

COMPANY REGISTRATION NUMBER 04766293

REGISTERED OFFICE: 100, QUEEN STREET, LONDON, E1 1AB

REGISTRAR  
OF COMPANIES

**IMAGE RESTAURANTS PLC**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2004**



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COMPANIES HOUSE

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14/12/04



**MacIntyre Hudson**

THE FUTURE IS WHAT YOU MAKE IT™

# **IMAGE RESTAURANTS PLC**

## **FINANCIAL STATEMENTS**

**PERIOD TO 30 JUNE 2004**

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<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	1
Chairman's statement	2
The directors' report	3
Independent auditors' report to the shareholders	5
Group profit and loss account	7
Group balance sheet	8
Company balance sheet	9
Group cash flow statement	10
Notes to the financial statements	11

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# **IMAGE RESTAURANTS PLC**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **The board of directors**

C C Bodker  
R H Brooks  
S A R Rose  
U E Schwarzenbach  
M A Spencer

### **Company secretary**

J Jones

### **Registered office**

153-155 Regent Street  
London  
W1B 4JE

### **Auditors**

MacIntyre Hudson  
Chartered Accountants  
& Registered Auditors  
Greenwood House  
4/7 Salisbury Court  
London  
EC4Y 8BT

### **Bankers**

Allied Irish Bank (GB)  
361 King Street  
Hammersmith  
London  
W6 9NA

# IMAGE RESTAURANTS PLC

## CHAIRMAN'S STATEMENT

### PERIOD TO 30 JUNE 2004

I am pleased to present the results of the Company for its first trading period. Shareholders will be aware that Image Restaurants was formed by combining the businesses of Moving Image Restaurants and Mirror Image Restaurants in August last year. This was considered by the very large majority of Shareholders of both companies to be in their best interests. At the same time £1.25 million was raised from a small group of new and existing Shareholders, and this helped to strengthen substantially the balance sheet of the combined entity. You may also be aware that some changes were made to the composition of the combined Board and I hope you will agree that your Directors have between them a range of experience and expertise that will help move the Company forward.

Trading throughout the year was challenging. London has an increasingly well-supplied restaurant market and tourists have been slow to return after September 2001. Group turnover for the period from 29 August 2003 to 30 June 2004 was just over £8.7 million. Please note that this does not represent a full year of trading - a full 12 months trading may have been in the region of £10.5 million net of VAT and Service Charge.

The accounts show a loss on ordinary activities before tax of £430,946. Please bear in mind that this number includes the costs of the merger of Moving and Mirror as well as the refurbishment and set-up costs associated with the change in concept from West Street to East@West. Shareholders may recall that this change involved closing West Street at the beginning of October 2003, with the refurbishment and soft opening of East@West taking about 4 weeks to complete. East@West opened at the end of October 2003 and as you may be aware has won a number of awards. These include Tatler Magazine's Award for Best New Restaurant of the Year and Caterer and Hotel Magazine's Award for Best New Menu of the Year. Both of these awards are particularly gratifying and endorse the decision to make the change from West Street. While on the face of it this restaurant was properly conceived, its opening in September 2001 was unfortunate to say the least.

Management has worked hard to extract the economies of scale available by joining Moving with Mirror and these benefits are beginning to show through in terms of improved margins. Further progress is under-way in the current period. While it is particularly hard in the current environment to make any concrete predictions for the year ending June 2005, what I am able to say, is based on current trading, we are anticipating a substantially improved year and a return to profitability (before any exceptional items).

One of the frustrations of the restaurant industry is the relative lack of available first-class management. We are fortunate in that we have been able to identify, attract and retain some of the very best and I would like to thank them for their continued splendid efforts.

Shareholders may know that during the course of the year Marian Scrutton left the Group to pursue other interests. Marian joined Moving Image in the middle part of 1996 and was instrumental, along with Christopher Bodker, in building the Group from one restaurant to the five that it is today (not forgetting the Fish Shop!). Her ability to make a dining room sing is unrivalled. We miss her and wish her all the best with her future endeavours.

The Company would like to thank the Directors and Shareholders for your generous support over the last 10 or so months. This is something which is all too easy to forget, and we are most grateful.

Rory Brooks  
Chairman

# IMAGE RESTAURANTS PLC

## THE DIRECTORS' REPORT

### PERIOD TO 30 JUNE 2004

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The directors present their report and the financial statements of the group for the period from 15 May 2003 to 30 June 2004.

#### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company was incorporated on 15 May 2003. The company acquired its subsidiaries on 29 August 2003 and the results for the subsidiaries are included in the financial statements from this date. The principal activity of the company during the year was that of a holding company. The activity of the company's subsidiaries was the running of restaurants.

A review of the development of the group during the period, together with its financial position and future prospects are detailed in the chairman's statement.

#### RESULTS AND DIVIDENDS

The trading results for the period and the group's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

#### THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At	At
		30 June 2004	15 May 2003 or later date of appointment
C C Bodker	(Appointed 28 May 2003)	15,899	2
R H Brooks	(Appointed 16 July 2003)	2,879	—
S A R Rose	(Appointed 16 July 2003)	2,819	—
U E Schwarzenbach	(Appointed 16 July 2003)	—	—
M A Spencer	(Appointed 16 July 2003)	4,134	—
M J Scrutton	(Served from 28 May 2003 to 10 December 2003)	—	—
		<hr/>	<hr/>

#### POLICY ON THE PAYMENT OF CREDITORS

The group's current policy concerning the payment of trade creditors is to: - settle the terms of payment with suppliers when agreeing the terms of each transaction; - ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and  
- pay in accordance with the company's contractual and other legal obligations. As at 30 June 2004 the creditor days for the group was 141.

# IMAGE RESTAURANTS PLC

## THE DIRECTORS' REPORT *(continued)*

PERIOD TO 30 JUNE 2004

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### 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 group at the end of the period and of the group's profit or loss for the period then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 11 to 12, 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### DONATIONS

During the period the company made the following contributions:

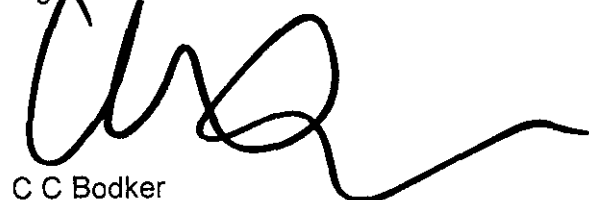
Charitable

£  
463

### AUDITORS

MacIntyre Hudson were appointed as auditors during the year and a resolution to re-appoint them for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



C C Bodker  
Director

Approved by the directors on 14.12.04

# **IMAGE RESTAURANTS PLC**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IMAGE RESTAURANTS PLC**

**PERIOD TO 30 JUNE 2004**

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We have audited the financial statements of Image Restaurants Plc which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 Directors' Report 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **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 group's circumstances, consistently applied and adequately disclosed.

# IMAGE RESTAURANTS PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IMAGE RESTAURANTS PLC *(continued)*

**PERIOD TO 30 JUNE 2004**

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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 and of the group as at 30 June 2004 and of the loss of the group for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



MACINTYRE HUDSON  
Chartered Accountants  
& Registered Auditors

Greenwood House  
4/7 Salisbury Court  
London  
EC4Y 8BT

14 December 2004



**IMAGE RESTAURANTS PLC**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**PERIOD TO 30 JUNE 2004**

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	Note	Period from 29 Aug 03 to 30 June 04 £
<b>GROUP TURNOVER</b>	2	8,720,566
Cost of sales		(2,890,349)
<b>GROSS PROFIT</b>		<u>5,830,217</u>
Administrative expenses		(6,461,209)
Other operating income	3	<u>422,396</u>
<b>OPERATING LOSS</b>	4	(208,596)
Interest receivable		3,831
Interest payable	7	(226,181)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(430,946)</u>
Tax on loss on ordinary activities	8	(16,512)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(447,458)</u>
Minority interests		(23,388)
<b>LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	9	<u>(470,846)</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(470,846)</u>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the period as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 11 to 24 form part of these financial statements.

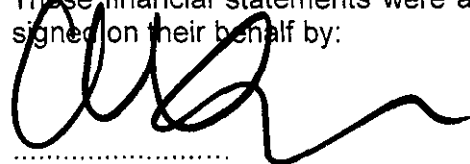
# IMAGE RESTAURANTS PLC

## GROUP BALANCE SHEET

30 JUNE 2004

	Note	£	30 June 04 £
<b>FIXED ASSETS</b>			
Intangible assets	10		2,783,167
Tangible assets	11		<u>3,270,024</u>
			6,053,191
<b>CURRENT ASSETS</b>			
Stocks	13	123,967	
Debtors	14	569,209	
Cash in hand		<u>5,191</u>	
		698,367	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>2,617,118</u>	
<b>NET CURRENT LIABILITIES</b>			(1,918,751)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,134,440
<b>CREDITORS: Amounts falling due after more than one year</b>	16		<u>3,254,886</u>
			<u>879,554</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	21		64,667
Share premium account	22		1,176,056
Profit and loss account	22		<u>(470,846)</u>
<b>SHAREHOLDERS' FUNDS</b>	23		769,877
<b>MINORITY INTERESTS</b>			<u>109,677</u>
			<u>879,554</u>

These financial statements were approved by the directors on the 14.12.04 and are signed on their behalf by:



C C Bodker

The notes on pages 11 to 24 form part of these financial statements.

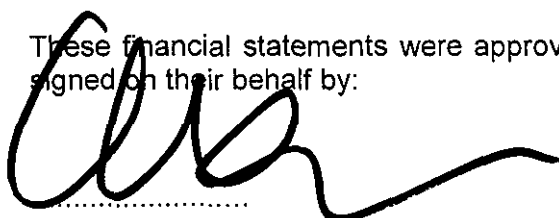
# IMAGE RESTAURANTS PLC

## COMPANY BALANCE SHEET

30 JUNE 2004

	Note	£	30 June 04 £
<b>FIXED ASSETS</b>			
Investments	12		69,540
<b>CURRENT ASSETS</b>			
Debtors	14	1,228,938	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>61,369</u>	
<b>NET CURRENT ASSETS</b>			<u>1,167,569</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,237,109</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	21		64,667
Share premium account	22		1,176,056
Profit and loss account	22		<u>(3,614)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,237,109</u>

These financial statements were approved by the directors on the 14.12.04 and are signed on their behalf by:

  
.....  
C C Bodker

The notes on pages 11 to 24 form part of these financial statements.

**IMAGE RESTAURANTS PLC**  
**GROUP CASH FLOW STATEMENT**  
**PERIOD TO 30 JUNE 2004**

	Note	£	Period to 30 June 04 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24		1,730,399
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24		(222,350)
TAXATION	24		(16,512)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	24		(3,056,380)
ACQUISITION OF SUBSIDIARY UNDERTAKINGS			(3,511,540)
CASH OUTFLOW BEFORE FINANCING			(5,076,383)
FINANCING	24		1,240,723
INCREASE IN NET DEBT	24		(3,835,660)

The notes on pages 11 to 24 form part of these financial statements.

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

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

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 20 years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

#### **Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 25 years. This rebuts the FRS 10 presumption that goodwill will not be written off over a period exceeding 20 years on the basis that the durability of the acquired business justifies estimation of the useful economic life to exceed 20 years, and that it is capable of continued measurement.

#### **Amortisation**

Amortisation 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.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

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 the life of the lease
Fixtures, fittings and equipment	- 4/5 years straight line
Motor vehicles	- 5 years straight line

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 1. ACCOUNTING POLICIES *(continued)*

#### **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.

#### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the 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.

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	Period to 30 June 04 £
United Kingdom	<u>8,720,566</u>

### 3. OTHER OPERATING INCOME

	Period to 30 June 04 £
Other operating income	<u>422,396</u>

### 4. OPERATING LOSS

Operating loss is stated after charging:

	Period to 30 June 04 £
Amortisation	148,818
Depreciation of owned fixed assets	452,200
Auditors' remuneration	
- as auditors	17,500
Operating lease costs:	
Land and buildings	<u>784,455</u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to:

	Period to 30 June 04 No
Office and management	11
Restaurant and catering	233
	<u>244</u>

The aggregate payroll costs of the above were:

	Period to 30 June 04 £
Wages and salaries	3,320,293
Social security costs	320,342
	<u>3,640,635</u>

### 6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Period to 30 June 04 £
Emoluments receivable	<u>136,104</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period to 30 June 04 £
Interest payable on bank borrowing	214,320
Other similar charges payable	11,861
	<u>226,181</u>



# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 8. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the period

	Period to 30 June 04 £
Current tax:	
Corporation tax	—
Under provision in prior years	<u>56,188</u>
Total current tax	<u>56,188</u>
Deferred tax:	
Origination and reversal of timing differences	<u>(39,676)</u>
Tax on loss on ordinary activities	<u>16,512</u>

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19%.

	Period to 30 June 04 £
Loss on ordinary activities before taxation	<u>(430,946)</u>
Loss on ordinary activities by rate of tax	<u>(118,108)</u>
Excess of depreciation over capital allowances	<u>27,794</u>
Expenses not deductible for tax purposes	<u>17,504</u>
Tax losses not utilised	<u>61,460</u>
Capital gain	<u>11,350</u>
Adjustment to prior years	<u>56,188</u>
Total current tax (note 8(a))	<u>56,188</u>

### 9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £3,614.

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

### 10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
<b>COST</b>	
On acquisition	155,705
Additions	<u>2,872,571</u>
<b>At 30 June 2004</b>	<u><b>3,028,276</b></u>
<b>AMORTISATION</b>	
On acquisition	96,291
Charge for the period	<u>148,818</u>
<b>At 30 June 2004</b>	<u><b>245,109</b></u>
<b>NET BOOK VALUE</b>	
<b>At 30 June 2004</b>	<u><b>2,783,167</b></u>

### 11. TANGIBLE FIXED ASSETS

Group	Leasehold Property £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
<b>COST</b>				
On acquisition	4,674,442	2,034,223	17,431	6,726,096
Additions	<u>14,864</u>	<u>168,945</u>	<u>—</u>	<u>183,809</u>
<b>At 30 June 2004</b>	<u><b>4,689,306</b></u>	<u><b>2,203,168</b></u>	<u><b>17,431</b></u>	<u><b>6,909,905</b></u>
<b>DEPRECIATION</b>				
On acquisition	1,527,208	1,649,850	10,623	3,187,681
Charge for the period	<u>229,610</u>	<u>219,685</u>	<u>2,905</u>	<u>452,200</u>
<b>At 30 June 2004</b>	<u><b>1,756,818</b></u>	<u><b>1,869,535</b></u>	<u><b>13,528</b></u>	<u><b>3,639,881</b></u>
<b>NET BOOK VALUE</b>				
<b>At 30 June 2004</b>	<u><b>2,932,488</b></u>	<u><b>333,633</b></u>	<u><b>3,903</b></u>	<u><b>3,270,024</b></u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 12. INVESTMENTS

Company	Subsidiary companies
	£
<b>COST</b>	
Additions	<u>69,540</u>
At 30 June 2004	<u>69,540</u>
<b>NET BOOK VALUE</b>	
At 30 June 2004	<u>69,540</u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 12. INVESTMENTS *(continued)*

The company had the following subsidiary undertakings at 30 June 2004, all incorporated in England & Wales.

Moving Image Restaurants Plc (100% owned)

Mirror Image Restaurants Plc (100% owned)

Place Restaurants Limited (90.71% owned by Moving Image Restaurants Plc)

On 29 August 2003 the group acquired Mirror Image Restaurants Plc and Moving Image Restaurants Plc by way of a share exchange. Goodwill arising on the acquisition of these companies has been capitalised and will be amortised over 20 years.

An analysis of the assets and liabilities of the acquired subsidiaries is as follows:-

#### **Mirror Image Restaurants Plc**

Tangible fixed assets	£2,447,467
Stocks	£59,000
Debtors	£133,210
Bank	£1,800
Short term creditors	£1,200,889
Long term creditors	£1,587,963

#### **Moving Image Restaurants Plc and Place Restaurants Limited**

Intangible fixed assets	£93,581
Tangible fixed assets	£1,152,034
Stocks	£74,000
Debtors	£1,519,553
Bank	£1,930
Short term creditors	£3,566,165
Long term creditors	£1,845,880

No material adjustment arose in restating the companies' book values to fair values

The results of the subsidiaries for the period 1 July 2003 up to date of acquisition are summarised as follows: -

#### **Mirror Image Restaurants Plc**

Turnover	£389,074
Operating loss	£230,972
Loss before taxation	£249,210
Retained loss	£249,210

For the year ended 30 June 2003 the company had a retained loss of £650,730.

#### **Moving Image Restaurants Plc and Place Restaurants Limited**

Turnover	£825,101
Operating loss	£282,442
Profit on sale of restaurant	£102,761
Loss before taxation	£203,043
Retained loss	£203,043

For the year ended 30 June 2003 the group had a retained loss after minority interest of £348,489.

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# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

### 13. STOCKS

	Group £	Company £
Liquor stocks	<u>123,967</u>	<u>—</u>

### 14. DEBTORS

	Group £	Company £
Trade debtors	100,718	—
Amounts owed by group undertakings	79,570	1,228,938
Other debtors	109,581	—
Prepayments and accrued income	<u>279,340</u>	<u>—</u>
	<u>569,209</u>	<u>1,228,938</u>

The debtors above include the following amounts falling due after more than one year:

	Group £	Company £
Other debtors	<u>105,750</u>	<u>—</u>

### 15. CREDITORS: Amounts falling due within one year

	Group £	Company £
Bank loans and overdrafts	585,965	1,368
Trade creditors	1,152,251	—
Amounts owed to group undertakings	79,570	60,001
Directors' loan accounts	52,158	—
Other creditors including taxation and social security:		
Other taxation and social security	347,646	—
Other creditors	36,819	—
Accruals and deferred income	<u>362,709</u>	<u>—</u>
	<u>2,617,118</u>	<u>61,369</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group £	Company £
Bank loans and overdrafts	<u>585,965</u>	<u>—</u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

### 16. CREDITORS: Amounts falling due after more than one year

	Group £	Company £
Bank loans and overdrafts	<u>3,254,886</u>	<u>—</u>

Bank loans and overdrafts are secured by a mortgage debenture over all the assets of the group, a legal mortgage over the lease of its properties, and an assignment of a life assurance policy on the life of C C Bodker, together with any other securities held by the lender at any time.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group £	Company £
Bank loans and overdrafts	<u>3,254,886</u>	<u>—</u>

### 17. CREDITORS - BANK LOANS AND OVERDRAFTS

Creditors include finance capital which is due for repayment as follows:

	Group £	Company £
Amounts repayable:		
In one year or less or on demand	266,000	—
In more than one year but not more than two years	483,800	—
In more than two years but not more than five years	<u>2,771,087</u>	<u>—</u>
	<u>3,520,887</u>	<u>—</u>

### 18. DEFERRED TAXATION

No provision has been made in the group's accounts and the amounts unprovided at the end of the period are as follows:

	£
Excess of taxation allowances over depreciation on fixed assets	(87,205)
Tax losses available	<u>349,336</u>
	<u>262,131</u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 19. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2004 the group had annual commitments under non-cancellable operating leases as set out below.

Group	30 June 04	
	Land and buildings £	Other items £
Operating leases which expire:		
Within 2 to 5 years	-	2,600
After more than 5 years	846,500	-
	<u>846,500</u>	<u>2,600</u>

### 20. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party.

At the year end C C Bodker, a director, was owed £52,158 in respect of an interest free loan made during the year, which is included within creditors.

### 21. SHARE CAPITAL

#### Authorised share capital:

	30 June 04 £
100,000 Ordinary shares of £1 each	<u>100,000</u>

#### Allotted and called up:

	No	£
Ordinary shares of £1 each	<u>64,667</u>	<u>64,667</u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

### 21. SHARE CAPITAL *(continued)*

#### Share options

Certain senior management hold options to subscribe for 11,412 Ordinary Shares in the company granted upon the executive share option scheme.

The exercise price of these options will be £81.19 per share and the vesting of these options is dependent on the achievement of specific performance targets based on the level of aggregate dividends paid to shareholders.

Up to one third of the options will become exercisable, dependent on these targets, within three years.

Options to acquire the remaining shares will become exercisable upon the occurrence of a liquidity event.

### 22. RESERVES

#### Group

	Share premium account £	Profit and loss account £
Loss for the period	–	(470,846)
Other movements:		
New equity share capital subscribed	1,176,056	–
Balance carried forward	<u>1,176,056</u>	<u>(470,846)</u>

#### Company

	Share premium account £	Profit and loss account £
Loss for the period	–	(3,614)
Other movements:		
New equity share capital subscribed	1,176,056	–
Balance carried forward	<u>1,176,056</u>	<u>(3,614)</u>

### 23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	30 June 04 £
Loss for the financial period		(470,846)
New equity share capital subscribed	64,667	
Premium on new share capital subscribed	<u>1,176,056</u>	
		<u>1,240,723</u>
Net addition to funds		<u>769,877</u>
Closing shareholders' equity funds		<u>769,877</u>



# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

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### 24. NOTES TO THE STATEMENT OF CASH FLOWS

#### RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period to 30 June 04 £
Operating loss	(208,596)
Amortisation	148,818
Depreciation	452,200
Increase in stocks	(123,967)
Increase in debtors	(569,209)
Increase in creditors	2,031,153
Net cash inflow from operating activities	<u>1,730,399</u>

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period to 30 June 04 £
Interest received	3,831
Interest paid	(226,181)
Net cash outflow from returns on investments and servicing of finance	<u>(222,350)</u>

#### TAXATION

	Period to 30 June 04 £
Taxation	<u>(16,512)</u>

#### CAPITAL EXPENDITURE

	Period to 30 June 04 £
Payments to acquire intangible fixed assets	(2,872,571)
Payments to acquire tangible fixed assets	<u>(183,809)</u>
Net cash outflow from capital expenditure	<u>(3,056,380)</u>

# IMAGE RESTAURANTS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD TO 30 JUNE 2004

### 24. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

#### FINANCING

	Period to 30 June 04 £
Issue of equity share capital	64,667
Share premium on issue of equity share capital	<u>1,176,056</u>
Net cash inflow from financing	<u>1,240,723</u>

#### ANALYSIS OF CHANGES IN NET DEBT

	At 15 May 2003 £	Cash flows £	At 30 June 2004 £
Net cash:			
Cash in hand and at bank	–	5,191	5,191
Overdrafts	–	<u>(319,965)</u>	<u>(319,965)</u>
	–	<u>(314,774)</u>	<u>(314,774)</u>
Debt:			
Debt due within 1 year	–	(266,000)	(266,000)
Debt due after 1 year	–	<u>(3,254,886)</u>	<u>(3,254,886)</u>
	–	<u>(3,520,886)</u>	<u>(3,520,886)</u>
Net debt	–	<u>(3,835,660)</u>	<u>(3,835,660)</u>