

Report of the Directors and  
Financial Statements for the Year Ended 31 December 2003  
for  
Sphere Restaurants Limited



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Sphere Restaurants Limited

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for the Year Ended 31 December 2003

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Sphere Restaurants Limited

Company Information  
for the Year Ended 31 December 2003

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**DIRECTORS:**

A.J. Taylor  
T S Wilson  
M J N Fuller  
G S Hollihead

**SECRETARY:**

Ms S E A Standing

**REGISTERED OFFICE:**

The Inn On The Green  
The Old Cricket Common  
Cookham Dean  
Maidenhead  
Berkshire  
SL6 9NZ

**REGISTERED NUMBER:**

3831876 (England and Wales)

**AUDITORS:**

Lerman & Co.  
Chartered accountants &  
Registered auditors  
Suite 5, Stanmore Towers  
8-14 Church Road  
Stanmore

**BANKERS:**

HSBC Republic Bank (UK)  
31 Hill Street  
London  
W1J 5LS

**SOLICITORS:**

Rosenblatt  
9-13 Andrew Street  
London  
EC4A 3AF

Sphere Restaurants Limited

Report of the Directors  
for the Year Ended 31 December 2003

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The directors present their report with the financial statements of the company for the year ended 31 December 2003.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of restaurateurs, hoteliers and publicans.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2003.

**DIRECTORS**

The directors during the year under review were:

A.J. Taylor  
T S Wilson  
M J N Fuller  
G S Hollihead

The directors holding office at 31 December 2003 did not hold any beneficial interest in the issued share capital of the company at 1 January 2003 or 31 December 2003.

The beneficial interests of the directors in the share capital of the holding company are shown in the accounts of that company.

**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

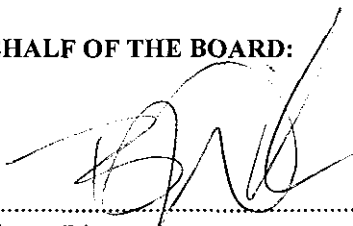
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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**

The auditors, Lerman & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



.....  
T S Wilson - Director

Date: 29/10/2004

Report of the Independent Auditors to the Shareholders of  
Sphere Restaurants Limited

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We have audited the financial statements of Sphere Restaurants Limited for the year ended 31 December 2003 on pages four to ten. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditors' 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors is not consistent with the financial statements, if 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 read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with 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 as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Lerman & Co.  
Chartered accountants &  
Registered auditors  
Suite 5, Stanmore Towers  
8-14 Church Road  
Stanmore

Date: ..... 29/10/04 .....

Sphere Restaurants Limited

Profit and Loss Account  
for the Year Ended 31 December 2003

	Notes	31.12.03 £	31.12.02 £
<b>TURNOVER</b>		803,601	119,012
Cost of sales		<u>349,224</u>	<u>46,294</u>
<b>GROSS PROFIT</b>		454,377	72,718
Administrative expenses		<u>692,578</u>	<u>153,278</u>
		(238,201)	(80,560)
Other operating income		<u>(1,301)</u>	<u>3,000</u>
<b>OPERATING LOSS</b>	3	(239,502)	(77,560)
Interest payable and similar charges	4	<u>48,933</u>	<u>1,321</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(288,435)	(78,881)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(288,435)	(78,881)
<b>DEFICIT FOR THE YEAR</b>		<u>(288,435)</u>	<u>(78,881)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current and previous years.

The notes form part of these financial statements

**Sphere Restaurants Limited**

**Balance Sheet**

**31 December 2003**

	Notes	31.12.03 £	31.12.02 £
<b>FIXED ASSETS</b>			
Tangible assets	6	193,174	67,759
<b>CURRENT ASSETS</b>			
Stocks	7	38,688	35,848
Debtors	8	63,787	80,859
Cash at bank and in hand		1,140	1,557
		<u>103,615</u>	<u>118,264</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	638,019	264,804
<b>NET CURRENT LIABILITIES</b>		<u>(534,404)</u>	<u>(146,540)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(341,230)</u>	<u>(78,781)</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	25,986	-
		<u>(367,216)</u>	<u>(78,781)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	100	100
Profit and loss account	15	(367,316)	(78,881)
<b>SHAREHOLDERS' FUNDS</b>	16	<u>(367,216)</u>	<u>(78,781)</u>

**ON BEHALF OF THE BOARD:**



T S Wilson - Director

Approved by the Board on

29/10/2004

The notes form part of these financial statements

1. **ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on cost and at varying rates on cost
Computer equipment	- 20% 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.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. **STAFF COSTS**

	31.12.03	31.12.02
	£	£
Wages and salaries	229,352	56,924
Social security costs	9,833	2,496
	<u>239,185</u>	<u>59,420</u>

The average monthly number of employees during the year was as follows:

	31.12.03	31.12.02
Administration	4	4
Operations	24	22
	<u>28</u>	<u>26</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2003

3. **OPERATING LOSS**

The operating loss is stated after charging:

	31.12.03	31.12.02
	£	£
Hire of plant and machinery	4,001	603
Depreciation - owned assets	10,917	1,172
Loss on disposal of fixed assets	-	638
Auditors remuneration	2,871	1,125
	<u>2,871</u>	<u>1,125</u>
Directors' emoluments	-	-
	<u>-</u>	<u>-</u>

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.03	31.12.02
	£	£
Bank interest	10,696	111
Loan	8,748	978
Leasing	29,489	232
	<u>48,933</u>	<u>1,321</u>

5. **TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2003 nor for the year ended 31 December 2002.

6. **TANGIBLE FIXED ASSETS**

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2003	21,751	42,356	4,824	68,931
Additions	(15,364)	150,710	986	136,332
	<u>6,387</u>	<u>193,066</u>	<u>5,810</u>	<u>205,263</u>
At 31 December 2003	6,387	193,066	5,810	205,263
<b>DEPRECIATION</b>				
At 1 January 2003	-	932	240	1,172
Charge for year	-	8,498	2,419	10,917
	<u>-</u>	<u>9,430</u>	<u>2,659</u>	<u>12,089</u>
At 31 December 2003	-	9,430	2,659	12,089
<b>NET BOOK VALUE</b>				
At 31 December 2003	<u>6,387</u>	<u>183,636</u>	<u>3,151</u>	<u>193,174</u>
At 31 December 2002	<u>21,751</u>	<u>41,424</u>	<u>4,584</u>	<u>67,759</u>

**7. STOCKS**

	31.12.03	31.12.02
	£	£
Stocks	<u>38,688</u>	<u>35,848</u>

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.03	31.12.02
	£	£
Trade debtors	12,222	15,061
Amounts owed by group undertakings	9,239	-
Other debtors	9,276	26,611
VAT	-	10,166
Prepayments	<u>33,050</u>	<u>29,021</u>
	<u>63,787</u>	<u>80,859</u>

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

	31.12.03	31.12.02
	£	£
Bank loans and overdrafts (see note 11)	213,013	79,805
Hire purchase contracts (see note 12)	37,075	13,704
Trade creditors	103,927	74,020
Amounts owed to group undertakings	228,745	60,747
Social security and other taxes	15,226	13,948
Net Wages Control	1,062	-
VAT	23,817	-
Other creditors	-	1,062
Accrued expenses	<u>15,154</u>	<u>21,518</u>
	<u>638,019</u>	<u>264,804</u>

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

	31.12.03	31.12.02
	£	£
Hire purchase contracts (see note 12)	<u>25,986</u>	<u>-</u>

**11. LOANS**

An analysis of the maturity of loans is given below:

	31.12.03	31.12.02
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>213,013</u>	<u>79,805</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	31.12.03 £	31.12.02 £
Gross obligations repayable:		
Within one year	45,758	13,704
Between one and five years	32,060	-
	<u>77,818</u>	<u>13,704</u>
Finance charges repayable:		
Within one year	8,683	-
Between one and five years	6,074	-
	<u>14,757</u>	<u>-</u>
Net obligations repayable:		
Within one year	37,075	13,704
Between one and five years	25,986	-
	<u>63,061</u>	<u>13,704</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.03 £	31.12.02 £
Bank overdrafts	<u>213,013</u>	<u>79,805</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over all the assets of the company.

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.03 £	31.12.02 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.03 £	31.12.02 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

15. RESERVES

	Profit and loss account £
At 1 January 2003	(78,881)
Deficit for the year	(288,435)
At 31 December 2003	<u>(367,316)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.03 £	31.12.02 £
Loss for the financial year	(288,435)	(78,881)
Issue of shares	-	98
<b>Net reduction of shareholders' funds</b>	<u>(288,435)</u>	<u>(78,783)</u>
Opening shareholders' funds	(78,781)	2
<b>Closing shareholders' funds</b>	<u>(367,216)</u>	<u>(78,781)</u>
Equity interests	<u>(367,216)</u>	<u>(78,781)</u>