COQ d'OR RESTAURANT
CO. LIMITED ACCOUNTS
31ST MARCH 1998

Company Registration Number 319037

COQ d'OR RESTAURANT CO. LIMITED

ACCOUNTS

YEAR ENDED 31ST MARCH 1998

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COQ d'OR RESTAURANT CO. LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	R A Shepherd M Caine
Company secretary	M J Shepherd
Registered office	Langan's Brasserie Stratton Street Piccadilly London W1X 5FD
Auditors	BDO Stoy Hayward Registered Auditors Chartered Accountants Oakfield House Oakfield Grove Clifton Bristol BS8 2BN

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31st March 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a restaurant proprietor. It has one subsidiary which did not trade during the year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have recommended the following dividends:

	1998	1997
	£	£
Dividends paid on ordinary shares	-	880,000

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31st March 1998	At 1st April 1997
R A Shepherd	'A' Ordinary £1 Shares	40,000	40,000
M Caine	'B' Ordinary £1 Shares	40,000	40,000

On 13th June 1997, Mr R A Shepherd was granted an option to acquire Mr M Caine's entire holding of 40,000 'B' ordinary shares before 30th April 1999.

DONATIONS

During the year, the company made charitable donations of £420 (1997 - £2,708).

YEAR 2000

The company is working to address the computer problems generally referred to as Year 2000. A review has been undertaken of all existing hardware and software, and guarantees are being sought that all new equipment purchased is Year 2000 compliant. However, given the complexity of the problem it is not possible for any organisation to guarantee that no problems will remain because at least some level of failure may still occur although the Board believes that an acceptable state of readiness will be achieved. Any costs incurred are not likely to be material and are written off to the Profit and Loss Account.

EUROPEAN MONETARY UNION

It is clear that a capability for handling the euro will be essential following its introduction. The company will treat the euro as an additional currency in its systems, although the directors consider the effect on the company is likely to be minimal.

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 end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on pages 9 and 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 to enable them to ensure that the accounts comply with the Companies Act 1985. The directors 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.

POST BALANCE SHEET EVENT

On 13th July 1998 the company opened a new restaurant at 254 - 260 Old Brompton Road, London.

AUDITORS

A resolution to re-appoint BDO Stoy Hayward as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors

M J Shepherd

M J Shepherd
Company Secretary

Approved by the directors on 29th January 1999.

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST MARCH 1998

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the company's state of affairs as at 31st March 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
Registered Auditors
Chartered Accountants
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

29th January 1999.

COQ d'OR RESTAURANT CO. LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 1998

	Note	1998 £	1997 £
TURNOVER	2	7,886,972	7,497,261
Cost of sales		(2,531,949)	(2,500,372)
GROSS PROFIT		5,355,023	4,996,889
Administrative expenses		(4,692,268)	(4,567,643)
OPERATING PROFIT	3	662,755	429,246
Interest receivable	6	48,769	54,715
Interest payable and similar charges	7	(1,852)	(13,459)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		709,672	470,502
Tax on profit on ordinary activities	8	(213,988)	(179,234)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		495,684	291,268
Dividends	9	-	(880,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		495,684	(588,732)
Balance brought forward		93,018	681,750
Balance carried forward		588,702	93,018

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 17 form part of these accounts.

COQ d'OR RESTAURANT CO. LIMITED

BALANCE SHEET

31ST MARCH 1998

	Note	1998 £	1998 £	1997 £	1997 £
FIXED ASSETS					
Tangible assets	10		1,811,587		675,226
Investments	11		458,280		458,280
			2,269,867		1,133,506
CURRENT ASSETS					
Stocks	12	114,086		125,187	
Debtors	13	512,668		481,692	
Cash at bank and in hand		62,081		485,687	
		688,835		1,092,566	
CREDITORS: Amounts falling due within one year	14	(2,180,161)		(1,943,215)	
NET CURRENT LIABILITIES			(1,491,326)		(850,649)
TOTAL ASSETS LESS CURRENT LIABILITIES			778,541		282,857
CAPITAL AND RESERVES					
Called-up equity share capital	17		80,000		80,000
Revaluation reserve			89,839		89,839
Other reserves			20,000		20,000
Profit and loss account			588,702		93,018
SHAREHOLDERS' FUNDS	18		778,541		282,857

These accounts were approved by the directors on the 29th January 1999, and are signed on their behalf by:

Director - R A Shepherd

The notes on pages 9 to 17 form part of these accounts.

COQ d'OR RESTAURANT CO. LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST MARCH 1998

	1998 £	1998 £	1997 £	1997 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		944,845		763,773
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	48,769		54,715	
Interest paid	(1,938)		(14,771)	
Net cash inflow from returns on investments and servicing of finance		46,831		39,944
TAXATION		(178,392)		(359,765)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(1,236,890)		(89,998)	
Receipts from sale of fixed assets	-		14,000	
Net cash outflow from capital expenditure		(1,236,890)		(75,998)
EQUITY DIVIDENDS PAID		-		(880,000)
CASH OUTFLOW BEFORE FINANCING		(423,606)		(512,046)
FINANCING				
Net outflow from bank loans	-		(187,500)	
Net cash outflow from financing		-		(187,500)
DECREASE IN CASH		(423,606)		(699,546)

The notes on pages 9 to 17 form part of these accounts.

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	662,755	429,246
Depreciation	100,529	195,763
Profit on disposal of fixed assets	-	(14,000)
Decrease/(increase) in stocks	11,101	(5,758)
Increase in debtors	(30,537)	(81,979)
Increase in creditors	200,997	240,501
Net cash inflow from operating activities	944,845	763,773

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1998 £	£	1997 £	£
Decrease in cash in the period	(423,606)		(699,546)	
Cash outflow from bank loans	-		187,500	
Change in net funds		(423,606)		(512,046)
Net funds at 1st April 1997		485,687		997,733
Net funds at 31st March 1998		62,081		485,687

ANALYSIS OF CHANGES IN NET FUNDS

	At 1st April 1997 £	Cash flows £	At 31st March 1998 £
Cash in hand and at bank	485,687	(423,606)	62,081
Net funds	485,687	(423,606)	62,081

The notes on pages 9 to 17 form part of these accounts.

1. ACCOUNTING POLICIES

Basis of accounting
The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation
In the opinion of the directors, the company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The accounts present information about the company as an individual undertaking and not about its group.

Turnover
Turnover represents restaurant sales excluding value added tax. Turnover excludes discretionary service charges, which are credited against wages and salaries.

Goodwill
Goodwill arising on acquisition is written off direct to reserves in the year in which it arises.

Depreciation
Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Short leasehold buildings	- over the term of the lease
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Long leasehold buildings	- not provided

The directors consider that, because of expenditure on maintenance, the residual values of long leasehold properties are such that a nil rate of depreciation should be currently applied.

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

China, cutlery and glassware are valued at a fixed amount and costs of all replacements are expensed as incurred.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

1. ACCOUNTING POLICIES (continued)

Pension costs

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1st February 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 6.5% per annum and that retiring members would be replaced by new entrants aged 25 with the same earnings.

The pension cost charge for the year was £117,237 (1997: £199,991).

The actuarial valuation showed that the market value of the scheme's assets was £940,000 and that the actuarial value of those assets was sufficient to cover 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuary recommended increasing the contributions to the scheme by 4.5% for three years and making a one-off cash injection of £100,000. The contributions of the company and employees will be 11.8% and 3.5% respectively (1997: 8.8% and 3.5% respectively) for three years, thereafter reverting to 7.3% and 3.5% respectively.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Investment

The investment held as a fixed asset is stated at cost.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1998	1997
	£	£
United Kingdom	7,886,972	7,497,261

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1998	1997
	£	£
Staff pension contributions	99,535	184,539
Depreciation	100,529	195,763
Profit on disposal of fixed assets	-	(14,000)
Auditors' remuneration		
- as auditors	13,000	12,000
Operating lease costs		
- land and buildings	136,800	136,800

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1998	1997
	No.	No.
Catering staff	193	195
Administrative staff	11	13
	204	208

The aggregate payroll costs of the above were:

	1998	1997
	£	£
Wages and salaries	2,630,436	2,508,523
Social security costs	345,825	334,381
Other pension costs	117,237	199,991
	3,093,498	3,042,895

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1998 £	1997 £
Aggregate emoluments	503,091	575,010

Emoluments of highest paid director (excluding pension contributions)

	1998 £	1997 £
Total emoluments	350,764	407,671

Benefits are accruing under a defined benefits pension scheme and at the year end the accrued pension amounted to £45,006 (1997 - £22,003).

The number of directors who are accruing benefits under company pension schemes were as follows:

	1998 No.	1997 No.
Defined benefit schemes	1	1

6. INTEREST RECEIVABLE

	1998 £	1997 £
Bank interest receivable	48,769	54,715

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Interest payable on bank borrowing	483	13,372
Interest on overdue tax	1,369	87
	1,852	13,459

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
In respect of the year:		
Corporation tax based on the results for the year at 28.50% (1997 - 29.70%)	214,341	179,234
Adjustment in respect of previous years:		
Corporation tax	(353)	-
	213,988	179,234

9. DIVIDENDS

No dividend has been recommended for the year ended 31st March 1998.

In the year ended 31st March 1997, dividends of £880,000 were paid to shareholders.

10. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Long Leasehold Property £	Fixtures and Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1st April 1997	95,526	533,312	1,675,494	150,731	2,455,063
Additions	-	1,053,262	183,628	-	1,236,890
At 31st March 1998	95,526	1,586,574	1,859,122	150,731	3,691,953
DEPRECIATION					
At 1st April 1997	87,188	-	1,605,502	87,147	1,779,837
Charge for the year	3,335	-	80,584	16,610	100,529
At 31st March 1998	90,523	-	1,686,086	103,757	1,880,366
NET BOOK VALUE					
At 31st March 1998	5,003	1,586,574	173,036	46,974	1,811,587
At 31st March 1997	8,338	533,312	69,992	63,584	675,226

Revaluation of fixed assets

The short leasehold property was revalued in 1968.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	Short Leasehold Property 1998 £	Short Leasehold Property 1997 £
NBV of revalued tangible fixed assets:		
Net book value at end of year	5,003	8,338
Historical cost	5,161	5,161
Depreciation:		
At 1st April 1997	(4,665)	(4,484)
Charge for year	(180)	(181)
At 31st March 1998	(4,845)	(4,665)
Net historical cost value:		
At 31st March 1998	316	496
At 1st April 1997	496	677

11. INVESTMENTS

	Investment in Subsidiary Undertaking £
COST	
At 1st April 1997 and 31st March 1998	458,280
NET BOOK VALUE	
At 31st March 1998	458,280
At 31st March 1997	458,280

The company's investments in the ordinary share capital of unlisted companies at the balance sheet date include the following:

Company	Langben Restaurants Limited
Nature of business	Non-trading
Holding	100%
Number and class of shares held	100 Ordinary shares of £1 each
Capital and reserves at 31 March 1998	£454,657
Loss for the year ended 31 March 1998	£150

In the opinion of the directors there is no material difference between the net book value of the investment and its market value.

12. STOCKS

	1998 £	1997 £
Restaurant and kitchen supplies	109,586	120,687
China, cutlery and glassware	4,500	4,500
	114,086	125,187

13. DEBTORS

	1998 £	1997 £
Trade debtors	284,831	214,740
Other debtors	67,629	91,859
Corporation tax repayable	99,597	99,158
Prepayments	60,611	75,935
	512,668	481,692

14. CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Trade creditors	326,735	323,926
Amounts owed to group undertakings	453,307	454,807
Advance corporation tax	-	120,000
Corporation tax	214,341	58,392
Other taxes and social security	649,230	341,961
Other creditors	101,719	101,114
Accruals and deferred income	434,829	543,015
	2,180,161	1,943,215

15. COMMITMENTS UNDER OPERATING LEASES

At 31st March 1998 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	1998 £	1997 £
Operating leases which expire:		
Within two to five years	83,700	44,700
After more than five years	53,100	92,100
	136,800	136,800

16. RELATED PARTY TRANSACTIONS

For both the current and previous years the company was under the control of the directors.

During the year trademark renewal fees of £1,500 were paid on behalf of the company's subsidiary, Langben Restaurants Limited. During the previous year the company assigned four trademarks to its subsidiary, Langben Restaurants Limited, for a consideration of £100.

At 31st March 1998 the company owed it's subsidiary £453,307 (1997 - £454,807).

17. SHARE CAPITAL

Authorised share capital:

	1998 £	1997 £
76,000 Ordinary 'A' shares of £1 each	76,000	76,000
76,000 Ordinary 'B' shares of £1 each	76,000	76,000
	152,000	152,000

Allotted, called up and fully paid:

	1998 No.	1998 £	1997 No.	1997 £
Ordinary 'A' shares	40,000	40,000	40,000	40,000
Ordinary 'B' shares	40,000	40,000	40,000	40,000
	80,000	80,000	80,000	80,000

Equity shares

The 40,000 "B" Ordinary shares rank pari passu with the 40,000 "A" Ordinary shares in all respects.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	495,684	291,268
Dividends	-	(880,000)
	495,684	(588,732)
Opening shareholders' equity funds	282,857	871,589
Closing shareholders' equity funds	778,541	282,857

19. POST BALANCE SHEET EVENTS

On 13th July 1998 the company opened a new restaurant at 254 - 260 Old Brompton Road, London.