

**SMITHS OF SMITHFIELD LIMITED
(FORMERLY SMITHS OF SMITHFIELD EC1 LIMITED AND
SMITHS OF SMITHFIELD LIMITED)**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

FRIDAY



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COMPANIES HOUSE

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Directors

J Torode
R Munding
H Williams

Secretary and Registered Office

L Kaswell
209 Central Market
Smithfield
London
EC1A 2AB

Auditors

Moore Stephens LLP
Chartered Accountants and
Registered Auditor
Priory House
Sydenham Road
Guildford
Surrey GU1 3RX

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Report of the Directors for the Year Ended 31 May 2006

continued

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 May 2006.

Review of Activities

The business of Smiths of Smithfield Ltd ("Smiths") is expanding from its original operation and management of the now well known bar and restaurant at 67-77 Charterhouse Street, London EC1. Now heading into its 7th year of trading, Smiths is now established as one of the top destination bar/restaurants in London.

The company is currently looking for additional opportunities to develop new or existing bars and restaurants in various locations in the UK. To this end, in November 2005 the shares of Smiths of Smithfield were bought by Korado Ltd and the bar and restaurant businesses merged as part of an overall strategy to increase the number of operations that come under the Smiths of Smithfield umbrella. Smiths has a lot to offer Korado's bar/restaurant in terms of managerial and administrative expertise and this has so far been successfully applied to improve the trade and profitability of the venue in Redruth.

In general the Directors are pleased with the performance of the Company in the year to 31 May 2006. Smiths has a stable management structure and the constitution of the Board has been stable for more than two years. Most of the management team have been with us since we opened in 2000. The Board and Management have recognised that the offering in the 1st Floor needed to be updated and we will be launching Smiths Wine Rooms on the 1st Floor at the end of January 2007. Both turnover and profitability have increased as compared with the eleven months to March 2005. We are confident that our mature operations team will continue to meet the challenges we face in a growing company and a competitive market.

Sales in the year to May 2006 are 5.8% lower than in the year to May 2005. Some of the decline is due to an increasingly competitive market in Smithfield as well as generally. Some of the decline is also attributable to customer tastes moving away from the offering on the 1st floor and the Board have taken steps as described above to counter this. We were also affected by poor sales in July and August 2005 due to the London bombing.

Despite the drop in sales, our management team have proved their ability to keep costs in line with turnover. EBITDA for the year to May 2006 was 11.1% and net profit was 8.1% of sales. The corresponding figures for the year to May 2005 were EBITDA of 15.6% and net profit percentage of 12%. Much of the decline in profitability is due to taking on the trade of Korado's restaurant which is currently loss making, but which we are confident we can turn around into profitability.

The achieved gross margin is well within industry standards at 71.4% and shows an improvement on the previous year of 0.20%. Staff Costs as a percentage of sales were 33.3% in the year to May 2006 as against 31.5% in the year to May 2005. The staff cost increase is partially due to the merger of the Korado trade but also reflects the low summer 2005 sales referred to above. The Directors feel that Smiths has weathered the increases in minimum wage without significant adverse effects on the business.

The Directors are optimistic about the restaurants' performances since the financial year end and they are confident that the introduction of the Wine Rooms will boost sales and attract customers back to the 1st Floor and the managerial expertise will bring profit to the Korado restaurant. Restaurants operate in a very competitive environment and The Directors feel that Smiths has proved itself capable of defending its market share and offering dining experiences that remain popular with its many loyal customers.

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Report of the Directors for the Year Ended 31 May 2006

continued

Dividends

The directors do not recommend the payment of a dividend for the year.

Land and Buildings

In the opinion of the directors, the market value of land and buildings is not materially different from their book value.

Directors' Interests

All of the directors are also directors of the parent, and their interests have been disclosed in the financial statements of that company.

Acquisition of Own Shares

In September 2005 the company purchased 53 ordinary shares of £1 each, representing 0.8% of the company's called-up ordinary share capital, for a consideration of £35,722. The purchase was made due to the death of the former shareholder.

Significant Events

On 1 November 2005 the entire share capital of the company was purchased by Korado Limited (formerly Smiths of Smithfield Limited and Korado Limited)

Also on this date the trade, assets and liabilities of Korado Limited were transferred to Smiths of Smithfield Limited.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all steps that he or she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

On 26 January 2006 the Company passed a resolution to dispense with the need to hold Annual General Meetings and the obligation to appoint auditors pursuant to section 386 of the Companies Act 1985.

By order of the Board 25 JANUARY 2007

J Torode
Director

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent Auditors' Report to the Shareholders of Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

We have audited the financial statements of Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited) for the year ended 31 May 2006 set out on pages 6 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 transactions with the company is not disclosed.

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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 31 May 2006 and of its profit for the year then ended and that 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.

8 MARCH 2007

Priory House
Sydenham Road
Guildford
Surrey, GU1 3RX

Moore Stephens LLP

MOORE STEPHENS LLP
Registered Auditors &
Chartered Accountants

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Profit and Loss Account for the Year Ended 31 May 2006

	Note	2006 £	2005 £
Turnover		6,707,280	7,126,816
Cost of Sales		<u>(1,919,202)</u>	<u>(2,052,325)</u>
Gross Profit		4,788,078	5,074,491
Administrative Expenses		(4,246,578)	(4,206,852)
Other Operating Income		2,407	2,157
		<hr/>	<hr/>
Operating Profit	2	543,907	869,796
Other Interest Receivable & Similar Income	5	6,882	5,582
Impairment		(1)	-
Interest Payable and Similar Charges	6	(10,574)	(19,015)
		<hr/>	<hr/>
Profit on Ordinary Activities Before Taxation		540,214	856,363
Taxation	7	(59,254)	(272,362)
		<hr/>	<hr/>
Profit on Ordinary Activities After Taxation		480,960	584,001
Dividends		-	(3,911)
		<hr/>	<hr/>
Retained for the year		<u>480,960</u>	<u>580,090</u>

There were no recognised gains and losses for the year other than those included in the profit and loss account.

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

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Balance Sheet at 31 May 2006

	Note	£	2006 £	£	2005 £
Fixed Assets					
Tangible Assets	9		2,163,594		2,112,310
Current Assets					
Stocks	11	239,031		199,943	
Debtors	12	1,948,452		220,697	
Cash at Bank and in Hand		17,507		177,920	
			<u>2,204,990</u>	<u>598,560</u>	
Creditors: Amounts Falling Due Within One Year	13	(1,336,957)		(1,443,996)	
Net Current Assets/Liabilities			868,033		(845,436)
Total Assets Less Current Liabilities			3,031,627		1,266,874
Creditors: Amounts Falling Due After More Than One Year	14		(1,303,969)		-
Provisions for Liabilities and Charges	15		(181,009)		(165,463)
			<u>1,546,649</u>		<u>1,101,411</u>
Capital and Reserves - Equity					
Called Up Share Capital	16		6,482		6,535
Other Reserves	17		785,345		785,292
Profit and Loss Account	17		754,822		309,584
Shareholders' Funds	18		<u>1,546,649</u>		<u>1,101,411</u>

Approved by the Board on 25 JANUARY 2007

J Torode
Director

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Cash Flow Statement for the Year Ended 31 May 2006

Reconciliation of Operating Profit to Operating Cash Flow

	2006		2005
	£	£	£
Operating Profit	543,907		869,796
Depreciation	204,137		235,862
Disposal of Fixed Assets	1,040		18,452
Transfer of fixed assets	(5,438)		-
Change in Stocks	(39,088)		(50,385)
Change in Debtors	(1,727,755)		51,467
Change in Creditors	204,902		(36,818)
Impairment	(1)		-
Operating Cash Flow	<u>(818,296)</u>		<u>1,088,374</u>

CASH FLOW STATEMENT

Operating Cash Flow	(818,296)		1,088,374
Returns on Investment and Servicing of Finance			
Interest Received	6,882		5,582
Finance Lease Interest	(10,574)		(19,015)
Non-Equity Dividends	-		(15,648)
Net Cash Flow From Returns on Investment and Servicing of Finance	(3,692)		(29,081)
Taxation			
Tax paid	(284,029)		(277,291)
Net Cash Flow from Taxation	(284,029)		(277,291)
Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	(251,023)		(216,551)
Net Cash Flow From Capital Expenditure and Financial Investment	(251,023)		(216,551)
	<u>(1,357,040)</u>		<u>565,451</u>
Financing			
Loans Raised	1,500,000		-
Loan Repayments	(337,500)		(312,500)
Redemption of Shares	(35,722)		(195,563)
Net Cash Flow From Financing	1,126,778		(508,063)
Net Cash Flow for the year	<u>(230,262)</u>		<u>57,388</u>

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

1 Accounting Policies

Basis of Accounting

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

Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of Value Added Tax.

Intangible Fixed Assets

Intangible fixed assets are stated at cost, but are considered to be fully impaired.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of tangible fixed assets as follows:

Short Leasehold Properties - the life of the lease
Fixtures & Fittings - between 20% and 33% per annum

Included within fixtures and fittings is artwork which is being depreciated over 5 years straight line. This is a change in accounting policy from prior years when artwork was not depreciated.

Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value.

The costs of stock are calculated on an average cost basis.

Deferred Taxation

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

Deferred tax assets and liabilities are recorded only where it is expected that an asset or liability will crystallise in the foreseeable future.

Pension Costs

The company operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

2 Operating Profit

	2006 £	2005 £
Operating profit is stated after charging:		
Depreciation of tangible assets	204,137	235,862
Operating lease charges - land & buildings	270,854	262,630
Operating lease charges - other assets	13,587	7,588
Auditors' remuneration - audit	9,746	8,250
	<u>204,137</u>	<u>262,630</u>

3 Directors' Emoluments

	2006 £	2005 £
Directors' emoluments	<u>202,376</u>	<u>206,437</u>

The emoluments of the highest paid director were £130,376.

4 Staff Costs

Staff costs, excluding costs relating to directors, were as follows:

	2006 £	2005 £
Wages and Salaries	1,728,080	1,751,934
Social Security Costs	191,707	163,924
Pension Costs	6,312	8,756
	<u>1,926,099</u>	<u>1,924,614</u>

The average monthly number of employees was 142 (2005 148).

The staff of the company worked in the following activities:

	6	5
Administration	138	143
Operational	<u>144</u>	<u>148</u>

5 Other Interest Receivable and Similar Income

	2006 £	2005 £
Bank Interest	<u>6,882</u>	<u>5,582</u>

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

6 Interest Payable and Similar Charges

	2006 £	2005 £
Bank loans and overdrafts	10,574	1,183
Other loans	-	17,832
	<u>10,574</u>	<u>19,015</u>

7 Taxation

	2006 £	2005 £
UK Corporation Tax - Current Year	44,852	284,030
UK Corporation Tax - Adjustment to Prior Years	(1,144)	-
Deferred Taxation	15,546	(11,668)
	<u>59,254</u>	<u>272,362</u>

The tax assessed for the year differs from the standard rate of tax as follows.

	2006 £	2005 £
Profit on ordinary activities before tax	<u>540,214</u>	<u>856,363</u>
Profit on ordinary activities at standard rate of tax 30% (2005 30%)	162,064	256,909
Expenses not deductible for tax purposes	31,727	10,827
Capital allowances in excess of depreciation	4,347	30,230
Other temporary timing differences	2,469	-
Marginal relief	(15,126)	(13,936)
Losses transferred under s.343 ICTA (1988)	<u>(140,629)</u>	<u>-</u>
	<u>44,852</u>	<u>284,030</u>

8 Pension Costs

The pension cost charge for the year amounted to £6,312 (2005 £8,756).

The amount of outstanding contributions at the end of the year was £Nil (2005 £Nil).

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

9 Tangible Fixed Assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost				
At 1 June 2005	2,498,776	-	838,129	3,336,905
Additions	31,138	-	219,885	251,023
Disposals	-	-	(1,040)	(1,040)
Transfers In	92,945	49,849	36,620	179,414
At 31 May 2006	<u>2,622,859</u>	<u>49,849</u>	<u>1,093,594</u>	<u>3,766,302</u>
Depreciation				
At 1 June 2005	550,704	-	673,891	1,224,595
Depreciation for the year	126,077	3,178	74,882	204,137
Transfers In	92,518	46,427	35,031	173,976
At 31 May 2006	<u>769,299</u>	<u>49,605</u>	<u>783,804</u>	<u>1,602,708</u>
Net Book Value				
At 31 May 2006	<u>1,853,560</u>	<u>244</u>	<u>309,790</u>	<u>2,163,594</u>
At 1 June 2005	<u>1,948,072</u>	<u>-</u>	<u>164,238</u>	<u>2,112,310</u>

The net book value of land and buildings is split as follows:

	2006 £	2005 £
Short Leasehold	<u>1,853,560</u>	<u>1,948,072</u>

Included in fixtures and fittings is artwork with a net book value of £25,610. The artwork is currently being depreciated over 5 years on a straight line basis, however it was not depreciated in prior years. The directors believe that the current policy is more realistic.

If the artwork had been depreciated in prior years, the current net book value would be £11,742. No adjustment has been made to the accounts in respect of the change in accounting policy as the difference is not thought to be material.

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

10 Intangible Fixed Assets

	Goodwill £
Cost	
Additions	1
Impairment	<u>(1)</u>
At 31 May 2006	<u>-</u>
 Amortisation	
At 1 June 2005	<u>1</u>
 Net Book Value	<u><u>-</u></u>

On 1 November 2005 the company acquired the trade, assets and liabilities of Korado Limited for the consideration of £1.

11 Stocks

	2006 £	2005 £
Raw Materials and Consumables	<u>239,031</u>	<u>199,943</u>

12 Debtors

	2006 £	2005 £
Trade Debtors	3,395	12,213
Group Balances	1,731,786	-
Other Debtors	127,909	123,435
Prepayments and Accrued Income	85,362	85,049
	<u>1,948,452</u>	<u>220,697</u>

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

13 Creditors: Amounts Falling Due Within One Year

	2006 £	2005 £
Bank Loans and Overdrafts	444,849	150,000
Trade Creditors	276,967	369,528
Corporation Tax	44,852	285,173
Other Taxation and Social Security	247,881	239,388
Other Creditors	117,896	100,947
Accruals and Deferred Income	204,512	298,960
	<u>1,336,957</u>	<u>1,443,996</u>

14 Creditors: Amounts Falling Due After More Than One Year

	2006 £	2005 £
Bank Loans and Overdrafts	937,500	-
Other Creditors	366,469	-
	<u>1,303,969</u>	<u>-</u>

All amounts are due within five years of the balance sheet date.

The bank loan is payable in quarterly installments to be completed by 2 November 2009 at a rate of 1.75% above base rate and is secured on the assets of the group.

15 Provisions for Liabilities and Charges

Deferred tax provided in the accounts, is:

	2006 £	2005 £
Accelerated Capital Allowances	<u>181,009</u>	<u>165,463</u>

Provisions for Liabilities and Charges (continued)

The movement in the deferred tax provision during the year was as follows:

	£
At 1 June 2005	165,463
Movement in the Year	<u>15,546</u>
At 31 May 2006	<u>181,009</u>

Smiths of-Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

16 Share Capital

	2006 £	2005 £
Authorised		
10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
990,000 8% Preference Shares of £1 each	<u>990,000</u>	<u>990,000</u>
 Allotted, Called Up and Fully Paid		
Ordinary Shares of £1 each	<u>6,482</u>	<u>6,535</u>

On 18 October 2005 the company purchased 53 of its own ordinary shares of £1 each for a total consideration of £35,722. The company's remaining issued ordinary shares were then purchased by Korado Limited, a UK registered company, for a consideration of £674 per share.

17 Reserves

	Other Reserves £	Profit and Loss Account £	Total £
At 1 June 2005	785,292	309,584	1,094,876
Other Movements	53	(35,722)	(35,669)
Retained for the year	<u>-</u>	<u>480,960</u>	<u>480,960</u>
At 31 May 2006	<u>785,345</u>	<u>754,822</u>	<u>1,540,167</u>

Smiths of-Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

18 Reconciliation of Movements in Shareholders' Funds

	2006 £	2005 £
Profit for the financial year	480,960	584,001
Dividends	-	(3,911)
	<u>480,960</u>	<u>580,090</u>
Purchase of own shares	(35,722)	(195,563)
	<u>445,238</u>	<u>384,527</u>
Opening Shareholders' Funds	1,101,411	716,884
Closing Shareholders' Funds	<u>1,546,649</u>	<u>1,101,411</u>

19 Reconciliation of Net Cash Flow to Movement in Net Debt

	2006 £	2005 £
Change in Cash in the year	(230,262)	57,388
Change in Debt Financing	<u>(1,162,500)</u>	<u>312,500</u>
Movement in Net (Debt)/Funds in the Period	(1,392,762)	369,888
Net Funds/(Debt) Brought Forward	<u>27,920</u>	<u>(341,968)</u>
Net (Debt)/Funds Carried Forward	<u>(1,364,842)</u>	<u>27,920</u>

20 Analysis of Changes in Net Debt

	Brought Forward £	Cash Flow £	Other Changes £	Carried Forward £
Cash	177,920	(160,413)	-	17,507
Overdrafts	-	<u>(69,849)</u>	-	<u>(69,849)</u>
	<u>177,920</u>	<u>(230,262)</u>	-	<u>(52,342)</u>
Debt Due Within One Year	(150,000)	(225,000)	-	(375,000)
Debt Due After One Year	-	<u>(937,500)</u>	-	<u>(937,500)</u>
	<u>27,920</u>	<u>(1,392,762)</u>	-	<u>(1,364,842)</u>

Smiths of Smithfield Limited (formerly Smiths of Smithfield EC1 Limited and Smiths of Smithfield Limited)

Notes to the Financial Statements for the Year Ended 31 May 2006

continued

21 Contingent Liabilities

National Westminster Bank plc holds a mortgage debenture over the company's assets as follows:

- a) A specific equitable charge over the company's estate or interest in all freehold and leasehold properties;
- b) A specific charge over all plant, machinery and other equipment both present and future and full benefit of all warranties and maintenance contracts;
- c) A specific charge over all stocks, shares and other securities;
- d) A specific charge over book debts and other debts;
- e) A specific charge over goodwill and benefit of any licences and all patents;
- f) A floating charge over undertaking, and all property and assets.

National Westminster Bank plc holds a legal mortgage over the leasehold property known as 67-77 Charterhouse Street, London and proceeds of sale together with a floating charge over all moveable plant, machinery, implements, utensils, furniture and equipment.

National Westminster Bank plc also holds a charge over contract in relation to the lease of 67-77 Charterhouse Street, London.

22 Operating Lease Commitments

The company's commitments under operating leases for the next year are for leases expiring:

	Land and Buildings £
After more than five years	<u>260,000</u>

23 Related Parties

During the year administration charges of £156,000 (2005 - £156,000) were paid to CTB Accounts Limited, a company of which J Torode and R Munding are both directors and shareholders.

The company also purchased goods with a net value of £68,060 (2005 - £87,830) from Aristolend Limited, a company of which R Munding is a director. The transactions took place at an arm's length.

At the year end the company owed R Munding £61,998 (2005 £0), a director of the company, which is included within other creditors.

Marcel Limited, a company of which J Torode is a director and shareholder, recharged the company £2,480 for staff time incurred in working for the company.

24 Ultimate Controlling Party

The company is wholly owned and controlled by Korado Limited.