

**REGISTRAR OF  
COMPANIES**

**Hakkasan Limited**

Report and Financial Statements

Period Ended

30 May 2009

Company Number 3488606



# **Hakkasan Limited**

## **Annual report and financial statements for the period ended 30 May 2009**

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### **Directors**

K Al-Qubaisi  
D J Forbes

### **Secretary and registered office**

L Y T Yau, 4<sup>th</sup> 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 30 May 2009

The directors present their report and the audited financial statements for the 52 weeks ended 30 May 2009

### Principal activities and business review

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

Turnover, percentage increase in turnover, and gross margin (defined as gross profit divided by turnover expressed as a percentage) are the key measures of the financial performance in the company, and are as follows

	2009 £'000	2008 £'000
Turnover	15,385	16,587
(Decrease) / Increase in turnover	(7.25%)	7.1%
Gross margin	28.9%	34.8%

### Results and dividends

The loss for the period amounted to £6,352,603 (2008 - £2,368,626). The directors have not recommended the payment of a dividend (2009 - £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 the company's operations and to finance the company's operations.

The company manages the risk presented by fluctuations in bank interest by entering into interest rate swap agreements with financial institutions.

In respect of bank balances liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through use of loans from banks and 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.

# Hakkasan Limited

## Report of the directors for the period ended 30 May 2009 (Continued)

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### Going concern

During the period the company made an operating loss of £6,188,896 (2008 - loss of £1,899,616). The balance sheet has moved from an overall net asset position in 2008 to a net liability position in 2009 of £6,126,549 (2008 - net assets of £226,054) as a result of operating losses in the year. Subsequent to the period-end, the company has received £2.7 million of additional shareholder funding, as noted below, demonstrating the shareholder's continued commitment to the company.

The directors have prepared cash flow forecasts indicating the company's expected cash flow requirements for the next 12 months indicating that the company will be reliant on the provision of continuing financial support from Tasameem, to fund its operations and development plans. Tasameem has committed to continue to provide financial support for at least 12 months from the date of the approval of the company's financial statements.

The latest signed financial statements of Tasameem indicate that it, in turn, is dependent upon receiving the continuing financial support from its shareholders to continue as a going concern and meet its obligations in the normal course of business. Should this support be withdrawn, Tasameem may not be able to continue its support for the company.

The directors have considered the situation and have concluded that they have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

However, given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would be required in the event that the company ceased to be a going concern.

### Subsequent events

On 9 June 2009, the company acquired an operating lease with an initial annual rent of £750,000 (2008-£650,000) for a property situated at 50 Berkeley Street, London. The lease was acquired with a lease term of 25 years. The company is currently reviewing available options for this site.

Subsequent to the period-end, the company has received £2.7 million of additional funding, in the form of loans from Tasameem to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London.

### Directors

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

D J Forbes	
K Al-Qubaisi	
A T Yau	(resigned 17 July 2009)
G Harris	(resigned 21 January 2009)

# **Hakkasan Limited**

## **Report of the directors for the period ended 30 May 2009 (Continued)**

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### **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.

### **Political contributions**

During the period the company made a political donation of £10,000 (2008 - £Nil) to the Conservative Party.

### **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 30 May 2009 (*Continued*)

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### 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.

Deloitte LLP resigned as auditors of the company during the period and BDO LLP were appointed as auditors of the company by the directors. 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.

### On behalf of the Board



D J Forbes  
Director

Date 10/12/09

# **Hakkasan Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF HAKKASAN LIMITED**

We have audited the financial statements of Hakkasan Limited for the 52 week period ended 30 May 2009 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 sections 495 and 496 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 30 May 2009 and of its loss 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.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Note 1 to the financial statements describes the fact that the company's ability to continue as a going concern is dependent on continuing financial support from its shareholder, Tasameem Real Estate LLC ("Tasameem"), and that Tasameem is, in turn, dependent upon receiving continuing financial support from its shareholders.

These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# Hakkasan Limited

## Independent auditor's report (*Continued*)

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### **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

### **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 explanation we require for our audit

*BDO LLP*

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

Date *10/12/09*

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 30 May 2009

	Note	Period ended 30 May 2009 £	Period ended 31 May 2008 £
<b>Turnover</b>	2	<b>15,384,507</b>	16,587,262
Cost of sales		<u>(10,937,199)</u>	<u>(10,822,978)</u>
<b>Gross profit</b>		<b>4,447,308</b>	5,764,284
Administrative expenses - other		(6,992,075)	(6,955,467)
Administrative expenses – exceptional items	3	<u>(4,237,270)</u>	<u>(1,500,000)</u>
<b>Total administrative expenses</b>		<b>(11,229,345)</b>	(8,455,467)
Other operating income	6	<u>593,141</u>	<u>791,567</u>
<b>Operating loss</b>	7	<b>(6,188,896)</b>	(1,899,616)
Interest receivable		14,244	25,932
Interest payable and similar charges	8	<u>(177,951)</u>	<u>(201,784)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(6,352,603)</b>	(2,075,468)
Tax on loss on ordinary activities	9	<u>-</u>	<u>(293,158)</u>
<b>Loss for the financial period</b>	21	<b>(6,352,603)</b>	(2,368,626)

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

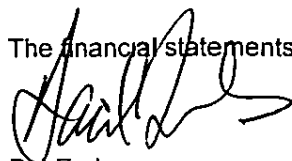
The notes on pages 10 to 23 form part of these financial statements

# Hakkasan Limited

## Balance sheet at 30 May 2009

<b>Company number 3488606</b>	<b>Note</b>	<b>2009 £</b>	<b>2009 £</b>	<b>2008 £</b>	<b>2008 £</b>
<b>Fixed assets</b>					
Intangible assets	10		-		38,528
Tangible assets	11		<b>2,487,276</b>		<b>3,178,266</b>
			<hr/>		<hr/>
			<b>2,487,276</b>		<b>3,216,794</b>
<b>Current assets</b>					
Stocks	12	<b>423,756</b>		554,479	
Debtors due within one year	13	<b>1,905,006</b>		859,103	
Debtors due after one year	13	<b>782,914</b>		562,601	
Cash at bank and in hand		<b>47,215</b>		4,670	
		<hr/>		<hr/>	
		<b>3,158,891</b>		<b>1,980,853</b>	
<b>Creditors: amounts falling due within one year</b>	15	<b>(3,122,777)</b>		<b>(3,471,593)</b>	
		<hr/>		<hr/>	
<b>Net current assets/(liabilities)</b>			<b>36,114</b>		<b>(1,490,740)</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>2,523,390</b>		<b>1,726,054</b>
<b>Creditors: amounts falling due after more than one year</b>	16		<b>(4,249,939)</b>		-
<b>Provisions</b>	17		<b>(4,400,000)</b>		<b>(1,500,000)</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>(6,126,549)</b>		<b>226,054</b>
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Share capital	20		<b>100,000</b>		100,000
Capital redemption reserve	21		<b>678,430</b>		678,430
Capital contribution reserve	21		<b>6,622,785</b>		6,622,785
Profit and loss account			<b>(13,527,764)</b>		<b>(7,175,161)</b>
			<hr/>		<hr/>
<b>Shareholders' (deficit)/funds</b>	22		<b>(6,126,549)</b>		<b>226,054</b>
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 10/12/09

  
DJ Forbes  
Director

The notes on pages 10 to 23 form part of these financial statements

# Hakkasan Limited

## Cash flow statement for the period ended 30 May 2009

	Note	Period ended 30 May 2009 £	Period ended 30 May 2009 £	Period ended 31 May 2008 £	Period ended 31 May 2008 £
<b>Net cash (outflow)/inflow from operating activities</b>	23		(3,486,505)		145,057
<b>Returns on investments and servicing of finance</b>					
Interest received		14,244		25,932	
Interest paid		(5,985)		(188,933)	
Interest element of hire purchase		-		(12,851)	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			8,259		(175,852)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible assets		(315,677)		(273,888)	
<b>Net cash outflow from capital expenditure</b>			(315,677)		(273,888)
<b>Cash outflow before use of liquid resources and financing</b>			(3,793,923)		(304,683)
<b>Financing</b>					
Repayment of new secured loan		-		(3,239,500)	
Hire purchase repayment		-		(273,232)	
Net outflow from other long-term creditors		-		(2,831,728)	
Net cash inflow from shareholder loans		4,077,973		-	
Net inflow from capital reserve		-		6,622,785	
<b>Net cash inflow from financing</b>			4,077,973		278,325
<b>Increase/(decrease) in cash</b>	24		284,050		(26,358)

The notes on pages 10 to 23 form part of these financial statements

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009

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### 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*

During the period the company made an operating loss of £6,188,896 (2008 - loss of £1,899,616). The balance sheet has moved from an overall net asset position in 2008 to a net liability position in 2009 of £6,126,549 (2008 - net assets of £226,054) as a result of operating losses in the year. Subsequent to the period-end, the company has received £2.7 million of additional funding, in the form of loans from Tasameem Real Estate LLC ("Tasameem") to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London, demonstrating the shareholder's continued commitment to the company.

The directors have prepared cash flow forecasts indicating the company's expected cash flow requirements for the next 12 months indicating that the company will be reliant on the provision of continuing financial support from Tasameem, to fund its operations and development plans. Tasameem has committed to continue to provide financial support for at least 12 months from the date of the approval of the company's financial statements.

The latest signed financial statements of Tasameem indicate that it, in turn, is dependent upon receiving the continuing financial support from its shareholders to continue as a going concern and meet its obligations in the normal course of business. Should this support be withdrawn, Tasameem may not be able to continue its support for the company.

The directors have considered the situation and have concluded that they have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

However, given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would be required in the event that the company ceased to be a going concern.

#### *Turnover*

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

#### *Other operating income*

Initial management and technical assistance fees are recognised over the period from the date of signing the contract to the expected opening date of the restaurant.

Royalty fee income is recognised on an accruals basis, as a percentage of turnover reported by the restaurant.

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 1 Accounting policies (Continued)

#### *Intangible assets – patents and trademarks*

Intangible assets include patents and trademarks and the costs of obtaining management and franchise agreements and are included at cost and depreciated in equal instalment over a period of ten years which is their estimated useful life economic life. Provision is made for any impairment.

#### *Tangible fixed assets*

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

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	-	20%-30% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	20%-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.

#### *Hire purchase agreements*

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

#### *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.

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 1 Accounting policies (Continued)

#### *Taxation (Continued)*

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

#### *Derivative financial instruments*

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes. The derivative financial instrument is used to fix the interest rate at a proportion of the company bank indebtedness. Interest differentials are accounted for quarterly and recognised in the profit and loss account.

#### *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.

### 2 Turnover

The turnover and loss before tax are attributable to the principal activity of the company and arose materially within the United Kingdom.

### 3 Exceptional items

	2009 £	2008 £
Provision for HMRC Tronc payment	-	1,500,000
Provision for onerous lease	2,600,000	-
Write off of cancelled project expenditure	1,637,270	-
	<u>4,237,270</u>	<u>1,500,000</u>

The company continues to be in protracted negotiations with HM Revenue & Customs in regard to their claim that the company's Tronc system for the allocation of customer gratuities to staff has not been administered in a way that would have avoided any liability for the company to pay national insurance contributions on amounts distributed. The HM Revenue and Customs contends that an amount up to £1.8m (excluding interest and penalties) could be payable in respect of this and other payroll matters, although no official tax assessments have been received by the company. The company disputes these claims and the amount due. The directors recognise the existence of a liability in respect of these matters and although accurately estimating the final settlement amount is extremely difficult, have made a provision of £1.5m in the 2008 accounts but consider a settlement at a lower amount may be achievable.

The directors have decided to not develop the premises at 50 Berkeley Street, and as a result have made a onerous lease provision of £2,600,000 in these accounts, being 3 years of property costs discounted, which in their opinion is sufficient provision until the lease is sold on.

The directors have also written off all expenditure on 50 Berkeley Street to 30 May 2009, totalling £1,637,270, as these costs will not be capitalised following the decision not to proceed with the project.

# Hakkasan Limited

Notes forming part of the financial statements  
for the period ended 30 May 2009 (*Continued*)

## 4 Staff costs

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Staff costs consist of		
Wages and salaries	6,270,412	5,770,096
Social security costs	570,600	532,595
	<u>6,841,012</u>	<u>6,302,691</u>
The average number of employees, including executive directors, employed by the company during the period amounted to	Number	Number
Management staff	6	6
All other functions	361	344
	<u>367</u>	<u>350</u>

## 5 Directors' emoluments

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Directors' remuneration consists of Emoluments	<u>250,000</u>	<u>235,978</u>
Highest paid director Emoluments	<u>250,000</u>	<u>235,978</u>

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 6 Other operating income

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Franchise and technical assistance fees	273,629	306,714
Management fees	253,470	457,883
Royalty fees	20,981	26,970
Other income	45,061	-
	<u>593,141</u>	<u>791,567</u>

### 7 Operating loss

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
This has been arrived at after charging		
Amortisation of patents and trademarks	5,285	5,292
Depreciation of tangible fixed assets		
- owned	1,006,667	1,152,796
- held under hire purchase agreements	-	29,606
Auditors' remuneration for the audit of the company's financial statements		
- audit fees	28,000	30,000
- tax and other services	16,775	40,874
Operating lease costs		
- plant and equipment	6,532	9,089
- other	644,406	690,894
Loss on disposal of patents and trademarks	33,243	-
Provision on doubtful debts	233,234	493,599
	<u></u>	<u></u>

### 8 Interest payable and similar charges

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Interest payable on bank borrowing	3,140	147,203
Interest on hire purchase agreement	-	12,851
Interest on other loans	2,845	41,730
Interest on shareholder loans	171,966	-
	<u>177,951</u>	<u>201,784</u>



# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 9 Taxation on loss from ordinary activities

	Period ended 30 May 2009 £	Period ended 30 May 2009 £	Period ended 31 May 2008 £	Period ended 31 May 2008 £
<i>Current tax</i>				
UK corporation tax on loss for the period	-	-	-	-
Total current tax	-	-	-	-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-	-	413,997	
Adjustment in respect of previous periods	-	-	(125,491)	
Effect of changes in tax rates	-	-	4,652	
	-	-		293,158
Taxation on loss on ordinary activities	-	-		293,158

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 30 May 2009 £	Period ended 31 May 2008 £
Loss on ordinary activities before tax	(6,352,603)	(2,075,468)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 29.67%)	(1,778,729)	(615,791)
Effects of		
Expenses not deductible for tax purposes	697,541	392,838
Depreciation for period in excess of capital allowances	200,177	81,890
Utilisation of losses brought forward	-	141,063
Movement on provisions	49,826	-
Losses carried forward	831,185	-
Current tax charge for period	-	-

#### Factors that may affect future tax charges

Details on losses available to carry forward against future profits are detailed in note 14 to the financial statements.

# Hakkasan Limited

Notes forming part of the financial statements  
for the period ended 30 May 2009 (*Continued*)

## 10 Intangible fixed assets

	Patents and Trademarks £
<i>Cost</i>	
At 1 June 2008	52,845
Disposals	(52,845)
	<hr/>
At 30 May 2009	-
	<hr/>
<i>Accumulated depreciation</i>	
At 1 June 2008	14,317
Charge for the period	5,285
Disposals	(19,602)
	<hr/>
At 30 May 2009	-
	<hr/>
<i>Net book value</i>	
At 30 May 2009	-
	<hr/>
At 31 May 2008	38,528
	<hr/>

## 11 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures, fittings tools and equipment £	Computer and office equipment £	Total £
<i>Cost</i>					
At 1 June 2008	4,419,820	2,224,186	2,613,404	534,188	9,791,598
Additions	61,331	53,142	117,865	83,339	315,677
Disposals	(2,793)	(620,862)	(657,092)	(152,178)	(1,432,925)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 May 2009	4,478,358	1,656,466	2,074,177	465,349	8,674,350
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 June 2008	2,119,343	1,975,923	2,117,524	400,542	6,613,332
Charge for the period	442,827	202,544	282,947	78,349	1,006,667
Disposals	(2,793)	(620,862)	(657,092)	(152,178)	(1,432,925)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 May 2009	2,559,377	1,557,605	1,743,379	326,713	6,187,074
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 May 2009	1,918,981	98,861	330,798	138,636	2,487,276
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2008	2,300,477	248,263	495,880	133,646	3,178,266
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 11 Tangible fixed assets (Continued)

The fixed asset disposals all relate to items which have been scrapped and are no longer in use in the business. Therefore, no proceeds were received in respect of the disposals.

#### Hire purchase agreement

Included within the net book value of plant and machinery, fixtures and fittings and office equipment is £Nil (2008 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £Nil (2008 - £29,606).

### 12 Stocks

	2009 £	2008 £
Goods for resale	311,809	442,532
Consumable stock	111,947	111,947
	<u>423,756</u>	<u>554,479</u>

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

### 13 Debtors

	2009 £	2008 £
Due within one year		
Trade debtors	513,296	428,163
Other debtors	105,467	5,048
Prepayments and accrued income	544,410	425,892
Projects in progress	741,833	-
	<u>1,905,006</u>	<u>859,103</u>
Due after one year		
	2009 £	2008 £
Other debtors	782,914	562,601

The other debtors after more than one year are rent deposits totalling £782,914 (2008 - £562,601) held jointly to the order of the company and the respective landlords under the terms of the lease. £Nil (2008 - £227,242) is held subject to the future signing of the lease.

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 14 Deferred taxation

The deferred tax included in the balance sheet is as follows

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Included in debtors	-	-

The movement in the deferred taxation account during the period was

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Balance brought forward	-	293,158
Profit and loss account movement arising during the period	-	(293,158)
Balance carried forward	-	-

At the period end, there is an unprovided deferred tax asset of £1,205,000 (2008 - £373,895) in respect of trading losses carried forward. In addition, there is an unprovided deferred tax asset of £582,671 (2008 - £532,667) in respect of other timing differences. These assets have not been recognised because the timing and extent of their utilisation is uncertain.

### 15 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank overdraft	107,895	349,400
Trade creditors	1,601,393	1,795,960
Other taxation and social security	272,604	405,643
Other creditors	17,422	95,363
Accruals and deferred income	1,123,463	825,227
	<b>3,122,777</b>	<b>3,471,593</b>

The bank overdraft is secured by means of a fixed and floating charge over the company's assets including a legal charge over certain property.

# Hakkasan Limited

Notes forming part of the financial statements  
for the period ended 30 May 2009 (Continued)

## 16 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Shareholder loans	4,077,973	-
Rolled up interest on shareholder loans	171,966	-
	<u>4,249,939</u>	<u>-</u>

## 17 Provisions

	Onerous lease £	NIC liability £	Other £	Total £
Brought forward	-	1,500,000	-	1,500,000
Provided for in the year	2,600,000	-	300,000	2,900,000
	<u>2,600,000</u>	<u>1,500,000</u>	<u>300,000</u>	<u>4,400,000</u>

During the year the directors have been made aware of a potential legal claim against the company, and have made a provision of £300,000, which in their view will be adequate to accommodate any such claim

Details of the onerous lease and NIC provisions are described in note 3 to the financial statements

## 18 Commitments under operating leases

At 1 June 2008 and 30 May 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2009 £	Land and buildings 2008 £
Operating leases which expire		
After more than 5 years	<u>1,323,974</u>	<u>573,165</u>

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 19 Related party transactions

The following companies and individuals are related parties to the company

A T Yau was a director of Hakkasan Limited during the period and up until 17 July 2009 and is also within a class of beneficiary of the Trust that ultimately owns the shares in Yolana Limited

Pleasurerealm Limited is a 100% owned subsidiary of Yolana Limited

A T Yau is also a director of Busaba Eathai Limited, Cha Cha Moon Limited, Princ London Limited and Cha Cha No Hana Limited

Included in creditors falling due within one year is £Nil (2008 - £14,141) owing to Busaba Eathai Limited and included in debtors is £2,470 (2008 - £74,432) due from Busaba Eathai Limited During the period Hakkasan Limited management fee revenue from Busaba Eathai Limited totalled £99,328 (2008 - £355,260)

Included in debtors falling due within one year is £75,741 (2008- £22,633) due from Cha Cha No Hana Limited, £21,859 (2008 - £51,821) due from Cha Cha Moon Limited, and £71,888 (2008- £4,557) due from Princ London Limited At the period end, all these debtors are subject to a 100% provision

During the period Hakkasan Limited management fee revenue was £47,500 (2008- £Nil) from Princ London Limited, £71,642 (2008- £85,000) from Cha Cha Moon Limited £35,000 (2008- £37,000) from Cha Cha No Hana Limited respectively

Included in creditors falling due within one year is an amount of £Nil (2008 - £143,812) of management fees unpaid at the balance sheet date and invoiced by Pleasurerealm Limited Included in other debtors is an amount of £318 (2008 - £26,792) for costs incurred by Hakkasan Limited recharged to Pleasurerealm Limited

Included in creditors falling due after one year is an amount of £4,077,973 (2008 - £Nil) being a shareholder loan from the company's immediate shareholder, Tasameem Real Estate LLC, with an accrued interest at 8% of £171,966

### 20 Share capital

	2009 Number	2008 Number	Authorised 2009 £	2008 £
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Unclassified shares of £1 each	678,430	678,430	678,430	678,430
	<u>778,430</u>	<u>778,430</u>	<u>778,430</u>	<u>778,430</u>
			Allotted, called up and fully paid	
	2009 Number	2008 Number	2009 £	2008 £
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (Continued)

### 21 Other reserves

	Capital redemption reserve £	Capital contribution reserve £	Profit and loss reserve £
Balance at 31 May 2008	678,430	6,622,785	(7,175,161)
Loss in year	-	-	(6,352,603)
Balance at 30 May 2009	<b>678,430</b>	<b>6,622,785</b>	<b>(13,527,764)</b>

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

### 22 Reconciliation of movement in shareholders' (deficit)/funds

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Loss for the financial period	(6,352,603)	(2,368,626)
Increase in capital contribution reserve	-	6,622,785
Opening shareholders' funds/(deficit)	<b>226,054</b>	<b>(4,028,105)</b>
Closing shareholders' funds/(deficit)	<b>(6,126,549)</b>	<b>226,054</b>

### 23 Reconciliation of operating loss to net cash inflow from operating activities

	Period ended 30 May 2009 £	Period ended 31 May 2008 £
Operating loss	(6,188,896)	(1,899,616)
Amortisation	5,285	5,292
Depreciation	1,006,667	1,182,402
Decrease in stocks	130,723	19,541
Increase in debtors	(1,266,216)	(44,583)
Decrease in creditors	(107,311)	(617,979)
Increase in provisions	2,900,000	1,500,000
Loss on disposal of intangible assets	33,243	-
Net cash (outflow)/inflow from operating activities	<b>(3,486,505)</b>	<b>145,057</b>

# Hakkasan Limited

Notes forming part of the financial statements  
for the period ended 30 May 2009 (Continued)

## 24 Reconciliation of net cash flow to movement in net debt

	Period ended 30 May 2009 £	Period ended 30 May 2009 £	Period ended 31 May 2008 £	Period ended 31 May 2008 £
Increase/(decrease) in cash in the period	284,050		(26,358)	
Net cash outflow from bank loans	-		3,239,500	
Cash outflow in respect of hire purchase	-		273,232	
Net cash inflow from other long-term creditors	-		2,831,730	
Net cash inflow from shareholder loans	(4,077,973)		-	
Rolled up interest on shareholder loans	(171,966)		-	
Change in net debt		(3,965,889)		6,318,104
Net debt at 1 June 2008		(344,730)		(6,662,834)
Net debt at 30 May 2009		(4,310,619)		(344,730)

## 25 Analysis of changes in net debt

	At 1 June 2008 £	Cash flow £	Non-cash movements £	At 30 May 2009 £
Cash in hand and at bank	4,670	42,545	-	47,215
Overdrafts	(349,400)	241,505	-	(107,895)
	(344,730)	284,050	-	(60,680)
Debt				
Debt due after one year				
Shareholder Loans	-	(4,077,973)	(171,966)	(4,249,939)
	-	(4,077,973)	(171,966)	(4,249,939)
Net debt	(344,730)	(3,793,923)	-	(4,310,619)

Non-cash movements on shareholder loans represent unpaid interest



# Hakkasan Limited

## Notes forming part of the financial statements for the period ended 30 May 2009 (*Continued*)

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### **26 Financial instruments**

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 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 loans from banks and 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.

### **27 Controlling party**

On 27 December 2007 Tasameem Real Estate LLC became the company's ultimate parent company as a result of acquiring 90 per cent of the issued share capital of the company.

### **28 Post balance sheet events**

On 9 June 2009, the company acquired an operating lease with an annual rent of £750,000 (2008 - £650,000) for a property situated at 50 Berkeley Street, London. The lease was acquired with a lease term of 25 years. The company is currently reviewing available options for this site.

Subsequent to the period-end, the company has received £3.9 million of additional funding, in the form of loans from Tasameem to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London.