Company's most productive pub is trading at a profit of 17.6% of turnover.
- The Company's profitability has been affected by the ongoing acquisition of properties and the refurbishment of a number of outlets. In addition there have been a number of unit management changes.
- Management continues to exploit the trading opportunities which exist at each site and to drive each business towards a maturity.
- An overall gross profit margin of 63.7% (2008:70.7%) has been achieved. We continue to negotiate the best deals we can from our suppliers and in particular to improve the gross profit margins on food through tighter management controls.
- Labour costs have increased to 41.9% of turnover (2008:39.9%) including an increase in the National Minimum Wage of 3.8%. This ratio will improve this year now that the whole estate is fully operational.
- The addition of new outlets and part year trading has resulted in trading expenses being 18.9% of turnover. With turnover planned to increase by 57% on last year, which is a reflection of a full 12 months trading from each outlet, the trading expenses as a percentage of turnover will reduce dramatically.

There is no doubt that the overall effects of the economic downturn have had a significant impact on consumer confidence. In some respects we are fortunate in that our target audience is largely the grey pound and the family trade, which has not been affected to the same extent as the "wet led" community local.

The pub trade has been the subject of considerable adverse comment in the national and trade press, with the Government wanting to curb alcohol abuse yet not willing to challenge the supermarkets, who are selling liquor at close to cost. Yet again in the April budget the Government has increased duty. This directly affects the price of a pint in the pub but the supermarkets are largely able to absorb the increased costs and even reduce the price of some products.

Some 40 pubs close each week with tenants unable to meet their financial commitments and small free house owners unable to service loans or obtain borrowing facilities. This short term reduction in the number of pubs should result in an increase in the value of those remaining in the long term. The industry generally is facing challenging times which has inevitably had a knock on effect on turnover and the capital value of the individual pub.

## BRITISH COUNTRY INNS 4 PLC

### CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 24 JANUARY 2009

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#### Progress

- Through all this management have made steady progress in the development of the Company's pub estate.
- The performance of the **Royal Oak, Much Marcle** has now improved following the refurbishment and a recent management change.
- **The Inn on the Wye** has been refurbished and following a recent management change there has been a significant upturn in business.
- **The Three Horseshoes at Allensmore** had a superb year and continues to trade well under its young management team.
- **The Llangeinor Arms** performed well in the part year under the Company's ownership. Management has put in place measures to contain the working expenses and so improve the overall profitability by the year end.
- **The Butchers Arms**, which was bought as a closed house and refurbished prior to re-opening, continues to perform satisfactorily as a community local offering excellent food.
- **The Old Barn** was acquired in September and since acquisition has been closed for a minor refurbishment. With a new management team in place we are confident of a good year at the house.
- Management continues to review the future of **the Old Brewery** which remains closed for trade. Planning and licensing consent are in place for a major redevelopment to be undertaken once the economic position improves. In the meantime the annual outgoings are kept to a minimum.

#### Key Performance Indicators

- Modest sales growth in the houses acquired and developed after allowing for disruption caused by acquisition and refurbishment.
- Gross profit margins are being maintained towards the upper end of the industry norm.
- Staff costs in line with industry norms.

#### Prospects

- Management continues to review all costs in the business, including central costs. It should be noted that the Directors do not have any benefits over and above salary.
- All food and drink supplier cost prices are reviewed continually as are utilities, refuse disposal and cleaning supplies.
- A tighter system of wage cost control has been introduced.
- Like for like sales in the first quarter of the new year are up 14.8%.
- We continue to develop the trading opportunities that exist throughout the estate to develop each business towards maturity.
- The quality of marketing and websites is being revised and improved.
- The weak pound and the probability of more people holidaying in the UK this year will provide the opportunity for increased accommodation sales in those houses with letting bedrooms.

#### Risks and Uncertainties

- The current state of the UK and world economy may result in customers reducing their leisure and eating out expenditure.
- Continued Government interference in the market which is no doubt having an effect on consumer confidence.

#### Environment

The Company recognizes the importance of its environmental responsibilities. Initiatives designed to minimize the Company's impact on the environment include recycling and reducing energy consumption wherever possible.

**BRITISH COUNTRY INNS 4 PLC**

**CHAIRMAN'S STATEMENT  
FOR THE PERIOD ENDED 24 JANUARY 2009**

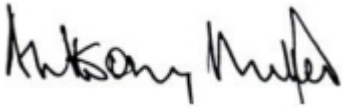
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**Management and Employees**

Once again on your behalf I would like to thank the operational staff, individual licensees and their staff for all that they are doing to make this into a successful business. They are all working extremely hard to move their businesses forward.

Finally I would encourage you to visit anyone of our pubs to see for yourself how the businesses are now trading following the investment that has been made. You might also like to visit our website at [www.bciplc.co.uk](http://www.bciplc.co.uk) for further details and directions.

If you require any further assistance, please contact Tax Efficient Solutions at Smith & Williamson on 0207 7131 4502.



A J Miller  
Chairman

18 May 2009

## **BRITISH COUNTRY INNS 4 PLC**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 24 JANUARY 2009**

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The directors present their report and financial statements for the period ended 24 January 2009.

#### **Principal activities and review of the business**

The principal activity of the company is the ownership and operation of a portfolio of public houses. A review of the business is given in the Chairman's statement.

#### **Results and dividends**

The results for the period are set out on page 8.

#### **Directors**

The following directors have held office since 27 January 2008:

D T Udell

A J Miller

P J Mathews

M W Sherwood

#### **Creditor payment policy**

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that the suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

As at the period end creditor days amounted to 21 (2008: 74).

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

**DIRECTORS' REPORT (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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**Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that 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.

**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



M W Sherwood

**Director**

18 May 2009

## **BRITISH COUNTRY INNS 4 PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRITISH COUNTRY INNS 4 PLC**

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We have audited the financial statements of British Country Inns 4 PLC for the period ended 24 January 2009 set out on pages 8 to 19. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

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.

**BRITISH COUNTRY INNS 4 PLC**

**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE SHAREHOLDERS OF BRITISH COUNTRY INNS 4 PLC**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 January 2009 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



**Saffery Champness**

18 May 2009

Chartered Accountants  
**Registered Auditors**

Lion House  
Red Lion Street  
London  
WC1R 4GB

**BRITISH COUNTRY INNS 4 PLC**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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		<b>Period ended 24 January 2009 £</b>	<b>Period ended 26 January 2008 £</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>2</b>	1,541,818	149,411
Cost of sales	<b>3</b>	(1,644,743)	(131,771)
<b>Gross (loss)/profit</b>		(102,925)	17,640
Administrative expenses		(392,696)	(147,974)
<b>Operating loss</b>	<b>4</b>	(495,621)	(130,334)
Other interest receivable and similar income		107,649	135,965
<b>(Loss)/profit on ordinary activities before taxation</b>		(387,972)	5,631
Tax on (loss)/profit on ordinary activities	<b>5</b>	-	(4,690)
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>12</b>	(387,972)	941

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 11 to 19 form part of these financial statements.

**BRITISH COUNTRY INNS 4 PLC****BALANCE SHEET  
AS AT 24 JANUARY 2009**

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		<b>2009</b>		<b>2008</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>6</b>	202,960		112,708	
Tangible assets	<b>7</b>	6,066,307		2,149,560	
		<u>6,269,267</u>		<u>2,262,268</u>	
<b>Current assets</b>					
Stocks	<b>8</b>	63,970		26,742	
Debtors	<b>9</b>	53,946		30,872	
Cash at bank and in hand		150,184		4,492,170	
		<u>268,100</u>		<u>4,549,784</u>	
<b>Creditors: amounts falling due within one year</b>	<b>10</b>	<u>(179,714)</u>		<u>(66,427)</u>	
<b>Net current assets</b>		<u>88,386</u>		<u>4,483,357</u>	
<b>Total assets less current liabilities</b>		<u>6,357,653</u>		<u>6,745,625</u>	
<b>Capital and reserves</b>					
Called up share capital	<b>11</b>	3,658,376		3,658,376	
Share premium account	<b>12</b>	3,086,308		3,086,308	
Profit and loss account	<b>12</b>	<u>(387,031)</u>		<u>941</u>	
<b>Shareholders' funds</b>	<b>13</b>	<u>6,357,653</u>		<u>6,745,625</u>	

The notes on pages 11 to 19 form part of these financial statements.

Approved by the Board and authorised for issue on 18 May 2009



M W Sherwood  
**Director**

**BRITISH COUNTRY INNS 4 PLC**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 24 JANUARY 2009**

	Notes	Period ended 24 January 2009		Period ended 26 January 2008	
		£	£	£	£
<b>Net cash outflow from operating activities</b>	<b>16</b>		(316,341)		(100,699)
<b>Returns on investments and servicing of finance</b>					
Interest received		107,649		135,965	
<b>Net cash inflow for returns on investments and servicing of finance</b>			107,649		135,965
<b>Taxation</b>			(4,790)		-
<b>Capital expenditure</b>					
Payments to acquire tangible assets		(750,026)		(48,023)	
<b>Net cash outflow for capital expenditure</b>			(750,026)		(48,023)
<b>Acquisitions and disposals</b>					
Acquisition of unincorporated businesses	<b>19</b>	(3,240,393)		(2,154,630)	
Acquisition expenses		(142,075)		(85,127)	
<b>Net cash outflow for acquisitions and disposals</b>			(3,382,468)		(2,239,757)
<b>Net cash outflow before financing</b>			(4,345,976)		(2,252,514)
<b>Financing</b>					
Issue of ordinary share capital		-		7,286,751	
Cost of share issue		-		(542,067)	
<b>Net cash (outflow)/inflow from financing</b>			-		6,744,684
<b>(Decrease)/increase in cash in the period</b>	<b>17, 18</b>		(4,345,976)		4,492,170

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**1.4 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

Goodwill is reviewed annually for indications of impairment as described in the tangible fixed asset accounting policy set out below.

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	75 years straight line
Fixtures, fittings & equipment	10-20% straight line

Freehold land is not depreciated

The directors assess assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Assets are grouped into individual cash generating units which are assessed separately. Impairment occurs where the recoverable amount of the asset is less than its carrying amount. Recoverable amount is the higher of an assets net realisable value less costs to sell and its value in use. Any impairment loss is treated as a charge through the profit and loss account.

**1.6 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.7 Stock**

Stock is valued at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009

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**1 Accounting policies**

(continued)

**1.8 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

**2 Turnover**

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

**3 Cost of sales**

The company's cost of sales consist of all direct expenditure incurred in operating its public houses. This includes direct goods for trading, labour, promotional, utilities, maintenance, depreciation of tangible fixed assets and other consumables.

**4 Operating loss**

	<b>2009</b>	<b>2008</b>
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	20,749	2,292
Depreciation of tangible assets	91,852	8,590
Auditors' remuneration		
- Audit fees	7,000	4,500
- Other services pursuant to such legislation	2,403	2,750
	<u>          </u>	<u>          </u>

**BRITISH COUNTRY INNS 4 PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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<b>5 Taxation</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	-	4,690
	<hr/>	<hr/>
<b>Current tax charge</b>	-	4,690
	<hr/> <hr/>	<hr/> <hr/>
 <b>Factors affecting the tax charge for the period</b>		
(Loss)/profit on ordinary activities before taxation	(387,972)	5,631
	<hr/> <hr/>	<hr/> <hr/>
 (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.33% (2008: 30%)	(109,912)	1,689
	<hr/>	<hr/>
Effects of:		
Depreciation add back	26,021	2,577
Capital allowances	(57,273)	(18,942)
Tax losses carried forward	141,164	21,712
Other tax adjustments	-	(2,346)
	<hr/>	<hr/>
	109,912	3,001
	<hr/>	<hr/>
<b>Current tax charge</b>	-	4,690
	<hr/> <hr/>	<hr/> <hr/>

The company has estimated losses of £570,655 (2008: £72,372) available to carry forward against future trading profits. Based on a future expected tax rate of 28% this represents a deferred tax asset of approximately £159,783 (2008: £20,264). A deferred tax liability arises between depreciation and capital allowances of £57,683 (2008: £16,522). The resulting net deferred tax asset has not been included in the balance sheet as the necessary conditions for recognition have not been met.

**BRITISH COUNTRY INNS 4 PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

**6 Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 27 January 2008	115,000
Additions	111,001
	<hr/>
At 24 January 2009	226,001
	<hr/>
<b>Amortisation</b>	
At 27 January 2008	2,292
Charge for the period	20,749
	<hr/>
At 24 January 2009	23,041
	<hr/>
<b>Net book value</b>	
At 24 January 2009	202,960
	<hr/> <hr/>
At 26 January 2008	112,708
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**7 Tangible fixed assets**

	<b>Land and buildings Freehold £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 27 January 2008	2,000,297	157,853	2,158,150
Additions	3,375,362	633,237	4,008,599
	<hr/>	<hr/>	<hr/>
At 24 January 2009	5,375,659	791,090	6,166,749
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 27 January 2008	4,457	4,133	8,590
Charge for the period	36,692	55,160	91,852
	<hr/>	<hr/>	<hr/>
At 24 January 2009	41,149	59,293	100,442
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 24 January 2009	5,334,510	731,797	6,066,307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 26 January 2008	1,995,840	153,720	2,149,560
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**BRITISH COUNTRY INNS 4 PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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<b>8</b>	<b>Stocks</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Finished goods and goods for resale	63,970	26,742
		<u>63,970</u>	<u>26,742</u>
<b>9</b>	<b>Debtors</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Other debtors	20,291	22,812
	Prepayments and accrued income	33,655	8,060
		<u>53,946</u>	<u>30,872</u>
<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	3,990	-
	Trade creditors	56,273	16,288
	Corporation tax	(100)	4,690
	Other taxes and social security costs	64,433	17,997
	Other creditors	1,803	15,627
	Accruals and deferred income	53,315	11,825
		<u>179,714</u>	<u>66,427</u>

**BRITISH COUNTRY INNS 4 PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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<b>11 Share capital</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
20,000,000 Ordinary of 50p each	10,000,000	10,000,000
100,000 A Ordinary of 50p each	50,000	50,000
20,000,000 Deferred shares of 50p each	10,000,000	10,000,000
	<u>20,050,000</u>	<u>20,050,000</u>
<b>Allotted share capital</b>		
7,256,752 Ordinary of 50p each	3,628,376	3,628,376
100,000 A Ordinary of 50p each	50,000	50,000
	<u>3,678,376</u>	<u>3,678,376</u>
<b>Called up and paid share capital</b>		
7,256,752 Ordinary of 50p each	3,628,376	3,628,376
20,000 A Ordinary of 50p each	10,000	10,000
80,000 A Ordinary of 50p each partly paid	20,000	20,000
	<u>3,658,376</u>	<u>3,658,376</u>

At the period end of the 100,000 A Ordinary shares held by the directors, 20,000 had been called up as to 50p per share and 80,000 had been called up as to 25p per share. There is currently no formal timetable for the company to call the outstanding balance.

The ordinary shares of 50p each and the A Ordinary shares of 50p each rank pari passu except for rights to income and capital where, if the returns are in excess of a specified initial return as detailed in the Articles of Association of the company, 75% of any excess will be due to the holders of Ordinary shares of 50p each in proportion to their holdings of those shares and 25% of any excess will be due to the holders of A Ordinary shares of 50p each in proportion to their holdings of those shares.

**12 Statement of movements on reserves**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>
Balance at 27 January 2008	3,086,308	941
Retained loss for the period	-	<u>(387,972)</u>
Balance at 24 January 2009	<u>3,086,308</u>	<u>(387,031)</u>

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**BRITISH COUNTRY INNS 4 PLC****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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<b>13 Reconciliation of movements in shareholders' funds</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial period	(387,972)	941
Proceeds from issue of shares	-	7,286,751
Cost of share issue written off to share premium account	-	(542,067)
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(387,972)	6,745,625
Opening shareholders' funds	6,745,625	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>6,357,653</u>	<u>6,745,625</u>

<b>14 Directors' emoluments</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	136,362	82,763
	<hr/>	<hr/>

**15 Employees****Number of employees**

The average monthly number of employees (including directors) during the period was:

	<b>2009</b>	<b>2008</b>
	<b>Number</b>	<b>Number</b>
Directors	4	4
Operation of public houses	76	29
	<hr/>	<hr/>
	80	33
	<hr/>	<hr/>

**Employment costs**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	731,816	155,253
Social security costs	50,885	13,459
	<hr/>	<hr/>
	782,701	168,712
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 24 JANUARY 2009**

<b>16 Reconciliation of operating loss to net cash outflow from operating activities</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating loss	(495,621)	(130,334)
Depreciation of tangible assets	91,852	8,590
Amortisation of intangible assets	20,749	2,292
Increase in stocks	(24,334)	(12,112)
Increase in debtors	(23,074)	(30,872)
Increase in creditors within one year	114,087	61,737
<b>Net cash outflow from operating activities</b>	<b>(316,341)</b>	<b>(100,699)</b>
<b>17 Analysis of net debt</b>	<b>27 January 2008</b>	<b>Cash flow 24 January 2009</b>
	<b>£</b>	<b>£</b>
Net cash:		
Cash at bank and in hand	4,492,170	(4,345,976)
	4,492,170	(4,345,976)
Net debt	4,492,170	(4,345,976)
<b>18 Reconciliation of net cash flow to movement in net funds</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the period	(4,345,976)	4,492,170
<b>Movement in net funds in the period</b>	<b>(4,345,976)</b>	<b>4,492,170</b>
Opening net funds	4,492,170	-
<b>Closing net funds</b>	<b>146,194</b>	<b>4,492,170</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 24 JANUARY 2009**

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**19 Acquisitions and Disposals**

**Acquisition of unincorporated businesses**

Net assets acquired:	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Freehold	2,989,999	1,890,000
Tangible fixed assets	126,500	135,000
Stocks	12,894	14,630
	<u>3,129,393</u>	<u>2,039,630</u>
Goodwill	111,000	115,000
	<u>3,240,393</u>	<u>2,154,630</u>
Satisfied by:		
Cash	<u>3,240,393</u>	<u>2,154,630</u>