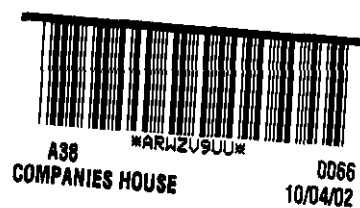


**SMITHS OF SMITHFIELD LIMITED**

**Report and Financial Statements**

**31 May 2001**

Deloitte & Touc  
Chartered Acco  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE



**REPORT AND FINANCIAL STATEMENTS 2001**

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**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S Hopson Jones (resigned 19 April 2001)  
A Hopson Jones  
J Torode  
R Munding (Non-executive)

**SECRETARY**

L Kaswell

**REGISTERED OFFICE**

209 Central Market  
Smithfield  
London  
EC1A 9LH

**BUSINESS ADDRESS**

67-77 Charterhouse Street  
Smithfield  
London  
EC1M 6HJ

**PRINCIPAL BANKERS**

National Westminster Bank Plc  
63 Piccadilly  
London  
W1A 2AG

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE

**SMITHS OF SMITHFIELD LIMITED****DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 May 2001.

**ACTIVITIES**

The principal activity of the company is that of running a restaurant.

**REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The details of the results of the company are set out in the profit and loss account on page 5. The company made a profit after tax for the year of £129,934 (2000: Loss £511,178). The Directors believe that this result does not reflect the true potential of the business due to non-recurring costs that are incurred in the first year of trading. The Directors anticipate that the performance of the company will improve over the next 12 months as a result of changes to the composition of the Board, changes in management structure and on going cost control and cost saving measures. The Directors believe, based on current performance, that the company is well placed to trade more profitably during the next financial year and thereafter.

**DIVIDENDS**

Preference dividends of £62,580 were proposed during the year (2000: Preference dividends in arrears £29,068)

**DIRECTORS AND THEIR INTERESTS**

The directors serving at the end of the year are shown on page 1. Stuart Hopson Jones resigned in April 2001.

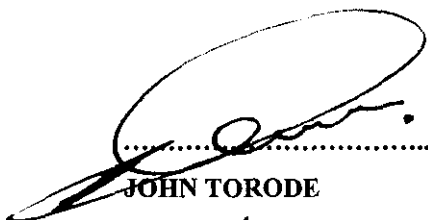
The directors' interests, as defined by the Companies Act 1985, in the ordinary shares of the company at 31 May 2000 and 2001 were as follows:

	Ordinary shares of £1 each	
	2001	2000
A Hopson Jones	-	2,300
R Munding holds 250,000 of the £1 preference share capital.		

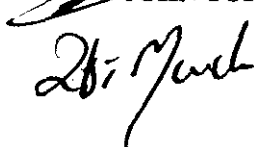
**AUDITORS**

Deloitte & Touche were appointed by the directors as auditors of the company and in accordance with section 385 of the Companies Act 1985 are willing to be reappointed.

Approved by the Board of Directors  
and signed on behalf of the Board



JOHN TORODE



2002

## **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 as at the end of the financial year 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; 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 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.

## **AUDITORS' REPORT TO THE MEMBERS OF SMITHS OF SMITHFIELD LIMITED**

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 9.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 of the state of the company's affairs at 31 May 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

21 March 2002

AMENDED

**SMITHS OF SMITHFIELD LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 May 2001**

	Note	2001	2000
		£	£
<b>TURNOVER</b>	1	5,434,491	30,485
Cost of sales		(1,761,803)	(64,401)
<b>GROSS PROFIT/(LOSS)</b>		3,672,688	(33,916)
Administrative expenses		(3,434,566)	(531,144)
Other operating income		238,122	(565,060)
		6,400	32,832
<b>OPERATING PROFIT/(LOSS)</b>	2	244,522	(532,228)
Interest receivable and similar income	3	-	23,427
Interest payable and similar charges	5	(114,588)	(2,377)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		129,934	(511,178)
Tax on loss on ordinary activities	6	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		129,934	(511,178)
<b>APPROPRIATION</b>			
Preference dividends in arrears		(62,580)	(29,608)
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		67,354	(540,786)
<b>Profit and loss account brought forward</b>		(540,786)	-
<b>Profit and loss account carried forward</b>		(473,432)	(540,786)

All turnover and expenses have been derived from continuing operations.

There are no recognised gains and losses other than the profit for the current and preceding financial years. Accordingly, no Statement of Total Recognised Gains and Losses is shown.

**BALANCE SHEET**  
**As at 31 May 2001**

	Note	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	7	2,423,349	2,562,107
<b>CURRENT ASSETS</b>			
Stocks	8	90,373	81,066
Debtors	9	133,638	375,773
Cash at bank and in hand		192,987	100,885
		416,998	557,724
<b>CREDITORS: amounts falling due within one year</b>	10	(2,373,788)	(2,602,842)
<b>NET CURRENT LIABILITIES</b>		(1,956,790)	(2,045,118)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		466,559	516,989
<b>CREDITORS: amounts falling due after more than one year</b>	11	(148,164)	(265,948)
<b>NET ASSETS</b>		318,395	251,041
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	791,827	791,827
Profit and loss account		(473,432)	(540,786)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	318,395	251,041

These financial statements were approved by the Board of Directors on *26/7/02* 2002  
 Signed on behalf of the Board of Directors

*[Signature]*  
 JOHN TORODE



AMENDED

**SMITHS OF SMITHFIELD LIMITED**

**CASH FLOW STATEMENT**  
**As at 31 May 2001**

	2001 £	2000 £
<b>Net cash inflow/(outflow) from operating activities</b>	1,198,137	(185,662)
<b>Returns on investments and servicing of finance</b>		
Interest received	-	23,427
Interest paid	(102,290)	(65,907)
Interest element of finance lease rental payments	(12,298)	-
<b>Net cash outflow from returns on investments and servicing of finance</b>	(114,588)	(42,480)
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(527,886)	(1,810,964)
<b>Net cash outflow from investing activities</b>	(527,886)	(1,810,964)
<b>Net cash inflow/(outflow) before use of liquid resources and financing</b>	555,663	(2,039,106)
<b>Financing</b>		
Issue of ordinary share capital	-	791,827
Debenture loans	-	148,164
Bank loans	(350,000)	1,200,000
Capital element of finance lease rentals	(113,561)	-
<b>Net cash (outflow)/inflow from financing</b>	(463,561)	2,139,991
<b>Increase in cash</b>	92,102	100,885

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2001**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2001 £	2000 £
Operating profit	244,522	(532,228)
Depreciation charge	196,759	7,272
(Increase)/decrease in stock	(9,307)	(81,066)
Decrease in debtors	242,135	(375,773)
(Decrease)/increase in creditors	524,028	796,133
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,198,137</b>	<b>(185,662)</b>

**2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2001 £	2001 £	2000 £	2000 £
<b>Increase in cash in the period</b>				
Cash inflow from increase in debt	92,102		100,885	
Cash inflow from decrease/increase in liquid resources	463,561		1,348,164	
Change in net debt		559,663		1,247,579
New finance leases		-		(225,000)
Net debt at start of year		(1,472,279)		-
		(916,616)		1,472,279

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At beginning of period £	Cash flows £	At end of year £
Cash in hand, at bank	100,885	92,102	192,987
Debt due within 1 year	(1,200,000)	350,000	(850,000)
Debt due in more than 1 year	(148,164)	-	(148,164)
Finance Leases	(225,000)	113,561	(111,439)
	(1,472,279)	555,663	(916,666)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2001**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards.

The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents the total invoice value, excluding VAT, of meals and drinks.

**Sponsorship**

Sponsorship income represents support payments negotiated with suppliers and are taken to the profit and loss account in the period to which the agreement relates.

**Tangible fixed assets**

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset by equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold Improvements	5% per annum
Fixtures, fittings and equipment	20% and 33% per annum

**Stocks**

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leases**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease at a constant periodic rate on the capital obligation outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**SMITHS OF SMITHFIELD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2001**

**2. OPERATING PROFIT/(LOSS)**

	2001 £	2000 £
<b>Operating profit/(loss) is after charging(crediting):</b>		
Depreciation	196,759	7,272
Rentals under operating leases		
Land and buildings	252,037	16,146
Auditors' remuneration		
Audit fees	5,000	10,000
Non audit services – fundraising fees	-	39,000
Non audit services – other fees	-	1,800
Other fundraising costs	-	15,812
Sponsorship income	(6,400)	(23,290)
Management Charges	(6,942)	(9,542)
	<u>          </u>	<u>          </u>

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2001 £	2000 £
Bank interest	-	23,427
	<u>          </u>	<u>          </u>
	-	23,427
	<u>          </u>	<u>          </u>

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2001 No.	2000 No.
<b>Average number of persons employed</b>		
Administration	5	4
Other	135	74
	<u>          </u>	<u>          </u>
	140	78
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2001**

	2001 £	2000 £
<b>Staff costs (including directors' salaries)</b>		
Wages and salaries	1,605,674	296,987
Social security costs	120,812	19,065
	<u>1,726,486</u>	<u>316,052</u>
<b>Directors' emoluments</b>		
Remuneration for management	194,751	50,000
Non- executive Directors fees	24,000	2,000
Fees paid to third parties	-	110,000
	<u>218,751</u>	<u>162,000</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2001 £	2000 £
On bank loans and overdrafts	80,095	1,748
On other loans	22,196	238
Other interest	12,298	391
	<u>114,588</u>	<u>2,377</u>

**6. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

The corporation tax charge for the year is nil due to trade losses brought forward.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2001**

**7. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 June 2000	2,067,896	501,483	2,569,379
Additions	23,133	34,868	58,001
	<hr/>	<hr/>	<hr/>
At 31 May 2001	2,091,029	536,351	2,627,380
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 June 2000	3,677	3,595	7,272
Charge for the year	96,613	100,146	196,759
	<hr/>	<hr/>	<hr/>
At 31 May 2001	100,290	103,741	204,031
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2001	1,990,739	432,610	2,423,349
	<hr/>	<hr/>	<hr/>
At 31 May 2000	2,064,219	497,888	2,562,107
	<hr/>	<hr/>	<hr/>

Included within freehold land and buildings is £1,990,739 (2000: £2,064,219) relating to long leasehold.

Included above are assets held under finance lease or hire purchase contracts as follows:

	2001 £	2000 £
Net book values:		
Fixtures, fittings and equipment	<u>265,796</u>	<u>332,842</u>
 Depreciation charge for the period:		
Fixtures, fittings and equipment	<u>67,046</u>	<u>2,388</u>

**8. STOCKS**

	2001 £	2000 £
Raw materials and consumables	<u>90,373</u>	<u>81,066</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2001**

**9. DEBTORS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Trade debtors	20,446	16,077
Called up share capital not paid	-	2,426
Other debtors	64,003	347,728
Prepayments and accrued income	49,189	9,542
	<u>133,638</u>	<u>375,773</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank Loans and overdrafts	850,000	1,200,000
Net obligations under finance leases and hire purchase contracts	111,439	107,216
Trade creditors	494,932	473,889
Other taxes and social security costs	182,648	32,618
Other creditors	218,089	164,182
Accruals and deferred income	516,680	624,937
	<u>2,373,788</u>	<u>2,602,842</u>

The bank loan of £850,000 is secured by a mortgage debenture dated 17 May 1999, the legal mortgage over the lease, dated 4 February 2000, and a joint and several guarantee to be given by S Hopson Jones, A Hopson Jones and J Torode.

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
8% 2005 Unsecured redeemable loan stock	148,164	148,164
Net obligations under finance leases and hire purchase contracts	-	117,784
	<u>148,164</u>	<u>265,948</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 May 2001

### 12. BORROWINGS

The company's borrowings are repayable as follows:

Up to one year and on demand	850,000	1,200,000
Between two and five years (Bank & Loan Stock)	148,164	-
after five years	-	148,164
	<u>148,164</u>	<u>1,348,164</u>

#### Borrowings: amounts due after 5 years

Repayable by instalments, some of which fall due

After 5 years

8% 2005 Unsecured Redeemable loan stock

-	<u>148,164</u>
---	----------------

Wholly repayable within 5 years

<u>148,164</u>	<u>-</u>
----------------	----------

Included in current liabilities

<u>850,000</u>	<u>1,200,000</u>
----------------	------------------

### 13. FINANCIAL COMMITMENTS

2001                      2000

Obligations under finance lease and hire purchase contracts

Minimum lease payments due:

Within one year	123,508	123,508
Within 2 to 5 years	-	123,508

123,508                      247,016

Finance charges allocated to future periods

(12,069)                      (22,016)

111,439                      225,000

Due within one year

111,439                      107,216

Due after more than one year

-                      117,784

111,439                      225,000

#### Operating lease commitments

	Land and buildings £ 2001	Land and buildings £ 2000	Other £ 2001	Other £ 2000
Leases which expire:				
After five years	<u>235,000</u>	<u>235,000</u>	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2001**

**14. SHARE CAPITAL**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
<b>Equity interests:</b>	9,575	9,575
10,000 Ordinary shares of £1 each		
<b>Non-equity interests:</b>		
990,000 8% Cumulative redeemable preference shares of £1 each	990,000	990,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>	9,575	9,575
9,575 Ordinary shares of £1 each		
<b>Non-equity interests:</b>		
782,252 8% Cumulative redeemable preference shares of £1 each	782,252	782,252
	<u>791,827</u>	<u>791,827</u>

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Profit/(Loss) for the period</b>	129,934	(511,178)
Dividends	(62,580)	(29,608)
New share capital subscribed	-	791,827
	<u>67,354</u>	<u>251,041</u>
Net addition to shareholders' funds		
Opening shareholders' funds	251,041	-
	<u>318,395</u>	<u>251,041</u>
Closing shareholders' funds		
<b>Represented by:</b>		
Equity interests	(401,277)	(501,605)
Non-equity interests	719,672	752,644
	<u>318,395</u>	<u>251,041</u>

## SMITHS OF SMITHFIELD LIMITED

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 May 2001

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 2001 £	Provided 2000 £	Not provided 2001 £	Not provided 2000 £
Capital allowances in advance of depreciation	-	-	(1,997)	71,545
Losses for tax purposes carried forward	-	-	(71,229)	(189,016)
	-	-	(73,226)	(117,471)

### 17. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH DIRECTORS

The company had the following transactions and period end balances with related parties:

	2001 £	2000 £
Polygon Bar & Grill Limited		
Administration charge	6,942	9,542
Accrued interest	10,800	7,467
Amounts due to Polygon	135,000	140,000
Clapham Junction Limited		
Directors' consultancy fees payable	50,000	50,000
Amounts due to Clapham Junction	54,643	38,268
Marcel Limited		
Directors' consultancy fees payable	60,000	60,000
Amounts due to Marcel	17,625	11,750
A Hopson Jones		
Amounts due to director	50,000	25,000
R Munding		
Non executive Directors' consultancy fees accrued/paid	24,000	2,000

The above balances are interest free, unsecured and repayable on demand with the exception of the amount due to Polygon Bar & Grill Limited on which interest is charged at 8% per annum.

The administration charge is for the use of offices and staff of the company by Polygon Bar & Grill Limited and is recharged at cost. The Directors' consultancy fees are charges by the above directors or companies in their capacity as directors for the consultancy services.

S Hopson Jones, a director of the company (resigned April 2001), is a director of Polygon Bar & Grill Limited and Clapham Junction Limited. He has shareholdings of 50% in Polygon Bar & Grill Limited and 100% in Clapham Junction Limited.

A Hopson Jones, a director of the company, is a director of Polygon Bar & Grill Limited. He has a shareholding of 50% in Polygon bar & Grill Limited.

J Torode, a director of the company, is a director and 99% shareholder of Marcel Limited.

The directors consider these to be arms length transactions.