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Financial Statements
Patisserie Holdings Limited
and its subsidiary undertakings

For the year ended 30 September 2012

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COMPANIES HOUSE

Company No 06070007

Company information

Company registration number	06070007
Registered office	146 - 158 Sarehole Road BIRMINGHAM B28 8DT
Directors	L Johnson P May C Marsh B Redmond
Secretary	C Marsh
Bankers	HSBC 69 Pall Mall LONDON SW1Y 5EY
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Kettering Parkway KETTERING Northants NN15 6XR

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Report of the directors

The directors present their report and the financial statements of the group for the year ended 30 September 2012

Principal activities

The principal activity of the group during the year was that of restaurateurs

Business review and future developments

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

The directors do not recommend payment of a dividend (2011 - £nil)

The directors are encouraged that the operating profit for the year continues to grow and that an EBITDA of £9 6m was achieved in the year from £8 0m in 2011

During the year 18 new sites have opened and all are trading positively and are making good contributions to the group

Despite the current economic climate the management remains optimistic about trading and currently the business is ahead of last year for the first three months to date

It is the directors' intention to continue the group's opening programme with a plan for the next financial year in line with the number opened in this year

In conclusion it is hoped that 2013 will be a further year of growth but at the same time appreciating the difficult economic conditions To date four sites have opened since the year end with trade in all being encouraging

Financial risk management objectives and policies

The group uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

The main risks arising from the group's financial instruments are liquidity risk, interest rate risk and credit risk The directors review and agree policies for managing each of these risks and they are summarised below

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Short term flexibility is achieved by overdraft facilities

Interest rate risk

The group finances its operations through a mixture of retained profits and bank borrowings The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities

Financial risk management objectives and policies (continued)

Credit risk
The group's principal financial assets are mainly cash with very limited trade debtors The credit risk associated with cash is limited, the principal credit risk arises therefore from its trade debtors However, very few customers are given accounts and these are reviewed regularly and collections are kept up to date

Economic environment
In common with other restaurant businesses, the group relies on continuing levels of disposable income within the UK market place and a decline in the UK economy would have an impact on turnover

Competition
The group operates in a highly competitive market putting pressure on margin and turnover growth

Legislation
The licensed venue market is regulated and the group continues to monitor legislation to ensure it complies to the current rules and regulations

Key performance indicators

The group is monitored in line with a number of key performance indicators These are formulated at weekly and monthly Board meetings and are reviewed at both operating and Board level

Turnover growth
The group is measured against like for like sales growth

Margin
The group is measured against gross profit less staff and fixed costs with a target of 40%

Budget
The group is measured against targeted EBITDA

New sites
New sites are measured against cash payback and return on capital expenditure with a target in excess of 40% return on investment and two year payback on average

Internal control
The Board is ultimately responsible for the group's system of internal control and for reviewing its effectiveness However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss

The key elements of the group's control system are as follows

- a comprehensive budgeting system with an annual budget approved by the Board
- actual results are compared monthly with budgets and past results, as appropriate
- all significant capital expenditure and organisational changes are reviewed and approved by the Board
- the integrity and competence of personnel is ensured through high recruitment standards and subsequent training
- a clearly defined organisation structure

Going concern

The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements

The directors and shareholders have confirmed their continuing support for a period of at least one year from the date of approval of these financial statements

Disabled employees

The group 's policy of employment of disabled persons is to give full consideration to applications for employment having regard to their particular aptitudes and abilities and to encourage training and career developments for all employees, including disabled employees

Employee involvement

The group has put in place mechanisms to provide information to employees with particular emphasis on operational and health and safety matters Regular meetings are held between site General Managers and Head Office Operational Management

Payment policy and practice

It is the group's policy to establish payment terms with suppliers and to adhere to those terms, provided that the goods and services are in accordance with the agreed terms and conditions

Directors of the company

The present membership of the Board is set out below

L Johnson
P May
C Marsh
B Redmond

All directors served throughout the year

Share options

The company's share option scheme is set out in note 17 to the financial statements

The directors hold a total of 72,722 (2011 – 72,722) options over Ordinary shares of £0 001p in the company's share option scheme

The share options operate under an Enterprise Management Scheme (EMI)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and 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 laws) Under company law the directors must not approve the financial statements unless they are satisfied that they 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

Statement of directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

C Marsh
Director
13 JANUARY 2013

Grant Thornton

Independent Auditor's Report to the Members of Patisserie Holdings Limited
(registered number 06070007)

We have audited the financial statements of Patisserie Holdings Limited for the year ended 30 September 2012 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

Independent Auditor's Report to the Members of Patisserie Holdings Limited
(registered number 06070007)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Steve Robinson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering

17 January 2013

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

The group's accounting policies have remained unchanged from the previous period and are shown below

Going concern

The financial statements have been prepared on the going concern basis, as the group balance sheet at 30 September 2012 shows positive shareholders' funds in 2012 of £6,173,574 (2011 - £1,865,788), after taking account of the shareholders loans of £5 6m (2011 - £5 6m) The directors regularly review and update their forecasts for the company's trading and cash flow and consider the working capital requirements in conjunction with the available facilities The directors and shareholders have confirmed their continuing support for a period of at least one year from the date of approval of these financial statements

The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings The financial statements of all group companies are adjusted, where necessary, to ensure the use of consistent accounting policies Acquisitions are accounted for under the acquisition method

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006

Goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition Positive and negative goodwill are capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable

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 as follows

Goodwill - 20 years after year of acquisition

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts

Revenue arising from the sale of goods is recognised when significant risks and benefits of ownership of the product has been transferred to the buyer

Tangible fixed assets and depreciation

All fixed assets are stated at cost, net of depreciation Depreciation is calculated so as to write down the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold land and buildings	-	20 years straight line
Leasehold improvements	-	Over the life of the lease
Plant and equipment	-	15-25% straight line
Fixtures and fittings	-	10-20% reducing balance
Motor vehicles	-	25% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value after provisions are made in respect of obsolete and slow moving items

Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

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

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

Retirement benefits

Defined contribution scheme
The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period

Investments

Investments are stated at cost less provision for diminution in value

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Share options

The company operates a share scheme, as detailed in the directors' report and in note 17, under which it makes equity-settled share-based payments to certain directors For share based payments to directors of the company, the fair value is determined at the grant date using Black-Scholes method The directors believe that the fair value charge for the year is not material and is not reflected in the financial statements

Group profit and loss account

	Note	£	2012 £	£	2011 £
Group turnover	1		**49,511,423**		40,482,648
Cost of sales	2		**(11,192,622)**		(9,444,186)
Gross profit			**38,318,801**		31,038,462
Administrative expenses	2		**(28,684,501)**		(23,031,018)
EBITDA *			**9,634,300**		8,007,444
Depreciation and amortisation			**(2,825,744)**		(2,478,094)
Impairment of tangible fixed assets			**(130,000)**		(130,000)
Operating profit	1		**6,678,556**		5,399,350
Net interest	4		**(783,271)**		(803,701)
Profit on ordinary activities before taxation			**5,895,285**		4,595,649
Tax on profit on ordinary activities	5		**(1,587,499)**		(1,492,443)
Profit for the financial year	18		**4,307,786**		3,103,206

* EBITDA - Earnings before interest, tax, depreciation and amortisation

All activities of the group are classed as continuing

The group has no recognised gains or losses other than the profit for the year as set out above

Group balance sheet

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets - positive goodwill	7		**11,522,925**		12,326,264
Intangible assets - negative goodwill	7		**(150,921)**		(159,799)
Tangible assets	8		**17,973,651**		14,426,393
			29,345,655		26,592,858
Current assets					
Stock	10	**1,941,798**		1,413,356	
Debtors	11	**4,022,576**		3,549,115	
Cash at bank and in hand	11	**108,722**		-	
		6,073,096		4,962,471	
Creditors: amounts falling due within one year	12	**(7,531,460)**		(7,619,104)	
Net current liabilities			**(1,458,364)**		(2,656,633)
Total assets less current liabilities			**27,887,291**		23,936,225
Creditors: amounts falling due after more than one year	13		**(20,937,289)**		(21,228,761)
Provisions for liabilities and charges	15		**(776,428)**		(841,676)
			6,173,574		1,865,788
Capital and reserves					
Called up share capital	17		**1,451**		1,451
Share premium account	18		**498,799**		498,799
Profit and loss account	18		**5,673,324**		1,365,538
Shareholders' funds	19		**6,173,574**		1,865,788

These financial statements were approved by the Board of Directors and authorised for issue on 13 January 2013
They are signed on their behalf by

C Marsh
Director

Registration number 6070007

The accompanying accounting policies and notes form part of these financial statements.

Company balance sheet

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	8		**1,256,785**		1,419,307
Investments	9		**12,937,213**		12,937,214
			14,193,998		14,356,521
Current assets					
Debtors	11	**592,314**		695,441	
Creditors: amounts falling due within one year	12	**(5,357,449)**		(4,533,881)	
Net current liabilities			**(4,765,135)**		(3,838,440)
Total assets less current liabilities			**9,428,863**		10,518,081
Creditors: amounts falling due after more than one year	13		**(14,699,800)**		(14,991,272)
			(5,270,937)		(4,473,191)
Capital and reserves					
Called up share capital	17		**1,451**		1,451
Share premium account	18		**498,799**		498,799
Profit and loss account	18		**(5,771,187)**		(4,973,441)
Shareholders' deficit	19		**(5,270,937)**		(4,473,191)

These financial statements were approved by the Board of Directors and authorised for issue on 13 January 2013
They are signed on their behalf by

C Marsh
Director

Registration number 06070007

Group cash flow statement

	Note	2012 £	2011 £
Net cash inflow from operating activities	20	**8,356,267**	6,697,731
Returns on investments and servicing of finance			
Interest paid		**(783,271)**	(803,474)
Finance lease interest paid		-	(227)
Net cash outflow from returns on investments and servicing of finance		**(783,271)**	(803,701)
Taxation		**(1,793,833)**	(559,424)
Capital expenditure			
Purchase of tangible fixed assets		**(5,708,541)**	(4,187,890)
Net cash outflow from capital expenditure		**(5,708,541)**	(4,187,890)
Financing			
Receipts/(repayments) from borrowings		**800,000**	(1,417,954)
Capital elements of finance leases		-	(1,722)
Net cash inflow/(outflow) from financing		**800,000**	(1,419,676)
Increase/(decrease) in cash	20	**870,622**	(272,960)

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

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

Operating profit is stated after charging

	2012 £	2011 £
Amortisation	**794,461**	794,461
Depreciation of owned fixed assets	**2,031,283**	1,677,669
Depreciation of assets held under finance leases and hire purchase agreements	**-**	5,964
Impairment of fixed assets	**130,000**	130,000
Auditor's remuneration		
- Audit of the Group	**37,000**	46,650
- Taxation services	**10,000**	7,200
- Other assurance services	**-**	4,950
- Other services	**-**	9,950
Operating lease rentals		
- Hire of plant and equipment	**-**	9,528
- Land and buildings	**6,287,455**	5,400,889

2 Cost of sales and administrative expenses

	2012 Total £	2011 Total £
Cost of sales	**11,192,622**	9,444,186
Administration expenses	**28,684,501**	23,031,018

3 Wages and salaries

Staff costs during the year were as follows

	2012 £	2011 £
Wages and salaries	**17,631,041**	14,068,331
Social security costs	**1,066,380**	906,376
Pension costs	**7,484**	7,769
	18,704,905	14,982,476

Wages and salaries (continued)

The average number of employees of the group during the year was as follows

	2012 No	2011 No
Directors	4	3
Management	52	38
Production	110	93
Sales	1,392	1,161
	1,558	1,295

Remuneration in respect of directors was as follows

	2012 £	2011 £
Emoluments receivable	342,370	237,400

During the year no directors participated in money purchase pension schemes (2011 - nil)

Emoluments of highest paid director

	2012 £	2011 £
Emoluments receivable	197,580	128,500

4 Net interest

	2012 £	2011 £
Bank loans and overdrafts	783,271	803,474
Finance charges in respect of finance leases	-	227
	783,271	803,701

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK corporation tax based on the results for the year at 25% (2011 - 27%) and total current tax	**1,632,004**	1,416,980
Adjustment in respect of previous period	**20,743**	(46,260)
	1,652,747	1,370,720
Deferred tax		
Origination and reversal of timing differences	**(65,248)**	121,723
Tax on profit on ordinary activities	**1,587,499**	1,492,443

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 25% (2011 - 27%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	**5,895,285**	4,595,649
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax	**1,473,821**	1,240,825
Expenses not deductible for tax purposes	**198,616**	432,931
Differences between capital allowances and depreciation	**(28,662)**	(241,752)
Adjustment in respect of prior year	**20,743**	(46,260)
Utilisation of tax losses	**(76,548)**	(6,298)
Income not deduction for tax purposes	**-**	(8,726)
Fixed asset differences	**64,777**	-
Total current tax (note 5(a))	**1,652,747**	1,370,720

6 Loss attributable to members of the parent company

The parent company has taken advantage of section 408 of the Companies Act 2006 and not included its own profit and loss account in these financial statements The loss dealt with in the accounts of the parent company was £694,619 (2011 - £720,845)

7 Intangible fixed assets

The group

	Negative goodwill £	Positive goodwill £
Cost		
At 1 October 2011 and at 30 September 2012	(177,555)	16,057,349
Amortisation		
At 1 October 2011	17,756	(3,731,085)
Charge for the year	8,878	(803,339)
At 30 September 2012	26,634	(4,534,424)
Net book value at 30 September 2012	**(150,921)**	**11,522,925**
Net book amount at 30 September 2011	(159,799)	12,326,264

The company

The company had no intangible fixed assets (2011 - £nil)

8 Tangible fixed assets

The group

	Freehold land and buildings £	Leasehold property improvements £	Plant, equipment fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2011	1,798,208	8,628,851	19,944,892	72,740	30,444,691
Additions	-	1,324,158	4,384,383	-	5,708,541
At 30 September 2012	1,798,208	9,953,009	24,329,275	72,740	36,153,232
Depreciation					
At 1 October 2011	176,214	2,517,227	13,266,395	58,462	16,018,298
Charge for the year	17,598	563,533	1,440,457	9,695	2,031,283
Impairment charge	-	130,000	-	-	130,000
At 30 September 2012	193,812	3,210,760	14,706,852	68,157	18,179,581
Net book value					
At 30 September 2012	**1,604,396**	**6,742,249**	**9,622,423**	**4,583**	**17,973,651**
Net book value					
At 30 September 2011	1,621,994	6,111,624	6,678,497	14,278	14,426,393

Included within the net book value is £nil (2011 - £nil) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £nil (2011 - £5,964)

Tangible fixed assets (continued)

The company

	Freehold land and buildings £	Short leasehold land and buildings £	Furniture fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2011					
and at 30 September 2012	527,759	588,454	6,889,614	71,950	8,077,777
Depreciation					
At 1 October 2011	175,805	486,380	5,938,055	58,230	6,658,470
Charge	17,598	24,826	110,413	9,685	162,522
At 30 September 2012	193,403	511,206	6,048,468	67,915	6,820,992
Net book value					
At 30 September 2012	**334,356**	**77,248**	**841,146**	**4,035**	**1,256,785**
Net book value					
At 30 September 2011	351,954	102,074	951,559	13,720	1,419,307

9 Fixed asset investments

The company

	Investment in group undertakings £
Cost and net book amount	
At 1 October 2011 and at 30 September 2012	**12,937,213**

The group owns more than 20% of the allotted share capital of the following companies

Company	Country of incorporation	Class of share capital held	Holding Direct %	Holding Indirect %
Patisserie Valerie Holdings Limited	England and Wales	Ordinary	100	-
Hewmark Limited	England and Wales	Ordinary	-	100
Stonebeach Limited	England and Wales	Ordinary	-	100
Patisserie Valerie Express Limited	England and Wales	Ordinary	-	100
Leonardo Limited	England and Wales	Ordinary	-	100
Patisserie Valerie Limited	England and Wales	Ordinary	-	100
Spice Bakery Limited	England and Wales	Ordinary	100	-

The principal activity of all the subsidiaries is that of restaurateur

10 Stocks

	The group 2012 £	The group 2011 £	The company 2012 £	The company 2011 £
Raw materials and consumables	**1,684,077**	1,178,554	-	-
Work in progress	**152,101**	126,287	-	-
Finished goods	**105,620**	108,515	-	-
	1,941,798	1,413,356	-	-

11 Debtors

	The group 2012 £	The group 2011 £	The company 2012 £	The company 2011 £
Trade debtors	**62,699**	128,643	-	-
Amounts owed by group undertakings	-	-	**592,314**	695,441
Other debtors	**621,220**	408,620	-	-
Prepayments and accrued income	**3,338,657**	3,011,852	-	-
	4,022,576	3,549,115	**592,314**	695,441

12 Creditors: amounts falling due within one year

	The group 2012 £	The group 2011 £	The company 2012 £	The company 2011 £
Bank loans and overdrafts	**2,641,542**	2,311,970	**2,491,472**	1,357,754
Trade creditors	**2,973,998**	3,182,896	-	-
Amounts owed to group undertakings	-	-	**2,865,977**	3,176,126
Corporation tax	**1,444,591**	1,585,677	-	-
Social security and other taxes	**312,396**	398,396	-	-
Accruals and deferred income	**158,933**	140,165	-	1
	7,531,460	7,619,104	**5,357,449**	4,533,881

Bank loans and overdrafts are secured by an all asset debenture in favour of HSBC Bank plc

13 Creditors: amounts falling due after more than one year

	The group		The company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Bank loan	**14,699,800**	14,991,272	**14,699,800**	14,991,272
Other loans	**6,237,489**	6,237,489	**-**	-
	20,937,289	21,228,761	**14,699,800**	14,991,272

Bank loans are secured by an all asset debenture in favour of HSBC Bank plc

Other loans are secured by an all asset debenture in favour of the loan note holders

14 Borrowings

	The group		The company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Within one year or on demand				
Bank overdrafts	**192,316**	954,216	**-**	-
Bank loans	**2,449,226**	1,357,754	**2,491,472**	1,357,754
After one and within two years				
Bank loans	**9,333,200**	3,441,372	**9,333,200**	3,441,372
After two and within five years				
Bank loans	**5,366,600**	11,549,900	**5,366,600**	11,549,900
After more than five years				
Other loans	**6,237,489**	6,237,489	**-**	-
	23,578,831	23,540,731	**17,191,272**	16,349,026

Bank loans represent three facilities Facility A is repayable in quarterly instalments over the term of the loan and attracts interest generally at 2% above LIBOR, Facilities B and C are repayable in full at the termination date and attract interest generally at 2 5% and 2 75% respectively, above LIBOR.

Other loans are repayable in full at the termination date

15 Deferred taxation

The group

	£
At 1 October 2011	841,676
Provided during the year	(65,248)
At 30 September 2012	**776,428**

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Accelerated capital allowances	**776,428**	841,676

16 Leasing commitments

At 30 September 2012 the group had annual commitments under non-cancellable operating leases as set out below

The group

	Land & buildings		Other items	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire				
Within 1 year	**55,000**	-	-	9,528
Within 2 to 5 years	**500,566**	535,566	-	-
After more than 5 years	**5,310,602**	4,670,102	-	-
	5,866,168	5,205,668	-	9,528

The company

	Land & buildings	
	2012 £	2011 £
Operating leases which expire		
Within 1 year	**55,000**	-
Within 2 to 5 years	**432,566**	467,566
After more than 5 years	**4,079,327**	4,199,418
	4,566,893	4,666,984

17 Share capital

	2012	2011
	£	£
Authorised:		
Equity shares		
72,572 'A' Ordinary shares of £0 001 each	**73**	73
1,427,428 Ordinary shares of £0 001 each	**1,427**	1,427
	1,500	1,500
Allotted, called up and fully paid.		
Equity shares		
72,572 'A' Ordinary shares of £0 001 each	**73**	73
1,378,875 Ordinary shares of £0 001 each	**1,378**	1,378
	1,451	1,451

Share options

The company has granted options to certain directors in respect of Ordinary £0 001 shares under an Enterprise Management Scheme (EMI)

Date of grant	Type of Option	Last date at which exercisable	Price per share	2012 Options No	2011 Options No
31 August 2012	EMI	See below	27 50	**72,722**	72,722

At 30 September 2012 the Group had the following options and exercise prices

	2012		2011	
	Weighted average exercise price per share £	**Options No**	Weighted average exercise price per share £	Options No
Expiry dates				
2021	**27.50**	**72,722**	27 50	72,722

The options are generally exercisable in the event of either a listing or sale of the company's shares In the absence of such exercise, the options will generally lapse on the 10th anniversary of their grant

Share capital (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows

	Weighted average exercise price per share £	2012 Options No	Weighted average exercise price per share £	2011 Options No
Outstanding at 1 October 2011	**27.50**	**72,722**	-	-
Granted during the year	-	-	27 50	72,722
Lapsed during the year	-	-	-	-
Outstanding at 30 September 2012	**27.50**	**72,722**	27 50	72,722
Exercisable at 30 September 2012	-	-	-	-

No options were exercised during the year

18 Reserves

The group

	Share premium account £	Profit and loss account £
At 1 October 2011	498,799	1,365,538
Profit for the financial year	-	4,307,786
At 30 September 2012	**498,799**	**5,673,324**

The company

	Share premium account £	Profit and loss account £
At 1 October 2011	498,799	(4,973,441)
Loss for the financial year	-	(694,619)
At 30 September 2012	**498,799**	**(5,771,187)**

19 Reconciliation of movements in shareholders' funds/(deficit)

The group

	2012	2011
	£	£
Profit for the financial year and net increase in shareholders' funds	**4,307,786**	3,103,206
Opening shareholders' funds/(deficit)	**1,865,788**	(1,237,418)
Closing shareholders' funds	**6,173,574**	1,865,788

The company

	2012	2011
	£	£
Loss for the financial year and net decrease in shareholders' deficit	**(797,746)**	(720,845)
Opening shareholders' deficit	**(4,473,191)**	(3,752,346)
Closing shareholders' deficit	**(5,270,937)**	(4,473,191)

20 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit	**6,678,556**	5,399,350
Amortisation	**794,461**	794,461
Depreciation	**2,031,283**	1,683,633
Impairment	**130,000**	130,000
Increase in stocks	**(528,442)**	(375,422)
Increase in debtors	**(473,461)**	(1,036,904)
(Decrease)/increase in creditors	**(276,130)**	102,613
Net cash inflow from operating activities	**8,356,267**	6,697,731

Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
Increase/(decrease) in cash in the year	**870,622**	(272,960)
Net cash (inflow)/outflow from financing	**(800,000)**	1,417,954
Net cash outflow from finance leases	**-**	1,722
Change in net debt resulting from cash flows	**70,622**	1,146,716
Net debt at 1 October 2011	**(23,540,731)**	(24,687,447)
Net debt at 30 September 2012	**(23,470,109)**	(23,540,731)

Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 October 2011 £	Cash flow £	At 30 September 2012 £
Overdraft	(954,216)	761,900	**(192,316)**
Cash	-	108,722	**108,722**
	(954,216)	870,622	**(83,594)**
Debt	(22,586,515)	(800,000)	**(23,386,515)**
	(23,540,731)	70,622	**(23,470,109)**

21 Controlling party

L Johnson is considered the company's controlling and ultimate controlling party by virtue of his shareholding

22 Contingent liabilities

The company has a cross company guarantee with the other group companies, namely Stonebeach Limited, Hewmark Limited, Leonardo Limited, Patisserie Valerie Limited, Patisserie Valerie Holdings Limited, Spice Bakery Limited, and Patisserie Valerie Express Limited This guarantees the Patisserie Holdings Limited bank loan of £17 2 million If Patisserie Holdings Limited defaults on that loan the company will be required to make good The directors believe the financial condition of Patisserie Holdings Limited is such that this guarantee will not be called upon

23 Capital commitments

The group had capital commitments of £450,000 (2011 - £476,716) at 30 September 2012 relating to the purchase of assets

The company had no capital commitments at 30 September 2012 (2011 - £nil)

24 Related party transactions

Included within other loans in creditors are the following loans made to the group from shareholders

	Loan balance 2012 £	2011 £
L Johnson and associates	**5,619,950**	5,619,950