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Financial Statements Patisserie Holdings Limited and its subsidiary undertakings

For the year ended 30 September 2009

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
Secretary	C Marsh
Bankers	HSBC 69 Pall Mall LONDON SW1Y 5EY
Auditor	Grant Thornton UK LLP Grant Thornton House Kettering Parkway KETTERING Northants NN15 6XR

Index to the financial statements

Report of the directors

The directors present their report and the financial statements of the group for the year ended 30 September 2009

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 (2008 - £nil)

The directors are encouraged that the operating profit for the year continues to grow and that an EBITDA of £5m was achieved in the year

During the year six new sites have opened and all but one are trading positively and are making reasonable contributions to the group

Due to the current climate it is difficult to be over optimistic about trade but currently the business is ahead of last year for the first two months to date

It is the directors' intention to continue the group's opening programme

Post Balance sheet events

Since the year end one of the group subsidiaries La Boheme Limited was placed into administration due to a historical lease issue being a guarantor on a site it no longer occupied

This administration has a limited impact on the ongoing group business as it has allowed the group to be re-organised and trade under one ongoing entity The group has subsequently closed 8 small outlets but at the same time 2 new sites have opened in Holborn and Victoria in London with two further sites in Canterbury and Cambridge opening in March 2010 continuing the expansion plans of the group

With this administration a sizeable impairment took place in the year writing down the fixed assets to their current market worth which explains the large impairment and depreciation charge in the year

In conclusion 2010 will a further year of growth it is hoped but at the same time appreciating the difficult economic climate that the group trades in

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 company'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

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 company 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 company 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

Key performance indicators (continued)

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

All directors served throughout the year

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 period Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- 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
- 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 adequate 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 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

BY ORDER OF THE BOARD

C Marsh
Secretary
23 February 2010

Grant Thornton

Independent Auditor's Report to the Members of Patisserie Holdings Limited
(registered number 6070007)

We have audited the financial statements of Patisserie Holdings Limited for the year ended 30 September 2009 which comprise the principal accounting policies, the group profit and loss account, the group and parent 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 page 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 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 web-site at www frc org uk/apb/scope/UKNP 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 2009 and of its result 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 6070007)

Opinion

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

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

23 February 2010

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, however the group balance sheet at 30 September 2009 shows a shareholders' deficit of £1,779,902 (2008 - £598,144), after taking account of the shareholders loans of £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 goodwill is 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	-	50 years straight line
Leasehold improvements	-	Over the life of the lease
Plant and equipment	-	15-25% straight line
Fixtures and fittings	-	10% straight line
Motor vehicle	-	20% 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

Hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the year of the lease

All other 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

Group profit and loss account

	Note	2009 £	2008 £
Group turnover	1	**29,908,628**	25,987,435
Cost of sales		**(11,298,240)**	(10,753,679)
Gross profit		**18,610,388**	15,233,756
Administrative expenses		**(17,925,463)**	(13,829,447)
Operating profit	1	**684,925**	1,404,309
Net interest	4	**(1,586,591)**	(1,627,488)
Loss on ordinary activities before taxation		**(901,666)**	(223,179)
Tax on loss on ordinary activities	5	**(280,092)**	(211,874)
Loss for the financial year	18	**(1,181,758)**	(435,053)

All activities of the group are classed as continuing

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

Group balance sheet

	Note		2009		2008
		£	£	£	£
Fixed assets					
Intangible assets	7		**13,932,942**		14,736,281
Tangible assets	8		**9,796,178**		9,848,869
			23,729,120		24,585,150
Current assets					
Stocks	10	**916,352**		940,411	
Debtors	11	**2,618,709**		2,322,329	
		3,535,061		3,262,740	
Creditors: amounts falling due within one year	12	**(5,392,285)**		(4,406,615)	
Net current liabilities			**(1,857,224)**		(1,143,875)
Total assets less current liabilities			**21,871,896**		23,441,275
Creditors: amounts falling due after more than one year	13		**(23,365,124)**		(23,501,766)
Provisions for liabilities and charges	15		**(286,674)**		(537,653)
			(1,779,902)		(598,144)
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		**(2,280,152)**		(1,098,394)
Shareholders' deficit	19		**(1,779,902)**		(598,144)

These financial statements were approved by the Board of Directors and authorised for issue on 23 February 2010
They are signed on their behalf by

P May
Director

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

Company balance sheet

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	8		**2,141,399**		-
Investments	9		**12,937,213**		12,937,213
			15,078,612		12,937,213
Current assets					
Debtors	11	**1,400,840**		4,156,469	
Creditors: amounts falling due within one year	12	**(1,325,399)**		(407,753)	
Net current assets			**75,441**		3,748,716
Total assets less current liabilities			**15,154,053**		16,685,929
Creditors: amounts falling due after more than one year	13		**(17,724,733)**		(17,844,733)
Provisions for liabilities and charges	15		**(88,289)**		-
			(2,658,969)		(1,158,804)
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		**(3,159,219)**		(1,659,054)
Shareholders' deficit	19		**(2,658,969)**		(1,158,804)

These financial statements were approved by the Board of Directors and authorised for issue on 23 February 2010.
They are signed on their behalf by

P May
Director

Group cash flow statement

	Note	2009 £	2008 £
Net cash inflow from operating activities	20	**4,962,315**	2,301,112
Returns on investments and servicing of finance			
Interest paid		**(1,537,170)**	(1,806,241)
Finance lease interest paid		**(7,174)**	(19,000)
Net cash inflow/(outflow) from returns on investments and servicing of finance		**(1,544,344)**	(1,825,241)
Taxation		**(32,953)**	(93,334)
Capital expenditure			
Purchase of tangible fixed assets		**(3,330,269)**	(2,869,340)
Net cash outflow from capital expenditure		**(3,330,269)**	(2,869,340)
Acquisitions and disposals			
Purchase of subsidiary undertaking	7	**-**	(179,277)
Net cash outflow from acquisitions and disposals		**-**	(179,277)
Financing			
Receipts from borrowings		**50,008**	1,260,000
Capital elements of finance leases		**(92,149)**	(125,774)
Net cash (outflow)/inflow from financing		**(42,141)**	1,134,226
Increase/(decrease) in cash	20	**12,608**	(1,531,854)

Notes to the financial statements

1 Turnover and loss on ordinary activities before taxation

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

Operating profit is stated after charging

	2009 £	2008 £
Amortisation	**803,339**	803,339
Depreciation of owned fixed assets	**1,723,813**	1,571,310
Depreciation of assets held under finance leases and hire purchase agreements	**33,106**	37,964
Impairment of fixed assets	**1,626,041**	-
Auditor's remuneration		
Statutory audit of the financial statements	**10,000**	10,000
Audit of the company's subsidiaries	**35,525**	40,250
Operating lease rentals		
Hire of plant and equipment	**151,000**	151,000
Land and buildings	**3,937,790**	3,393,234

Liability Limitation Agreement with the auditor
The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 30 September 2009 The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2009 Guidance on Auditor Liability Agreements, and was approved by the shareholders at its Annual General Meeting

2 Particulars of employees

Staff costs during the year were as follows

	2009 £	2008 £
Wages and salaries	**10,650,932**	9,519,179
Social security costs	**728,301**	671,901
Pension costs	**8,055**	10,000
	11,387,288	10,201,080

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

	2009 No	2008 No
Management	**29**	33
Production	**76**	115
Sales	**900**	795
	1,005	943

3 Directors

Remuneration in respect of directors was as follows

	2009	2008
	£	£
Emoluments receivable	**337,000**	321,500

During the year no directors participated in money purchase pension schemes (2008 - nil)

Emoluments of highest paid director

	2009	2008
	£	£
Emoluments receivable	**138,000**	131,500

4 Net interest

	2009	2008
	£	£
On bank loans and overdrafts	**1,579,417**	1,566,241
Finance charges in respect of finance leases	**7,174**	19,000
Finance costs	-	42,247
	1,586,591	1,627,488

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax		
UK corporation tax based on the results for the year at 28% (2008 - 29%) and total current tax	**531,044**	12,000
Overprovision in previous period	-	(103,125)
	531,044	(91,125)
Deferred tax		
Origination and reversal of timing differences	**(250,952)**	302,999
Tax on profit on ordinary activities	**280,092**	211,874

Taxation on ordinary activities (continued)

(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 28% (2008 - 29%) The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before taxation	**(901,666)**	(223,179)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax	**(252,466)**	(64,722)
Expenses not deductible for tax purposes	**548,636**	234,733
Utilisation of tax losses	**-**	(202,419)
Differences between capital allowances and depreciation	**240,125**	44,408
Other timing differences	**(5,251)**	-
Total current tax (note 5(a))	**531,044**	12,000

6 Loss attributable to members of the parent company

The parent company has taken advantage of section 230 of the Companies Act 1985 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 £1,500,165 (2008 - £1,411,815)

7 Intangible fixed assets

The group	**Goodwill £**
Cost	
At 1 October 2008 and at 30 September 2009	16,057,349
Amortisation	
At 1 October 2008	1,321,068
Charge for the year	803,339
At 30 September 2009	2,124,407
Net book value at 30 September 2009	**13,932,942**
Net book amount at 30 September 2008	14,736,281

The company

The company had no intangible fixed assets (2008 - £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 2008	1,791,333	3,094,223	14,079,106	34,000	18,998,662
Additions	6,875	1,899,990	1,384,664	38,740	3,330,269
At 30 September 2009	1,798,208	4,994,213	15,463,770	72,740	22,328,931
Depreciation					
At 1 October 2008	142,000	995,913	7,984,880	27,000	9,149,793
Charge for the year	7,805	347,434	1,391,605	10,075	1,756,919
Impairment	-	76,511	1,549,530	-	1,626,041
At 30 September 2009	149,805	1,419,858	10,926,015	37,075	12,532,753
Net book value					
At 30 September 2009	**1,648,403**	**3,574,355**	**4,537,755**	**35,665**	**9,796,178**
Net book value					
At 30 September 2008	1,649,333	2,098,310	6,094,226	7,000	9,848,869

Included within the net book value is £299,696 (2008 - £332,802) 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 £33,106 (2008 - £37,964)

The company

	Freehold land and buildings £	Short leasehold land and buildings £	Furniture fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2008	-	-	-	-	-
Intra group transfers	527,759	588,454	6,889,614	71,950	8,077,777
At 30 September 2009	527,759	588,454	6,889,614	71,950	8,077,777
Depreciation					
At 1 October 2008	-	-	-	-	-
Intra group transfers	149,396	420,098	5,330,001	36,883	5,936,378
At 30 September 2009	149,396	420,098	5,330,001	36,883	5,936,378
Net book value					
At 30 September 2009	**378,363**	**168,356**	**1,559,613**	**35,067**	**2,141,399**
Net book value					
At 30 September 2008	-	-	-	-	-

9 Fixed asset investments

The company

	Investment in group undertakings £
Cost and net book amount	
At 30 September 2009 and 30 September 2008	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 %	Indirect %
La Boheme Limited	England and Wales	Ordinary	100	-
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

The principal activity of all the subsidiaries is that of restaurateur

10 Stocks

	The group 2009 £	2008 £	The company 2009 £	2008 £
Raw materials and consumables	400,400	424,011	-	-
Work in progress	128,975	118,539	-	-
Finished goods	386,977	397,861	-	-
	916,352	940,411	-	-

11 Debtors

	The group 2009 £	2008 £	The company 2009 £	2008 £
Trade debtors	107,211	123,066	-	-
Amounts owed by group undertakings	-	-	1,400,840	4,156,469
Other debtors	72,734	90,421	-	-
Prepayments and accrued income	2,438,764	2,108,842	-	-
	2,618,709	2,322,329	1,400,840	4,156,469

12 Creditors: amounts falling due within one year

	The group		The company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Bank loans and overdrafts	**864,152**	664,513	**620,000**	407,753
Trade creditors	**2,958,443**	2,521,519	**-**	-
Amounts owed to group undertakings	**-**	-	**705,399**	-
Corporation tax	**531,079**	32,953	**-**	-
Social security and other taxes	**560,312**	438,627	**-**	-
Amounts due under finance leases and hire purchase agreements	**49,493**	125,000	**-**	-
Accruals and deferred income	**428,806**	624,003	**-**	-
	5,392,285	4,406,615	**1,325,399**	407,753

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

Amounts due under finance leases and hire purchase contracts are secured upon the asset to which they relate

13 Creditors: amounts falling due after more than one year

	The group		The company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Bank loan	**17,724,733**	17,844,733	**17,724,733**	17,844,733
Other loans	**5,619,950**	5,619,950	**-**	-
Amounts due under finance leases and hire purchase agreements	**20,441**	37,083	**-**	-
	23,365,124	23,501,766	**17,724,733**	17,844,733

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

Amounts due under finance leases and hire purchase contracts are secured upon the asset to which they relate

14 Borrowings

	The group		The company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Within one year or on demand				
Bank overdrafts	**244,152**	256,760	**-**	-
Bank loans	**620,000**	407,753	**620,000**	407,753
Finance leases and hire purchase agreements	**49,493**	125,000	**-**	-
After one and within two years				
Bank loans	**1,317,753**	577,753	**1,317,753**	577,753
Finance leases and hire purchase agreements	**20,441**	35,000	**-**	-
After two and within five years				
Bank loans	**4,782,825**	5,867,180	**4,782,825**	5,867,180
Finance leases and hire purchase agreements	**-**	2,083	**-**	-
After more than five years				
Bank loans	**11,624,155**	11,399,800	**11,624,155**	11,399,800
Other loans	**5,619,950**	5,619,950	**-**	-
	24,278,769	24,291,279	**18,344,733**	18,252,486

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 and do not attract any interest

15 Deferred taxation

The group

	£
At 1 October 2008	537,653
Released during the year	(250,979)
At 30 September 2009	**286,674**

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

	2009	2008
	£	£
Accelerated capital allowances	**286,674**	537,653

Deferred taxation (continued)

The company

	£
At 1 October 2008	-
Provided during the year	88,289
At 30 September 2009	**88,289**

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

	2009	2008
	£	£
Accelerated capital allowances	**88,289**	537,653

16 Leasing commitments

At 30 September 2009 the group had annual commitments under non-cancellable operating leases as set out below

The group

	Land & buildings		**Other items**	
	2009	2008	**2009**	2008
	£	£	**£**	£
Operating leases which expire				
Within 1 year	**-**	119,000	**9,528**	33,000
Within 2 to 5 years	**248,666**	540,600	**-**	-
After more than 5 years	**3,892,440**	3,073,438	**-**	-
	4,141,106	3,733,038	**9,528**	33,000

The company

	Land & buildings	
	2009	2008
	£	£
Operating leases which expire		
Within 2 to 5 years	**21,000**	-
After more than 5 years	**2,295,203**	-
	2,316,203	-

17 Share capital

	2009 £	2008 £
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

18 Reserves

The group

	Share premium account £	Profit and loss account £
At 1 October 2008	498,799	(1,098,394)
Loss for the financial year	-	(1,181,758)
At 30 September 2009	**498,799**	**(2,280,152)**

The company

	Share premium account £	Profit and loss account £
At 1 October 2008	498,799	(1,659,054)
Loss for the financial year	-	(1,500,165)
At 30 September 2009	**498,799**	**(3,159,219)**

19 Reconciliation of movements in shareholders' deficit

The group

	2009 £	2008 £
Loss for the financial year and net decrease in shareholders' funds	**(1,181,758)**	(435,053)
Opening shareholders deficit	**(598,144)**	(163,091)
Closing shareholders' deficit	**(1,779,902)**	(598,144)

Reconciliation of movements in shareholders' deficit (continued)

The company

	2009 £	2008 £
Loss for the financial year and net decrease in shareholders' funds	**(1,500,165)**	(1,411,815)
Opening shareholders' (deficit)/funds	**(1,158,804)**	253,011
Closing shareholders' deficit	**(2,658,969)**	(1,158,804)

20 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	**684,925**	1,404,309
Amortisation	**803,339**	803,339
Depreciation	**1,756,919**	1,609,274
Impairment	**1,626,041**	-
Decrease/(increase) in stocks	**24,059**	(432,461)
Increase in debtors	**(296,380)**	(91,631)
Increase/(decrease) in creditors	**363,412**	(991,718)
Net cash inflow from operating activities	**4,962,315**	2,301,112

Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Increase/(decrease) in cash in the year	**12,608**	(1,531,854)
Net cash outflow from financing	**(50,008)**	(1,260,000)
Net cash inflow from finance leases	**92,149**	125,774
Change in net debt resulting from cash flows	**54,749**	(2,666,080)
Inception of finance leases	**-**	(23,857)
Other non-cash items	**(42,239)**	(42,247)
Movement in net debt in the year	**12,510**	(2,732,184)
Net debt at 1 October 2008	**(24,291,279)**	(21,559,095)
Net debt at 30 September 2009	**(24,278,769)**	(24,291,279)

Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 October 2008 £	Cash flow £	Acquisition £	At 30 September 2009 £
Overdraft	(256,760)	12,608	-	**(244,152)**
Debt	(23,872,436)	(50,008)	(42,239)	**(23,964,683)**
Finance leases	(162,083)	92,149	-	**(69,934)**
	(24,291,279)	54,749	(42,239)	**(24,278,769)**

21 Controlling party

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

22 Contingent liabilities

The group is party to a guarantee in favour of the Governor and company of the Bank of Scotland for £100,000 (2008 - £325,000)

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, La Boheme Limited, and Patisserie Valerie Express Limited This guarantees the Patisserie Holdings Limited bank loan of £18 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 and the company had no capital commitments at 30 September 2009 (2008 - £nil)

24 Related party transactions

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

	Loan balance 2009 £	2008 £
V Scalzo	**561,995**	561,995
L Johnson and associates	**5,057,955**	5,057,955
	5,619,950	5,619,950

During the year ended 30 September 2009, the group received management charges for £170,000 (2008 - £nil) and made sales for £79,000 (2008 - £nil) to Spice Bakery Limited, a company related by virtue of common control by Mr L Johnson At the year end a £56,000 debtor remained outstanding (2008 - £nil)