

Hakkasan Limited

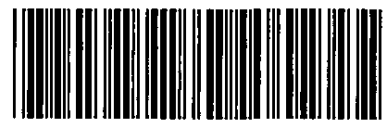
Report and Financial Statements

Period Ended

28 May 2011

Company Number 3488606

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Hakkasan Limited

Report and financial statements for the period ended 28 May 2011

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Directors

K Al Qubaisi
M B Al-Husseiny
N M Howard

Secretary and registered office

M Benjamin, 4th Floor, 151 Wardour Street, London, W1F 8WE

Company number

3488606

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Hakkasan Limited

Report of the directors for the period ended 28 May 2011

The directors present their report and the audited financial statements for the 52 weeks ended 28 May 2011

Principal activities and business review

The principal activities of the company during the period were the operation of three restaurants and the development of restaurants under management contracts and franchise agreements

The directors are pleased with the outcome of what has been another busy, and successful, year for the company. The success has been maintained, despite the difficult micro-economic climate, by focusing on quality, reputation and strategic growth.

The main event of the period was the opening of the new Hakkasan restaurant in Mayfair, London in November 2010. The restaurant has traded very successfully since opening and has contributed to a big overall increase in turnover for the company of 35%. The original Hakkasan and Yauatcha restaurants continued to trade well in the period as did the Hakkasan restaurants operating under management agreements in Miami and Abu Dhabi.

Shortly after the year end the company opened a new Hakkasan located in Mumbai, India, and operated under a franchise agreement. This was followed by the openings of a Hakkasan in Dubai in November 2011 (under a management agreement), a Yauatcha in Mumbai in December 2011 (the second restaurant under the Indian franchise agreement) and a Hakkasan in New York City in April 2012.

Overall profitability has been impacted by two exceptional items in the year, the first of these being the partial release of the provision as a result of settlement of the tronc legal claim and the second being the waiver of all interest on the shareholder and other loans.

Results and dividends

The profit for the period amounted to £7,330 (2010 - £638,259). The directors have not recommended the payment of a dividend (2010 - £Nil).

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors and loans. The main purpose of these instruments is to raise funds for and to finance the company's operations.

In respect of bank balances, liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through use of bank deposits and loan funding from shareholders. The company makes use of money market facilities where funds are available. The company manages its liquidity risk by ensuring there are sufficient funds to meet its payments including from shareholder's support.

Principal risks and uncertainties

The key risks and uncertainties relate to ensuring consistent delivery of the products and services offered, to ensure that the restaurants retain their attractiveness to customers.

There is significant competition in the restaurant markets in which the company operates and it aims to offer the highest levels of product and service in order to keep ahead of its competitors. This is particularly important under the current tough economic conditions, which have had an adverse effect on restaurant businesses in many of the locations where the company operates.

One significant factor in keeping ahead of competitors is the high level of skill exhibited by the company's employees in producing and serving the exceptional food and drink available in the restaurants. To maintain this, the company provides excellent training, competitive remuneration and other benefits to encourage retention of staff.

Hakkasan Limited

Report of the directors for the period ended 28 May 2011 (continued)

Directors

The directors, who served the company during the period, and since the period end were as follows

K Al Qubaisi
M B Al-Husseiny
N M Howard
D J Forbes (resigned 30 May 2010)
D J Plaut (appointed 1 February 2011, resigned 13 June 2011)

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The company operates an equal opportunities employment ethos. It also has in place a training programme to ensure that all staff are fully trained and up to date with statutory laws and requirements relating to food hygiene, health and safety, licensing and employment law.

Directors' responsibilities

The directors are responsible for preparing the directors' report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Hakkasan Limited

Report of the directors for the period ended 28 May 2011 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

By order of the Board



M Benjamin
Secretary

8 June 2012

Hakkasan Limited

Independent auditor's report

TO THE MEMBERS OF HAKKASAN LIMITED

We have audited the financial statements of Hakkasan Limited for the 52 week period ended 28 May 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 May 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Hakkasan Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Campbell, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

8 June 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Hakkasan Limited

Profit and loss account for the period ended 28 May 2011

	Note	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Turnover	2	20,932,739	15,549,503
Cost of sales		(13,035,922)	(9,165,874)
Gross profit		7,896,817	6,363,629
Administrative expenses		(9,456,472)	(6,021,981)
Other operating income	6	935,544	828,741
EBITDA *		402,885	(71,371)
Exceptional administrative expenses	3	546,210	1,972,328
Depreciation		(1,573,206)	(710,568)
Operating (loss)/profit	7	(624,111)	1,190,389
Interest receivable		15,944	25,703
Exceptional interest waived on shareholder and other loans	3	667,552	-
Other interest payable and similar charges	8	(1,030)	(500,841)
Interest payable and similar charges	8	666,522	(500,841)
Profit on ordinary activities before taxation		58,355	715,251
Tax on profit on ordinary activities	9	(51,025)	(76,992)
Profit for the financial period	20,21	7,330	638,259

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account for the current and prior period, and therefore no separate statement of total recognised gains and losses has been presented

* EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and exceptional administrative expenses


The notes on pages 9 to 21 form part of these financial statements

Hakkasan Limited

Balance sheet At 28 May 2011

Company number 3488606	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	10		13,746,021		6,384,279
Investments	11		11		11
			<u>13,746,032</u>		<u>6,384,290</u>
Current assets					
Stocks	12	900,622		386,840	
Debtors due within one year	13	3,367,345		1,451,930	
Debtors due after one year	13	344,983		344,791	
Cash at bank and in hand		9,164,387		6,714,140	
		<u>13,777,337</u>		<u>8,897,701</u>	
Creditors amounts falling due within one year	14	(5,586,135)		(3,082,795)	
Net current assets			<u>8,191,202</u>		<u>5,814,906</u>
Total assets less current liabilities			<u>21,937,234</u>		<u>12,199,196</u>
Creditors: amounts falling due after more than one year	15		27,218,375		16,685,172
Provisions	16		199,819		1,002,314
Capital and reserves					
Share capital	19	100,000		100,000	
Capital redemption reserve	20	678,430		678,430	
Capital contribution reserve	20	6,622,785		6,622,785	
Profit and loss account	20	(12,882,175)		(12,889,505)	
Shareholders' deficit	21		<u>(5,480,960)</u>		<u>(5,488,290)</u>
			<u>21,937,234</u>		<u>12,199,196</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 June 2012


N M Howard
Director

The notes on pages 9 to 21 form part of these financial statements

Hakkasan Limited

Cash flow statement for the period ended 28 May 2011

	Note	Period ended 28 May 2011 £	Period ended 28 May 2011 £	Period ended 29 May 2010 £	Period ended 29 May 2010 £
Net cash inflow / (outflow) from operating activities	22		297,543		(1,563,429)
Returns on investments and servicing of finance					
Interest received		15,944		25,703	
Interest paid		(1,030)		(5,256)	
Net cash inflow from returns on investments and servicing of finance			14,914		20,447
Taxation			(128,017)		-
Capital expenditure and financial investment					
Payments to acquire tangible assets		(9,140,699)		(3,659,986)	
Net proceeds from assignment of lease		-		243,892	
Net cash outflow from capital expenditure			(9,140,699)		(3,416,094)
Cash outflow before use of liquid resources and financing			(8,956,259)		(4,959,076)
Financing					
Net cash flow on shareholder loan		(193,494)		3,833,896	
New other loan received		11,600,000		7,900,000	
Net cash inflow from financing			11,406,506		11,733,896
Increase/(decrease) in cash	23		2,450,247		6,774,820

The notes on pages 9 to 21 form part of these financial statements

Hakkasan Limited

Notes forming part of the financial statements for the period ended 28 May 2011

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The company remains in a net liability position due to the accumulated losses of £12,882,175, although it has net current assets of £8,191,202. During the year the company has received £11,600,000 from a third party related to its shareholder, to help finance working capital and to fund the build cost of the new Hakkasan which opened in Mayfair in November 2010.

The directors have prepared cash flow forecasts for the next 12 months which, based upon continued committed shareholder funding, indicates the company has sufficient available cash flow to continue operations for the foreseeable future. On this basis the directors have concluded that it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Consolidation

The Company does not prepare consolidated financial statements as the effect of consolidating the subsidiary companies is not material to the financial statements.

Turnover

Turnover from the operation of restaurants is the invoiced amount of goods and services, exclusive of Value Added Tax, provided to customers during the period.

Other operating income

Other operating income represents income arising under franchising and management agreements. The income is recognised when the company has fulfilled its contractual obligations over the revenue under each agreement.

Hakkasan Limited

Notes forming part of the financial statements for the period ended 28 May 2011 (*continued*)

1 Accounting policies(*continued*)

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment

Finance costs which are directly attributable to the construction of tangible fixed assets, are capitalised as part of the cost of those assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold property	-	over life of lease
Leasehold improvements	-	10% straight line on cost or straight line over the period of the lease if shorter
Plant and machinery	-	25% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	30% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

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 on a straight line basis over the period of the lease even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term or to the first rent review date on which the rent payable will be adjusted to the prevailing market rate, whichever is the shorter period

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Hakkasan Limited

Notes forming part of the financial statements for the period ended 28 May 2011 (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Franchise income denominated in foreign currency is converted using the average rates of exchange during the accounting period. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange gains and losses are included in the profit and loss account.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

The turnover is attributable to the principal activity of the company and arose materially within the United Kingdom.

3 Exceptional items

	2011 £	2010 £
Release of HMRC Tronc provision	546,210	497,686
Reorganisation costs	-	(594,709)
Net profit on lease assignment	-	243,892
Provision release for onerous lease	-	1,525,459
Provision release for potential legal claim	-	300,000
Exceptional items within administrative expenses	546,210	1,972,328
Waiver of interest on shareholder and other loans	667,552	-
	1,213,762	1,972,328

In December 2011, the company settled its long-running dispute with HM Revenue and Customs in regard to a potential liability in relation to National Insurance contributions relating to the company's tronc system. As a result, £546,210 of provision no longer required has been written back to the profit and loss account.

The interest previously arising on the shareholder and other loans has been waived. Therefore, the full amount previously charged has been credited back to the profit and loss account in the current year (see note 24).

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (continued)

4 Staff costs

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Staff costs (including directors) consist of		
Wages and salaries	8,550,557	6,101,751
Social security costs	759,930	562,180
Pension costs	47,829	-
	<u>9,358,316</u>	<u>6,663,931</u>
The average number of employees, including executive directors, employed by the company during the period amounted to	Number	Number
Management staff	24	27
All other functions	507	319
	<u>531</u>	<u>346</u>

5 Directors' emoluments

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Directors' remuneration consists of Emoluments	<u>38,769</u>	<u>247,590</u>
Highest paid director Emoluments	<u>38,769</u>	<u>233,052</u>

6 Other operating income

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Other operating income	<u>935,544</u>	<u>828,741</u>

Other operating income includes franchise fees, management fees and royalty fees arising under certain operating agreements

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (*continued*)

7 Operating (loss)/profit

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
This has been arrived at after charging		
Depreciation of tangible fixed assets		
- owned	1,573,206	710,568
Auditors' remuneration		
- audit of the company's financial statements	30,000	28,000
- tax and other services	184,189	72,198
Operating lease costs		
- plant and equipment	4,791	4,791
- other	1,254,265	1,227,539
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Interest payable on bank borrowing	1,030	5,256
Interest on Shareholder and Other loans (waived)/charged	(667,552)	701,336
	<u> </u>	<u> </u>
	(666,522)	706,592
Less amounts capitalised in tangible fixed assets	-	(205,751)
	<u> </u>	<u> </u>
	(666,522)	500,841
	<u> </u>	<u> </u>

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (*continued*)

9 Taxation on profit from ordinary activities

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
<i>Current tax</i>		
UK corporation tax on profit for the period	-	75,412
Foreign tax	51,025	1,580
	<hr/>	<hr/>
Total current tax	51,025	76,992
<i>Deferred tax</i>		
Total deferred tax	-	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	51,025	76,992
	<hr/>	<hr/>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Profit on ordinary activities before tax	58,355	715,251
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 27.67% (2010 - 28%)	16,147	200,270
Effects of:		
Expenses not deductible for tax purposes	(2,059)	3,810
Depreciation on assets not eligible for capital allowances	352,722	303,516
Movement on provisions	(35,971)	(110,497)
Depreciation for period in (excess)/deficit of capital allowances	(145,189)	(104,557)
Other short term timing differences	(184,763)	138,763
Utilisation of losses brought forward	-	(355,893)
Foreign tax	51,025	1,580
Other adjustments	(887)	-
	<hr/>	<hr/>
Current tax charge for period	51,025	76,992
	<hr/>	<hr/>

Factors that may affect future tax charges

At the period end, there is an unprovided deferred tax asset of £1,044,634 (2010 - £1,187,751) in respect of trading losses carried forward. In addition, there is an unprovided deferred tax asset of £328,547 (2010 - £739,704) in respect of other timing differences. These assets have not been recognised because the timing and extent of their utilisation is uncertain.

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (continued)

10 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures, fittings tools and equipment £	Computer and office equipment £	Assets in the course of construction £	Total £
<i>Cost</i>						
At 30 May 2010	4,498,131	2,019,188	2,101,248	555,810	4,107,544	13,281,921
Additions	7,218,016	677,622	666,272	174,608	404,001	9,140,699
Reversal of capitalised interest	(205,751)	-	-	-	-	(205,751)
Disposals	(45,057)	(1,564,845)	(1,618,231)	(327,659)	-	(3,555,792)
Re-classified	3,930,430	83,429	2,430	91,255	(4,107,544)	-
At 28 May 2011	15,395,949	1,215,394	1,151,719	494,014	404,001	18,661,077
<i>Accumulated Depreciation</i>						
At 30 May 2010	3,005,724	1,656,333	1,848,327	387,258	-	6,897,642
Charge for the period	1,066,297	220,587	155,972	130,350	-	1,573,206
Disposals	(45,057)	(1,564,845)	(1,618,231)	(327,659)	-	(3,555,792)
At 28 May 2011	4,026,964	312,075	386,068	189,949	-	4,915,056
<i>Net book value</i>						
At 28 May 2011	11,368,985	903,319	765,651	304,065	404,001	13,746,021
At 29 May 2010	1,492,407	362,855	252,921	168,552	4,107,544	6,384,279

Included within leasehold property is capitalised interest of £Nil (2010 - £205,751)

11 Investments in subsidiary undertakings

£

Cost

At 30 May 2010 and 28 May 2011

11

Subsidiary undertakings

Name	Country of incorporation	Class of share	Proportion held	Nature of business
Hakkasan (Bruton Street) Limited	England	Ordinary	100%	Dormant
Hakkasan (Hong Kong) Limited	Hong Kong	Ordinary	100%	Dormant

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (*continued*)

12 Stocks

	2011 £	2010 £
Goods for resale	451,146	274,893
Consumable stock	449,476	111,947
	<u>900,622</u>	<u>386,840</u>

There is no material difference between the replacement cost of stock and the amounts stated above

13 Debtors

	2011 £	2010 £
Due within one year		
Trade debtors	592,540	986,014
Other debtors	2,236,164	36,781
Prepayments and accrued income	538,641	429,135
	<u>3,367,345</u>	<u>1,451,930</u>
Due after one year		
Other debtors	<u>344,983</u>	<u>344,791</u>

The other debtors due after more than one year are rent deposits totalling £344,983 (2010 - £344,791) held jointly to the order of the company and the respective landlords under the terms of the lease

14 Creditors amounts falling due within one year

	2011 £	2010 £
Trade creditors	2,964,643	1,709,254
Other taxation and social security	877,432	272,611
Other creditors	668,253	50,379
Accruals and deferred income	1,075,807	973,559
Corporation tax	-	76,992
	<u>5,586,135</u>	<u>3,082,795</u>

Hakkasan Limited

Notes forming part of the financial statements for the period ended 28 May 2011 (continued)

15 Creditors' amounts falling due after more than one year

	2011 £	2010 £
Shareholder loan	7,718,375	7,911,869
Other loan (note 18)	19,500,000	7,900,000
Rolled up interest on shareholder and other loans	-	873,303
	<u>27,218,375</u>	<u>16,685,172</u>

The Shareholder loan and Other loan are all repayable on demand on notice of not less than one year

16 Provisions

	HMRC liability £
Brought forward	1,002,314
Utilised in the year	(256,285)
Released	(546,210)
	<u>199,819</u>
Carried forward	

The provision carried forward in relation to the HMRC liability is the directors' best estimate of the final costs to be incurred in settling this claim

Further details on the provisions are provided in note 3

17 Commitments under operating leases

At 28 May 2011 and 30 May 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £
Operating leases which expire		
After more than 5 years	<u>1,217,452</u>	<u>1,147,714</u>

**Notes forming part of the financial statements
for the period ended 28 May 2011 (continued)**

Included in creditors falling due after more than one year is an amount of £7,718,375 (2010 - £7,911,869) being a shareholder loan from the company's immediate shareholder, Tasameem Real Estate LLC. The full amount of interest accrued has been waived in relation to this loan.

19 Share capital

18

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (continued)

20 Other reserves

	Capital redemption reserve £	Capital contribution reserve £	Profit and loss Reserve £
Balance at 30 May 2010	678,430	6,622,785	(12,889,505)
Profit in year	-	-	7,330
Balance at 28 May 2011	678,430	6,622,785	(12,882,175)

The capital contribution reserve arose when Tasameem Real Estate LLC purchased 90% of the shares in Hakkasan Limited in December 2007 and made a non-refundable capital contribution to the company

21 Reconciliation of movement in shareholders' deficit

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Profit for the financial period	7,330	638,259
Opening shareholders' deficit	(5,488,290)	(6,126,549)
Closing shareholders' deficit	(5,480,960)	(5,488,290)

22 Reconciliation of operating profit to net cash flow from operating activities

	Period ended 28 May 2011 £	Period ended 29 May 2010 £
Operating (loss)/profit	(624,111)	1,190,389
Depreciation	1,573,206	710,568
Proceeds from lease assignment	-	(243,892)
(Increase)/decrease in stocks	(513,782)	36,916
(Increase)/decrease in debtors	(1,915,607)	149,364
Increase/(decrease) in creditors	2,580,332	(9,088)
Decrease in provisions	(802,495)	(3,397,686)
Net cash inflow/(outflow) from operating activities	297,543	(1,563,429)

Hakkasan Limited

Notes forming part of the financial statements
for the period ended 28 May 2011 (continued)

23 Reconciliation of net cash flow to movement in net debt

	Period ended 28 May 2011 £	Period ended 28 May 2011 £	Period ended 29 May 2010 £	Period ended 29 May 2010 £
Increase in cash in the period		2,450,247		6,774,820
Net cash inflow from shareholder and other loans	(11,406,506)		(11,733,896)	
Rolled up interest on shareholder and other loans released / (charged)	873,303		(701,337)	
Change in net debt		(8,082,956)		(5,660,413)
Net debt at 30 May 2010		(9,971,032)		(4,310,619)
Net debt at 28 May 2011		(18,053,988)		(9,971,032)

24 Analysis of changes in net debt

	At 30 May 2010 £	Cash Flow £	Non-cash movements £	At 28 May 2011 £
Cash in hand and at bank	6,714,140	2,450,247	-	9,164,387
Debt				
Debt due after one year				
Shareholder and Other Loans	(16,685,172)	(11,406,506)	873,303	(27,218,375)
Net debt	(9,971,032)	(8,956,259)	873,303	(18,053,988)

Non-cash movements on shareholder and other loans represents the waiver of unpaid interest. Of this amount, £667,552 was credited to the profit and loss account, and £205,751 of previously capitalised interest was credited back to fixed assets.

Hakkasan Limited

Notes forming part of the financial statements for the period ended 28 May 2011 (*continued*)

25 Financial instruments

The company's principal financial instruments comprise bank balances, trade creditors and loans. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

In respect of bank balances, liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through use of bank deposits and loan funding from shareholders. The company makes use of money market facilities where funds are available. The company manages its liquidity risk by ensuring there are sufficient funds to meet its payments including from shareholders support.

26 Post balance sheet events

On 27 June 2011, the company acquired all of the share capital in Cha Cha No Hana Limited, which operates the restaurant Sake No Hana on St James's Street in London.

27 Controlling party

The company's ultimate parent company is Tasameem Real Estate LLC, a company incorporated in Abu Dhabi.