

# **ORIEL RESTAURANTS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**52 weeks ended 25 May 2008**

Registered number 2913605

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# **ORIEL RESTAURANTS LIMITED**

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# **ORIEL RESTAURANTS LIMITED**

## **COMPANY INFORMATION**

<b>DIRECTORS:</b>	G Turner M Mansigani J Parsons
<b>SECRETARY</b>	M Mansigani
<b>AUDITORS:</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>REGISTERED OFFICE:</b>	1st Floor 163 Eversholt Street London NW1 1BU
<b>REGISTERED NUMBER:</b>	2913605

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the 52 week period ended 25 May 2008

**Principal activity**

At the period end the principal activity of the company is that of operating restaurants

**Results and dividends**

The profit after tax for the period amounted to £1,054,952, (2007 £642,857) The directors do not propose the payment of a dividend (2007 £nil)

**Review of developments and future prospects**

The company will continue to operate restaurants for the foreseeable future

**Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of Tragus Group Limited, which include those of the company, are disclosed in the group's annual report which does not form part of this report

**Key Performance Indicators**

The Directors of Tragus Group Limited manage the group's operations on a divisional basis For this reason, the Company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Oriel Restaurants Limited The development, performance and position of the business of the group, which includes the company, is discussed within the Directors' Report of the Tragus Group Limited's financial statements which does not form part of this report

**Directors**

The directors of the company during the period were as follows

G Turner  
M Mansigani  
J Parsons

**DIRECTORS' REPORT**

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and

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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

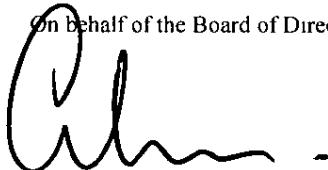
**Auditors and disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP who were appointed by the directors during the prior year and have indicated their willingness to continue in office will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under section 386.

On behalf of the Board of Directors



G Turner  
DIRECTOR

*10 September*

2008

1st Floor  
163 Eversholt Street  
LONDON NW1 1BU

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIEL RESTAURANTS LIMITED**

We have audited the financial statements of Oriel Restaurants Limited for the 52 week period ended 25 May 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**

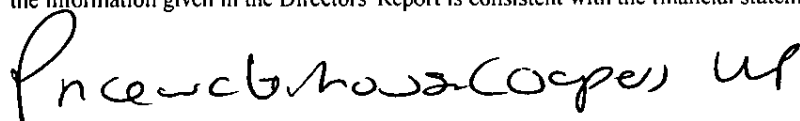
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

### **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 25 May 2008 and of its profit for the 52 week 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

15th September 2008

# ORIEL RESTAURANTS LIMITED

## PROFIT AND LOSS ACCOUNT

52 weeks ended 25 May 2008

	Notes	52 weeks ended 25 May 2008 £	Restated 52 weeks ended 27 May 2007 (note 1) £
<b>TURNOVER</b>	1	4,862,879	3,376,097
Cost of sales		<u>(3,221,094)</u>	<u>(2,147,580)</u>
<b>GROSS PROFIT</b>		1,641,785	1,228,517
Administrative expenses		<u>(575,084)</u>	<u>(550,324)</u>
<b>OPERATING PROFIT</b>	2	1,066,701	678,193
Interest payable and similar charges	4	<u>(93)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,066,608	678,193
Taxation on ordinary activities	5	<u>(11,656)</u>	<u>(35,336)</u>
<b>PROFIT FOR THE PERIOD</b>	12	<u><u>1,054,952</u></u>	<u><u>642,857</u></u>

All activities are in respect of continuing operations

The Company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historic cost equivalent


# ORIEL RESTAURANTS LIMITED

## BALANCE SHEET

As at 25 May 2008

	Notes	25 May 2008 £	27 May 2007 £
<b>FIXED ASSETS</b>			
Intangible assets	6	687,043	1,041,771
Tangible assets	7	<u>849,288</u>	<u>857,571</u>
		<b>1,536,331</b>	<b>1,899,342</b>
<b>CURRENT ASSETS</b>			
Stock - raw materials		28,385	31,709
Debtors	8	5,695,917	4,288,054
Cash at bank and in hand		<u>1,600</u>	<u>3,200</u>
		<b>5,725,902</b>	<b>4,322,963</b>
<b>CREDITORS - amounts falling due within one year</b>	9	<u>(1,182,202)</u>	<u>(1,208,882)</u>
<b>NET CURRENT ASSETS</b>		<u>4,543,700</u>	<u>3,114,081</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,080,031</b>	<b>5,013,423</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10	<u>(63,745)</u>	<u>(52,089)</u>
<b>NET ASSETS</b>		<u><b>6,016,286</b></u>	<u><b>4,961,334</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,000	1,000
Profit and loss account	12	<u>6,015,286</u>	<u>4,960,334</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	13	<u><b>6,016,286</b></u>	<u><b>4,961,334</b></u>

These financial statements on pages 5 to 12 were approved by the Board of Directors and authorised for issue on 10th September 2008 and signed on its behalf by



M Mansigant  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 25 May 2008**

**1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with Companies Act 1985 and applicable UK accounting standards. The particular accounting policies adopted by the directors which have been consistently applied are described below.

**Accounting convention**

The financial statements are prepared on the going concern basis under the historical cost convention.

**Turnover**

Turnover is the value of goods and services sold at restaurants, solely within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes. Turnover is recognised on provision of goods and services.

**Prior period restatement**

Management have reviewed the allocation of costs between the cost of sales and administrative expenses in the period. Management consider cost of sales should include all costs of operating the restaurants. The prior period profit and loss account has been restated to reflect this change in classification. This has resulted in a reclassification of £1,304,360 from administrative expenses to cost of sales.

**Pre opening costs**

Property rentals and other pre-opening costs incurred up to the date of opening a new restaurant are all written off to the profit and loss account in the period in which they arise.

**Leases**

Rental payments in respect of operating leases are charged against operating profit over the period of the lease. Rental income in respect of operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Rent free periods are recognised in the profit and loss account over the period to the first rent review.

**Pension costs**

The company provides for employee pensions through a group stakeholder pension scheme which is independently managed and the company will continue to contribute to this fund in future accounting periods. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Goodwill and intangible fixed assets**

On the acquisition of a business, fair values are attributed to the company's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the period of acquisition. Purchased goodwill is amortised to nil by equal annual instalments over the shorter of the directors' estimate of its useful life of 20 years and the remaining period of the lease to which the goodwill relates. On acquisition, directors make estimates to the fair values of the assets acquired. If necessary, these are revised in the year after acquisition.

**Tangible fixed assets**

Tangible fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Leasehold improvements are depreciated to their estimated residual values over their remaining lease periods, except where the anticipated renewal or extension of the lease is sufficiently certain that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that in most instances, leases are readily extendible by an additional 14 years. The maximum depreciation period for leasehold improvements is 30 years. In the current period, adopting this policy has resulted in a total net decrease in depreciation charged for the year of £nil.
- Furniture, fixtures and equipment are depreciated over 4 to 25 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

**Stocks**

Stocks are valued at the lower of cost and net realisable value and on a first in first out basis.

## **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 25 May 2008**

### **1 ACCOUNTING POLICIES (continued)**

#### **Taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred taxation assets and liabilities are calculated using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

The 2007 Finance Act reduced the main rate of UK corporation tax from 30% to 28% effective from 1 April 2008 and this change is reflected in these financial statements.

#### **Cash**

Cash held within this company is not cash held at bank, rather represents the cash floats held at restaurant sites. There will be no finance charges associated with this cash in the Profit and Loss account.

#### **Cash flow**

As permitted by Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts.

### **2 OPERATING PROFIT**

	<b>52 weeks ended 25 May 2008</b>	<b>52 weeks ended 27 May 2007</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is stated after charging</b>		
Depreciation of fixed assets (note 7)	106,699	75,153
Amortisation of goodwill (note 6)	354,728	308,873
Rentals under operating leases		
Land and buildings	<u>316,500</u>	<u>107,245</u>

Audit and tax fees are borne for the company by Tragus Holdings Limited, split as follows:

	<b>52 weeks ended 25 May 2008</b>	<b>52 weeks ended 27 May 2007</b>
	<b>£</b>	<b>£</b>
Audit services		
Fees payable to company auditor for the audit of company accounts	2,500	2,500
Non audit services		
Tax services	<u>1,000</u>	<u>2,500</u>

### **3 STAFF COSTS**

	<b>52 weeks ended 25 May 2008</b>	<b>52 weeks ended 27 May 2007</b>
	<b>Number</b>	<b>Number</b>
The average number of persons employed by the company during the period was		
Restaurants staff	<u>96</u>	<u>81</u>

# ORIEL RESTAURANTS LIMITED

## **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 25 May 2008**

### **3 STAFF COSTS (continued)**

	52 weeks ended 25 May 2008 £	52 weeks ended 27 May 2007 £
Staff costs incurred during the period in respect of these employees were		
Wages and salaries	1,044,654	754,895
Social security costs	77,688	56,923
Pension costs	3,385	2,206
	<u>1,125,727</u>	<u>814,024</u>

None of the directors received any remuneration in respect of their services for the company during the period

### **4. INTEREST PAYABLE AND SIMILAR CHARGES**

	52 weeks ended 25 May 2008 £	52 weeks ended 27 May 2007 £
Other interest payable	<u>93</u>	<u>-</u>

### **5 TAXATION**

	52 weeks ended 25 May 2008 £	52 weeks ended 27 May 2007 £
<b>Current taxation on profit for the period</b>		
UK corporation tax	-	-
<b>Total current taxation</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Timing differences	17,798	36,573
Effect of decreased tax rate on opening liability	(3,282)	-
Prior period	(2,860)	(1,237)
<b>Total deferred taxation (note 10)</b>	<u>11,656</u>	<u>35,336</u>
<b>Total taxation charge</b>	<u>11,656</u>	<u>35,336</u>

The tax assessed for the period is lower (2007 lower) than the standard rate of corporation tax in the UK. The differences are explained below

#### **Factors affecting the tax charge for the period**

Profit before tax	<u>1,066,608</u>	<u>678,193</u>
Tax at current UK corporation tax rate of 29.67% (2007 - 30%)	316,463	203,458
Effect of		
Expenses not deductible for tax	-	-
Capital allowances in excess of depreciation	(12,505)	(33,251)
Amortisation of goodwill	105,248	92,662
Group relief received	(409,206)	(262,869)
<b>Current tax charge for the period</b>	<u>-</u>	<u>-</u>

The corporation tax rate was reduced to 28% from 30% on 1 April 2008. The pro-rated corporation tax rate for the period is 29.67%.

# ORIEL RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**52 weeks ended 25 May 2008**

### 6 INTANGIBLE ASSETS

	Goodwill £
<u>Cost</u>	
At 27 May 2007 and 25 May 2008	1,965,966
<u>Amortisation</u>	
At 27 May 2007	(924,195)
Charge for the period	<u>(354,728)</u>
At 25 May 2008	<u>(1,278,923)</u>
<u>Net book amount</u>	
At 25 May 2008	<u><u>687,043</u></u>
At 27 May 2007	<u><u>1,041,771</u></u>

### 7 TANGIBLE ASSETS

	Leasehold improvements £	Furniture, fixtures & equipment £	Total £
<u>Cost</u>			
At 27 May 2007	495,260	569,105	1,064,365
Additions	<u>55,818</u>	<u>42,598</u>	<u>98,416</u>
At 25 May 2008	<u>551,078</u>	<u>611,703</u>	<u>1,162,781</u>
<u>Depreciation</u>			
At 27 May 2007	(104,519)	(102,275)	(206,794)
Charge for the period	<u>(64,359)</u>	<u>(42,340)</u>	<u>(106,699)</u>
At 25 May 2008	<u>(168,878)</u>	<u>(144,615)</u>	<u>(313,493)</u>
<u>Net book amount</u>			
At 25 May 2008	<u><u>382,200</u></u>	<u><u>467,088</u></u>	<u><u>849,288</u></u>
At 27 May 2007	<u><u>390,741</u></u>	<u><u>466,830</u></u>	<u><u>857,571</u></u>

### 8 DEBTORS

	25 May 2008 £	27 May 2007 £
Trade debtors	32,500	32,500
Amounts owed by group undertakings	5,633,775	4,217,121
Prepayments and accrued income	<u>29,642</u>	<u>38,433</u>
	<u><u>5,695,917</u></u>	<u><u>4,288,054</u></u>

Amounts owed by group undertakings have no fixed repayment date, are interest free and unsecured

# ORIEL RESTAURANTS LIMITED

## **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 25 May 2008**

### **9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	25 May 2008 £	27 May 2007 £
Amounts owed to group undertakings	1,000,000	1,000,000
Accruals and deferred income	134,317	157,584
Other creditors	<u>47,885</u>	<u>51,298</u>
	<u><u>1,182,202</u></u>	<u><u>1,208,882</u></u>

Amounts owed to group undertakings have no fixed repayment date, are interest free and unsecured

### **10 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred tax £
At 27 May 2007	52,089
Charge for the period (note 5)	<u>11,656</u>
<b>At 25 May 2008</b>	<u><b>63,745</b></u>

The amounts provided for deferred taxation are set out below

	Provided 25 May 2008 £	Provided 27 May 2007 £
Capital allowances in excess of depreciation	<u><u>63,745</u></u>	<u><u>52,089</u></u>

### **11. SHARE CAPITAL**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	25 May 2008 £	27 May 2007 £	25 May 2008 £	27 May 2007 £
1,000 Ordinary shares of £1 each	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>

### **12 STATEMENT OF MOVEMENTS ON RESERVES**

	Profit and loss account £
At 27 May 2007	4,960,334
Profit for the period	<u>1,054,952</u>
<b>At 25 May 2008</b>	<u><b>6,015,286</b></u>

## **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 25 May 2008**

### **13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	25 May 2008 £	27 May 2007 £
Shareholders funds at beginning of period	4,961,334	4,318,477
Profit for the period	<u>1,054,952</u>	<u>642,857</u>
Shareholders funds at end of period	<u><u>6,016,286</u></u>	<u><u>4,961,334</u></u>

### **14 PENSION COSTS**

The group contributes to a stakeholder pension scheme for employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable in respect of the accounting period and amounted to £3,385 (2007 £2,206). There were no outstanding contributions at the end of the financial period (2007 £nil).

### **15. LEASE COMMITMENTS**

At the period end, the company was committed to making the following payments during the next year in respect of operating leases on land and buildings which expire

	25 May 2008 £	27 May 2007 £
Due within one year	105,000	105,000
Between two and five years	-	-
More than five years	<u><u>211,500</u></u>	<u><u>211,500</u></u>

### **16 RELATED PARTIES**

The company is a wholly owned subsidiary of Tragus Group Limited and has taken advantage of the exemption given in Financial Reporting Standard No 8 not to disclose transactions with other group companies.

### **17 PARENT UNDERTAKING**

The ultimate parent undertaking is Tragus Cayco Limited, registered in the Cayman Islands. The smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Tragus Bidco Limited, registered in England and Wales, the largest Tragus Group Limited registered in England and Wales. Copies of these accounts can be obtained from 1st Floor, 163 Eversholt Street, London, NW1 1BU, United Kingdom.

The Group considers The Blackstone Group as the ultimate controlling party by way of its majority shareholding of Tragus Cayco Limited.