

Amended

**Ground Restaurants Ltd
(Registered Number: 5751450)**

Directors' Report and Financial Statements

Period from incorporation to 1 July 2007

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Ground Restaurants Ltd

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Ground Restaurants Ltd

Directors' Report for the Period Ended 1 July 2007

The directors submit their report and the audited financial statements of the Company for the period from incorporation on 22 March 2006 to 1 July 2007

This report was prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Review of the business

From incorporation to 23 August 2006, the company did not trade. Since then the Company's principal activity was the operation of burger restaurants.

Results and dividends

The Company's loss for the period, after taxation, amounted to £147,826. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the Company during the period and to the date of this report are shown below:

R 'T Hooft
A Kaye
M Dale
E Standing

All directors were appointed on 22 March 2006.

Employment of disabled persons

It is the policy of the Company to give full and fair consideration to applications for employment from disabled persons and to continue wherever possible the employment of members of staff who may become disabled and to ensure that a suitable training, career development and promotion programme is encouraged.

Ground Restaurants Ltd

Directors' Report for the Period Ended 1 July 2007 (Continued)

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 confirm that this has occurred

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

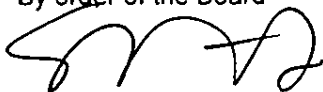
So far as each director is aware

- (a) there is no relevant audit information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that ought to have been taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors

Auditors

PricewaterhouseCoopers LLP were appointed auditors during this period, and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board



E Standing
Director

29 April 2008

Independent Auditors' Report to the Members of Ground Restaurants Ltd

We have audited the financial statements of Ground Restaurants Ltd for the period ended 1 July 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 (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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 1 July 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information in the Directors' Report is consistent with the Financial Statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

29 April 2008

Ground Restaurants Ltd

Profit and Loss Account for the Period 22 March 2006 to 1 July 2007

	<i>Note</i>	£
Turnover	1(b)	462,625
Cost of sales		(558,390)
Gross loss		(95,765)
Administrative expenses		(52,061)
Operating loss	2	(147,826)
Loss on ordinary activities before taxation		(147,826)
Taxation on loss on ordinary activities	4	-
Loss on ordinary activities after taxation		(147,826)
Loss for the period	11	(147,826)

All activities are continuing

There are no differences between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents

The notes on pages 6 to 12 form an integral part of these financial statements

Ground Restaurants Ltd

Balance Sheet as at 1 July 2007

	Note	£
Fixed assets		
Tangible assets	5	553,693
Current assets		
Stocks	6	4,340
Debtors	7	47,996
Cash at bank and in hand		20,018
		72,354
Creditors - amounts falling due within one year	8	(773,773)
Net current liabilities		(701,419)
Total assets less current liabilities		(147,726)
Provisions for liabilities and charges	9	-
Net liabilities		(147,726)
Capital and reserves		
Called-up share capital	10	100
Share premium account	10	-
Revaluation reserve	10	-
Profit and loss account	11	(147,826)
Equity shareholders' deficit	12	(147,726)

The Financial statements were approved by the board of directors on 29 April 2008 and signed on its behalf by



E Standring
Director

The notes on pages 6 to 12 form an integral part of these financial statements

Ground Restaurants Ltd

Notes to the Financial Statements

1 Accounting policies

The principal accounting policies of the Company, which have been applied consistently throughout the period, are described below

(a) Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

(b) Turnover

Turnover represents invoiced sales of goods and supply of services excluding value added tax. Turnover is recognised when the goods or services have been provided. All turnover originates in the UK.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write down to estimated residual value the cost of each asset over its estimated useful life on a straight line basis.

Equipment	20%
Furniture, fixtures and fittings	10%
Leasehold improvements	Depreciated over rental lease term

(d) Stocks

Stocks comprise food and drink held for resale. Stocks are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis.

Ground Restaurants Ltd

Notes to the Financial Statements

1 Accounting policies (Continued)

(e) Taxation

Corporation tax payable is provided on taxable profits at the current rate

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, tax in the future

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted, or where there are deferred tax liabilities against which the assets can be recovered

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply to the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(f) Operating lease commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the terms of the lease. Incentives received to enter into lease agreements are released over the life of the lease

(g) Financial Support

The Company is in a net liabilities position, however, the directors have considered the financial position of the company and concluded that it is appropriate to prepare the accounts on a going concern basis. This is after taking into account the assurances provided by PandoraExpress LP, the ultimate parent company, that it will not seek any repayment of the amounts owed by the Company to PandoraExpress LP so as to enable the Company to meet its financial obligations as they fall due for the foreseeable future

(h) Pensions

The company does not operate a staff pension scheme

(i) Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of the Financial Reporting Standard 1 (revised)

Ground Restaurants Ltd

Notes to the Financial Statements for the Period 22 March 2006 to 1 July 2007

2 Operating loss

The operating loss is stated after charging

	£
Depreciation of owned tangible fixed assets	
- equipment and fixtures	9,173
- long and short leaseholds	32,126
Operating lease charges, land and buildings	115,196

Auditors' remuneration for audit services was settled by the parent company

3 Staff costs

(a) Staff costs during the period amounted to:

	£
Wages	106,539
Management salaries	104,172
Social security cost	19,943
	230,654

(b) The average weekly number of persons employed during the period was as follows

	Number
Office and management	2
Production and retail	15
	17

Ground Restaurants Ltd

Notes to the Financial Statements for the Period 22 March 2006 to 1 July 2007

4 Taxation

	£
Current tax	-
Deferred tax	-
<u>Tax on loss on ordinary activities</u>	<u>-</u>
	£
Loss on ordinary activities before tax	(147,826)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(44,348)
Effects of Tax losses available for carry forward	44,348
<u>Current tax charge for the period</u>	<u>-</u>

Ground Restaurants Ltd

Notes to the Financial Statements for the Period 22 March 2006 to 1 July 2007

5 Tangible fixed assets

	Short leasehold £	Furniture, fixtures & fittings £	Equipment £	Total £
Cost				
Additions	531,556	18,464	44,972	594,992
At 1 July 2007	531,556	18,464	44,972	594,992
Depreciation				
Charge for the year	32,126	1,562	7,611	41,299
At 1 July 2007	32,126	1,562	7,611	41,299
Net book value At 1 July 2007	499,430	16,902	37,361	553,693

6 Stock

	As at 1 July 2007 £
Food and drink held for resale	4,340

7 Debtors

	As at 1 July 2007 £
Prepayments and accrued income	47,996
	47,996

Ground Restaurants Ltd

Notes to the Financial Statements for the Period 22 March 2006 to 1 July 2007

8 Creditors - amounts falling due within one year

	As at 1 July 2007 £
Trade creditors	50,512
Amounts owed to ultimate parent undertaking	642,600
Amounts owed to group undertakings	53,609
Other creditors	12,634
Other taxation and social security	19,017
Accruals and deferred income	(4,599)
	<hr/> 773,773 <hr/>

Amount owed to parent and group undertakings are free of interest. Further details of these loan facilities are set out in note 1(g).

9 Provisions for liabilities and charges

Deferred taxation

There are net deferred tax assets of £44,348 relating to tax losses and timing differences, which have not been recognised.

In the opinion of the Directors, there are no factors that would substantially affect the Company's tax charge in future years.

10 Share capital

	As at 1 July 2007 Equity £
Allotted, called-up and fully paid	<hr/> 100 <hr/>

On 22 March 2006 1 subscriber share of £1 was issued on incorporation for a consideration of £1

On 27 January 2007 99 Ordinary shares of £1 each were issued to Relish Restaurants Ltd, a company incorporated in the UK, whose principle activity is the management of restaurants

Ground Restaurants Ltd

Notes to the Financial Statements for the Period 22 March 2006 to 1 July 2007

11 Reserves

	Profit and loss account reserve £
Loss for the period	(147,826)
At 1 July 2007	(147,826)

12 Reconciliation of movement in shareholders' deficit

	As at 1 July 2007 £
As at date of incorporation 22 March 2006	-
Issue of ordinary share capital	100
Loss for the financial period	(147,826)
Closing shareholders' deficit	(147,726)

13 Obligations under operating leases

At 1 July 2006 the Company had annual commitments under non-cancellable operating leases which expire as follows

	As at 1 July 2007 Land and buildings £
Within one year	-
Between two and five years	-
Over five years	117,000
	117,000

14 Ultimate parent undertaking

For the purposes of this note, references to "TDR Capital" are funds managed by TDR Capital LLP, and references to "Capricorn" shall include Capricorn Ventures International Limited and its subsidiaries CV1 Limited and CV2 Limited

The Company's immediate parent undertaking is Relish Restaurants Ltd, a company incorporated in England and Wales

The directors consider that at the balance sheet date the Company's ultimate parent undertaking was PandoraExpress LP, a limited partnership organised under the laws of England and Wales. The Pandora Express 2A Ltd group is both the largest and smallest group for which consolidated accounts are drawn up and of which the company is a member. Copies of the consolidated financial statements of Pandora Express 2A Ltd are available from St Mary's House, 42 Vicarage Crescent, London SW11 3LD