

Company Registration No. 4658059 (England and Wales)

**MARCUS WAREING AT THE SAVOY GRILL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2006**

**Jeffreys Henry LLP**

**Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE**

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# MARCUS WAREING AT THE SAVOY GRILL LIMITED

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# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2006

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The directors present their report and financial statements for the year ended 31 August 2006

#### Principal activities and review of the business

The principal activity of the company continued to be that of operating a restaurant

#### Fair review of the business

During the year under review, the turnover of the Company increased by £189,499 to £6,328,342, a rise of 3% which is due to a year on year increase of 4,600 covers dining in the restaurant. Profit for the year increased by 39% to £409,613 due to the rises in turnover as well as tight control of the cost base, in particular within the areas of food purchasing, beverage purchasing and staffing.

Going forward, the directors expect to see the same strength in operating results for the year ahead.

#### Principal Risks and Uncertainties

All businesses face risks and uncertainties as we conduct our operations and there are a number of risks that could impact the Company's performance.

##### People

The successful delivery of service to the Company's guest depends on recruiting, training, managing and retaining people of the highest quality. The failure to employ the right people would put the Company's reputation at risk and could lead to the loss of market share.

##### Suppliers

The quality and efficiency of delivery of the food and beverage supply chain is key to the ongoing success of the Company's businesses. A breakdown in the supply chain would reduce the ability of the business to deliver to the quality expected by guests.

##### Competition

The fine dining restaurant sector in London is an intensely competitive market place for which there is a continuing risk to maintain competitive pricing which reflects value for money and deliver an experience which will ensure retention of guests.

##### Food safety

The company has in place policies, processes and training procedures to ensure compliance with its legal obligations in relation to food hygiene and safety.

##### Consumer spending

All of the sales turnover is derived from the UK, the general health of the UK economy and its influence on consumer spending is important to the Company's success. A significant downturn in consumer spending would be a risk to the financial performance.

#### Key Performance Indicators

The key performance indicators (KPI's) which the company uses to monitor its overall financial performance can be summarised as follows:

- Sales growth +3.0%
- Profit growth +38%
- Food margin 73.4%
- Wine margin 72.9%
- Wages margin 21.7%
- Average spend per cover -0.1%

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2006**

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### Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

### Directors

The following directors have held office since 1 September 2005

M Wareing

C Hutcheson

G Warnes

(Resigned 19 March 2007)

N Fletcher

(Appointed 6 August 2007)

### Auditors

Jeffreys Henry LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

### Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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

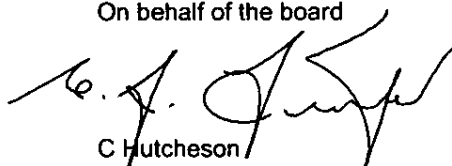
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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 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

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



C Hutcheson

Director

19 June 2008

# **MARCUS WAREING AT THE SAVOY GRILL LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF MARCUS WAREING AT THE SAVOY GRILL LIMITED**

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We have audited the financial statements of Marcus Wareing at the Savoy Grill Limited for the year ended 31 August 2006 set out on pages 5 to 15. These financial statements have been prepared under 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 the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

In addition we 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 other transactions is not disclosed.

We read the directors' report 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 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.

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF MARCUS WAREING AT THE SAVOY GRILL LIMITED

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#### 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 August 2006 and of its profit for the year then ended,
- 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

Jeffreys Henry LLP

Chartered Accountants  
Registered Auditor

19 June 2008

Finsgate, 5-7 Cranwood Street  
London, EC1V 9EE

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2006**

	Notes	2006 £	2005 £
Turnover	2	6,328,342	6,138,843
Cost of sales		(3,171,634)	(3,463,887)
<b>Gross profit</b>		3,156,708	2,674,956
Administrative expenses		(2,563,320)	(2,314,727)
<b>Operating profit</b>	3	593,388	360,229
Other interest receivable and similar income	4	100	1,272
Interest payable and similar charges	5	(2,383)	(13,794)
<b>Profit on ordinary activities before taxation</b>		591,105	347,707
Tax on profit on ordinary activities	6	(181,492)	(52,812)
<b>Profit for the year</b>	12	409,613	294,895

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

There are no recognised gains and losses other than those passing through the profit and loss account

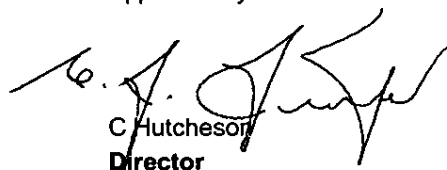
# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	7		494,452		600,391
<b>Current assets</b>					
Stocks	8	114,700		96,814	
Debtors	9	1,397,762		1,102,211	
Cash at bank and in hand		14,280		5,040	
		1,526,742		1,204,065	
<b>Creditors, amounts falling due within one year</b>	10	(1,290,813)		(1,483,688)	
<b>Net current assets/(liabilities)</b>			235,929		(279,623)
<b>Total assets less current liabilities</b>			730,381		320,768
<b>Capital and reserves</b>					
Called up share capital	11	100,000		100,000	
Profit and loss account	12	630,381		220,768	
<b>Shareholders' funds</b>	13	730,381		320,768	

Approved by the Board and authorised for issue on 19 June 2008

  
C. Hutcheson  
Director



# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2006

	£	2006 £	£	2005 £
<b>Net cash inflow from operating activities</b>		113,599		299,282
<b>Returns on investments and servicing of finance</b>				
Interest received	100		1,272	
Interest paid	(2,383)		-	
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>		(2,283)		1,272
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(25,849)		(72,143)	
<b>Net cash outflow for capital expenditure</b>		(25,849)		(72,143)
<b>Net cash inflow before management of liquid resources and financing</b>		85,467		228,411
<b>Financing</b>				
Other new short term loans	-		82,500	
Repayment of long term bank loan	-		(82,500)	
Repayment of other short term loans	(82,500)		(90,000)	
<b>Net cash outflow from financing</b>		(82,500)		(90,000)
<b>Increase in cash in the year</b>		2,967		138,411

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006		2005	
		£		£	
	Operating profit	593,388		360,229	
	Depreciation of tangible assets	131,788		130,458	
	(Increase)/decrease in stocks	(17,886)		26,851	
	Increase in debtors	(295,551)		(633,072)	
	(Decrease)/Increase in creditors within one year	(298,140)		414,816	
	<b>Net cash inflow from operating activities</b>	<b>113,599</b>		<b>299,282</b>	
2	Analysis of net debt	1 September 2005	Cash flow	Other non-cash changes	31 August 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	5,040	9,240	-	14,280
	Bank overdrafts	(36,439)	(6,273)	-	(42,712)
		(31,399)	2,967	-	(28,432)
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due within one year	(82,500)	82,500	-	-
	<b>Net debt</b>	<b>(113,899)</b>	<b>85,467</b>	<b>-</b>	<b>(28,432)</b>
3	Reconciliation of net cash flow to movement in net debt	2006		2005	
		£		£	
	Increase in cash in the year	2,967		138,411	
	Cash outflow from decrease in debt	82,500		90,000	
	<b>Movement in net debt in the year</b>	<b>85,467</b>		<b>228,411</b>	
	Opening net debt	(113,899)		(342,310)	
	<b>Closing net debt</b>	<b>(28,432)</b>		<b>(113,899)</b>	

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	evenly over the period of the lease
Plant and machinery	15%-25% straight line
Fixtures, fittings & equipment	15%-25% straight line

#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value

#### 1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all material timing differences

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

### 3 Operating profit

	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of tangible assets	131,788	130,458
Operating lease rentals		
- Plant and machinery	723,561	598,537
- Other assets	915,149	912,939
Auditors' remuneration	4,000	4,000

### 4 Investment income

	2006 £	2005 £
Bank interest	100	1,272

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2006

<b>5</b>	<b>Interest payable</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	2,383	-
	On other loans wholly repayable within five years	-	9,689
	On overdue tax	-	4,105
		<u>2,383</u>	<u>13,794</u>
<b>6</b>	<b>Taxation</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U K corporation tax	181,492	52,812
	<b>Current tax charge</b>	<u>181,492</u>	<u>52,812</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>591,105</u>	<u>347,707</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	<u>177,332</u>	<u>104,312</u>
	Effects of		
	Non deductible expenses	465	1,262
	Depreciation add back	39,536	39,137
	Capital allowances	(35,841)	(45,201)
	Tax losses utilised	-	(46,698)
		<u>4,160</u>	<u>(51,500)</u>
	<b>Current tax charge</b>	<u>181,492</u>	<u>52,812</u>

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2006

### 7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2005	50,365	493,144	342,447	885,956
Additions	-	9,320	16,529	25,849
At 31 August 2006	50,365	502,464	358,976	911,805
<b>Depreciation</b>				
At 1 September 2005	11,681	161,908	111,976	285,565
Charge for the year	5,037	74,033	52,718	131,788
At 31 August 2006	16,718	235,941	164,694	417,353
<b>Net book value</b>				
At 31 August 2006	33,647	266,523	194,282	494,452
At 31 August 2005	38,684	331,236	230,471	600,391

8 Stocks	2006 £	2005 £
Raw materials and consumables	-	682
Finished goods and goods for resale	114,700	96,132
	<u>114,700</u>	<u>96,814</u>

9 Debtors	2006 £	2005 £
Trade debtors	154,147	104,814
Amounts owed by parent and fellow subsidiary undertakings	1,178,599	921,361
Other debtors	2,621	1,371
Prepayments and accrued income	62,395	74,665
	<u>1,397,762</u>	<u>1,102,211</u>

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2006

10 Creditors amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	42,712	118,939
Trade creditors	627,925	525,287
Corporation tax	234,304	52,812
Other taxes and social security costs	113,483	107,578
Other creditors	189,310	174,685
Accruals and deferred income	83,079	504,387
	<u>1,290,813</u>	<u>1,483,688</u>

The bank overdraft is secured on a group basis (see note 15) The bank loans are secured by the personal guarantee of directors within the group (see note 19)

11 Share capital	2006 £	2005 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

12 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 September 2005	220,768
Profit for the year	<u>409,613</u>
Balance at 31 August 2006	<u>630,381</u>

13 Reconciliation of movements in shareholders' funds	2006 £	2005 £
Profit for the financial year	409,613	294,895
Opening shareholders' funds	<u>320,768</u>	<u>25,873</u>
Closing shareholders' funds	<u>730,381</u>	<u>320,768</u>

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2006

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### 14 Contingent liabilities

The company has contingent liabilities in respect of banking facilities arranged on a group basis, which include a debt facility totalling £10,500,000 (2005 'Letter of credit facility' £1,161,250 and 'BACS guarantee facility' £500,000)

### 15 Financial commitments

At 31 August 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2007

	2006 £	Other 2005 £
Operating leases which expire Between two and five years	750,000	750,000

The company's bankers have provided overdraft facilities on a group basis, which is secured by a debenture over the present and future assets of the company, its parent undertakings and fellow subsidiary undertakings. At 31 August 2006 the total group financial commitment under this cross guarantee was £3,091,119 (2005 - £1,323,518)

### 16 Directors' emoluments

	2006 £	2005 £
Emoluments for qualifying services	-	102,888

# MARCUS WAREING AT THE SAVOY GRILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2006

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Directors	3	3
Restaurant staff	116	120
	<u>119</u>	<u>123</u>

#### Employment costs

	2006 £	2005 £
Wages and salaries	1,239,052	1,538,901
Social security costs	129,596	129,815
	<u>1,368,648</u>	<u>1,668,716</u>

### 18 Control

The immediate parent company is Artichoke Consultancy Limited and the ultimate parent company is Gordon Ramsay Holdings Limited, and the ultimate controlling party is Gordon James Ramsay who owns a controlling interest in Gordon Ramsay Holdings Limited

Gordon Ramsay Holdings Limited prepares group financial statements and copies can be obtained from 'Companies House, Crown Way, Cardiff, CF14 3UZ '

### 19 Related party transactions

M Wareing is a director and therefore a related party

G J Ramsay is a director of fellow group undertakings and therefore a related party G J Ramsay has given personal guarantees totalling £3,500,000 (2005 £1,600,000) in respect of the group banking facility (see notes 14 and 15)

C Hutcheson is a director and therefore a related party C Hutcheson has given personal guarantees totalling £1,500,000 (2005 £500,000) in respect of the group banking facility (see notes 14 and 15)

Gordon Ramsay Holdings Limited is the ultimate parent company and therefore a related party Included in administrative expenses are amounts of £723,561 (2005 £598,537) relating to services provided by Gordon Ramsay Holdings Limited



# **MARCUS WAREING AT THE SAVOY GRILL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2006**

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### **20 Post balance sheet events**

On 14 December 2007, the Savoy Grill restaurant was closed for trading as part of the refurbishment of the Savoy Hotel. The hotel is expected to re-open in May 2009 and an agreement in principle has been reached with discussions ongoing for the company to continue to operate as a restaurant within the Savoy Hotel when it re-opens.