

**RE-SCAN**

**THE PELICAN GROUP LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**Year ended 29 May 2005**

Registered number: 425057



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# THE PELICAN GROUP LIMITED

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# THE PELICAN GROUP LIMITED

## COMPANY INFORMATION

**DIRECTORS:** G Turner (Appointed 17 January 2005)  
M Mansigani (Appointed 14 July 2004)  
J Parsons (Appointed 17 January 2005)  
H M C Morley (Resigned 17 January 2005)  
G L Williams (Resigned 17 January 2005)  
F T K Scott (Resigned 17 January 2005)

**SECRETARY:** M Mansigani (Appointed 17 January 2005)  
H M C Morley (Resigned 17 January 2005)

**AUDITORS:** KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

**REGISTERED OFFICE:** 1st Floor  
163 Eversholt Street  
London  
NW1 1BU

**REGISTERED NUMBER:** 425057

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 29 May 2005.

### **Principal activity**

The principal activity of the company is that of operating restaurants. There has been no change in this activity during the year.

### **Results and dividends**

The profit after tax for the year amounted to £6,325,000 (year ended 30 May 2004: £3,672,000). The directors do not recommend the payment of a dividend (year ended 30 May 2004: £250,000).

### **Review of developments and future prospects**

On 17 January 2005 the entire share capital of the existing ultimate parent undertaking, Tragus Holdings Limited, was purchased by Tragus Group Holdings Limited.

The company will continue to operate restaurants for the foreseeable future.

### **Directors and their interests**

The directors of the company during the year were as follows:

G Turner (Appointed 17 January 2005)  
M Mansigani (Appointed 14 July 2004)  
J Parsons (Appointed 17 January 2005)  
H M C Morley (Resigned 17 January 2005)  
G L Williams (Resigned 17 January 2005)  
F T K Scott (Resigned 17 January 2005)

None of the directors who held office at the end of the year had any interests in the shares of the company or parent company. The interests of the directors in the shares of the ultimate parent company are disclosed in the Directors' Report and Financial Statements of Tragus Group Holdings Limited.

### **Employee involvement**

The board recognises the importance of employees being fully informed of events which directly affect them and their working conditions and to this end regular meetings are held with them.

### **Employment of disabled persons**

The company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retain and assist any individuals disabled during their employment. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

### **Auditors**

During the year KPMG LLP resigned as auditors. PricewaterhouseCoopers LLP were appointed auditors to fill the vacancy arising and subsequently resigned. KPMG LLP have been re-appointed as auditors.

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. KPMG LLP who were appointed by the directors during the year and have indicated their willingness to continue in office will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under section 386.

On behalf of the Board of Directors



DIRECTOR

27 September 2005

1st Floor  
163 Eversholt Street  
LONDON NW1 1BU

**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 the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD  
United Kingdom

## **Report of the independent auditors to the members of The Pelican Group Limited**

We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the state of the company's affairs as at 29 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP  
*Chartered Accountants*  
*Registered Auditor*

KPMG LLP

24/04/05

# THE PELICAN GROUP LIMITED

## PROFIT AND LOSS ACCOUNT

### Year ended 29 May 2005

	Notes	Before exceptional items 29 May 2005 £'000	Exceptional items 29 May 2005 (note 3) £'000	Total Year ended 29 May 2005 £'000	Year ended 30 May 2004 £'000
<b>TURNOVER</b>		57,482	-	57,482	60,396
Cost of sales		<u>(13,009)</u>	<u>-</u>	<u>(13,009)</u>	<u>(14,356)</u>
<b>GROSS PROFIT</b>		44,473	-	44,473	46,040
Administrative expenses		<u>(37,780)</u>	<u>(713)</u>	<u>(38,493)</u>	<u>(40,303)</u>
<b>OPERATING PROFIT/(LOSS)</b>		6,693	(713)	5,980	5,737
<b>NON-OPERATING ITEMS</b>					
Profit on disposal of fixed assets		-	3,455	3,455	114
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	2,4	<u>6,693</u>	<u>2,742</u>	9,435	5,851
Interest payable and similar charges	5			<u>(2,101)</u>	<u>(826)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				7,334	5,025
Taxation on ordinary activities	6			<u>(1,009)</u>	<u>(1,353)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				6,325	3,672
Dividend payable				<u>-</u>	<u>(250)</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	14			<u><u>6,325</u></u>	<u><u>3,422</u></u>

There were no recognised gains or losses other than those reported above, which relate entirely to continuing activities.

# THE PELICAN GROUP LIMITED

## BALANCE SHEET

As at 29 May 2005

	Notes	29 May 2005 £'000	30 May 2004 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	14,580	14,788
Investments	9	<u>11,008</u>	<u>11,008</u>
		25,588	25,796
<b>CURRENT ASSETS</b>			
Stock - finished goods and goods for resale		418	460
Debtors - amounts falling due within one year	10	<u>21,318</u>	<u>21,310</u>
		21,736	21,770
<b>CREDITORS - amounts falling due within one year</b>	11	<u>(28,950)</u>	<u>(36,035)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(7,214)</u>	<u>(14,265)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		18,374	11,531
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(1,657)</u>	<u>(1,139)</u>
<b>NET ASSETS</b>		<u>16,717</u>	<u>10,392</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	2,709	2,709
Special reserve	14	2,626	2,626
Profit and loss account	14	<u>11,382</u>	<u>5,057</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>16,717</u>	<u>10,392</u>

These financial statements were approved by the Board of Directors on 27 September 2005.  
Signed on behalf of the Board of Directors.

*H. Maney*

Director



## **NOTES TO THE ACCOUNTS**

**Year ended 29 May 2005**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below:

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Turnover**

Turnover is the value of goods and services sold through restaurants, solely within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes. Turnover is recognised on customer payment.

#### **Leases**

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease. Rental income in respect of operating lease is released to profit on a straight line basis over the period of the lease. Rent free periods are released to profit and loss account over the period to the first rent review.

#### **Pension costs**

The company provides for employee pensions through a group stakeholder pension scheme which is independently managed and the company will continue to contribute to this fund in future accounting periods. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

#### **Pre-opening costs**

Property rentals and other pre-opening costs incurred up to the date of opening a new restaurant are all written to the profit and loss account in the year in which they arise.

#### **Tangible fixed assets**

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Leasehold properties are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives and their remaining lease periods.
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

#### **Investments**

Investments are stated at cost less provision for any impairment in value.

# **NOTES TO THE ACCOUNTS**

**Year ended 29 May 2005**

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

### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

### **Vacant properties**

An onerous contract provision is made for the future net rental costs of leasehold properties which are vacant, loss-making or sub-let below passing rent. The provision is based on estimated future net cash outflows discounted to net present value.

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

### **Cash flow**

As permitted by Financial Reporting Standard No.1 (Revised) a cash flow statement has not been prepared as the company is a wholly owned subsidiary of a European Community parent whose consolidated accounts are publicly available.

## **2. OPERATING PROFIT**

	Year ended 29 May 2005 £'000	Year ended 30 May 2004 £'000
Operating profit is stated after charging:		
Depreciation of fixed assets (note 8)	1,895	1,617
Rentals under operating leases:		
Land and buildings	5,958	6,652
Hire of plant and machinery	26	24

All audit fees were borne by Tragus Holdings Limited.

## **3. EXCEPTIONAL ITEMS**

	Year ended 29 May 2005 £'000	Year ended 30 May 2004 £'000
Fixed asset impairments and onerous contract expenses	(569)	-
Dilapidations	(55)	-
Other	(89)	-
	(713)	-
Profit on disposal of fixed assets	3,455	-
Total exceptional items	2,742	-

Following its acquisition on 17 January 2005 The Pelican Group Limited's new management team reviewed the performance of its operating units. Restaurants which were loss making at EBITDA level where management considered these restaurants were unlikely to recover to profitability were treated as onerous contracts and as such provisions were made against certain future lease payments and fixed assets were impaired.

# NOTES TO THE ACCOUNTS

Year ended 29 May 2005

## 3. EXCEPTIONAL ITEMS (continued)

Profit on disposal of fixed assets relates to the sale of the following ten restaurants to group companies during the year:

<u>Restaurant</u>	<u>Transferred to</u>	<b>Profit on disposal £'000</b>
Oriel, Sloane Square	Adamstar Limited	1,482
Abbaye, Smithfield	Eastacre Limited	14
Abbaye, Bromley	Grenpark Limited	452
Mamma Amalfi, Cambridge	Yankee Noodle Restaurants Limited	400
Mamma Amalfi, Croydon	Yankee Noodle Restaurants Limited	218
Mamma Amalfi, Hatfield	Yankee Noodle Restaurants Limited	176
Mamma Amalfi, Southend	Yankee Noodle Restaurants Limited	232
Mamma Amalfi, Thurrock	Yankee Noodle Restaurants Limited	453
Mamma Amalfi, Whiteleys	Yankee Noodle Restaurants Limited	63
Amalfi, Old Compton Street	Yankee Noodle Restaurants Limited	(35)
		<u>3,455</u>

## 4. STAFF COSTS

	<b>Year ended 29 May 2005 Number</b>	<b>Year ended 30 May 2004 Number</b>
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The average number of persons employed by the company during the year was:

Restaurant staff	<u>1,865</u>	<u>1,985</u>
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	<b>Year ended 29 May 2005 £'000</b>	<b>Year ended 30 May 2004 £'000</b>
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Staff costs incurred during the year in respect of these employees were:

Wages and salaries	16,875	17,920
Social security costs	1,368	1,349
Pension costs	<u>24</u>	<u>50</u>
	<u>18,267</u>	<u>19,319</u>

None of the directors received any remuneration in respect of their services for the company during the year.

**NOTES TO THE ACCOUNTS**

**Year ended 29 May 2005**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 29 May 2005 £'000	Year ended 30 May 2004 £'000
Interest payable to group companies	2,101	826

Interest is incurred by the ultimate parent company, Tragus Group Holdings Limited and is recharged to operating companies within the group on the basis of turnover.

**6. TAXATION**

	Year ended 29 May 2005 £'000	Year ended 30 May 2004 £'000
<b>Current taxation on profits for the year</b>		
UK corporation tax	522	601
Charge relating to prior year	59	-
<b>Total current taxation</b>	<b>581</b>	<b>601</b>
<b>Deferred tax</b>		
Timing differences	137	1,174
Prior year	291	(422)
<b>Total deferred taxation</b>	<b>428</b>	<b>752</b>
<b>Total taxation charge</b>	<b>1,009</b>	<b>1,353</b>
<b>Factors affecting the tax charge for the year</b>		
Profit before tax	7,334	5,025
Tax at current UK corporation tax rate of 30% (2004 - 30%)	2,200	1,508
Effect of:		
Capital allowances in excess of depreciation	(245)	(428)
Expenses not deductible for tax purposes	10	192
Fixed asset write-off	72	-
Group relief	(478)	-
Losses utilised	-	(644)
Movement in provisions	-	(6)
Profit on disposal of assets	(1,037)	(21)
Charge relating to prior year	59	-
<b>Current tax charge for the year</b>	<b>581</b>	<b>601</b>

The tax effect of the exceptional items during the year is a credit of £142,000.

**NOTES TO THE ACCOUNTS**

**Year ended 29 May 2005**

**7. DIVIDENDS**

	Year ended 29 May 2005 £'000	Year ended 30 May 2004 £'000
Dividend on ordinary shares:		
Final dividend proposed	-	250

**8. TANGIBLE FIXED ASSETS**

	Land & buildings £'000	Furniture, fixtures & equipment £'000	Total £'000
<u>Cost</u>			
At 30 May 2004	20,654	30,473	51,127
Additions	1,416	1,989	3,405
On disposals	(2,527)	(4,389)	(6,916)
Fixed asset write-off	(659)	(1,090)	(1,749)
<b>At 29 May 2005</b>	<b>18,884</b>	<b>26,983</b>	<b>45,867</b>
<u>Accumulated depreciation</u>			
At 30 May 2004	(14,038)	(22,301)	(36,339)
Charge for the year	(527)	(1,368)	(1,895)
Impairment (note 3)	(43)	(168)	(211)
On disposals	1,643	3,766	5,409
Fixed asset write-off	659	1,090	1,749
<b>At 29 May 2005</b>	<b>(12,306)</b>	<b>(18,981)</b>	<b>(31,287)</b>
<u>Net book value</u>			
<b>At 29 May 2005</b>	<b>6,578</b>	<b>8,002</b>	<b>14,580</b>
At 30 May 2004	6,616	8,172	14,788

# NOTES TO THE ACCOUNTS

Year ended 29 May 2005

## 9. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost at 30 May 2004 and 29 May 2005	<u>11,008</u>

The principal undertakings in which the company's interest at the period end is more than 20% are as follows:

Subsidiary undertaking	Activity	Country of registration and incorporation	% of ordinary shares held
Adamstar Limited	Restaurateur	England and Wales	100%
Café Rouge Limited*	Dormant	England and Wales	100%
Eastacre Limited	Restaurateur	England and Wales	100%
Handyminster Limited	Non-trading	England and Wales	100%
Heathgate Restaurants Limited	Restaurateur	England and Wales	96%
Insignia Restaurants One Limited	Restaurateur	England and Wales	100%
Yankee Noodle Restaurants Limited #	Restaurateur	England and Wales	100%

\* Indicates held by a subsidiary undertaking. The percentage of voting rights held is the same as the percentage of the nominal value of the shares held.

# Preference and ordinary shares held.

Group accounts have not been prepared as the company has taken advantage of the exemptions under section 228 of the Companies Act 1985 available to companies with an EC parent.

## 10. DEBTORS

	29 May 2005 £'000	30 May 2004 £'000
Trade debtors	336	278
Amounts owed by group undertakings	19,800	19,800
Other debtors	56	82
Prepayments and accrued income	790	1,150
Corporation tax recoverable	<u>336</u>	<u>-</u>
	<u>21,318</u>	<u>21,310</u>

Amounts owed by group undertakings have no fixed repayment date.

# NOTES TO THE ACCOUNTS

Year ended 29 May 2005

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 May 2005 £'000	30 May 2004 £'000
Trade creditors	5,171	3,776
Amounts owed to group undertakings	18,054	24,340
Other taxation and social security	1,006	2,537
Other creditors	719	787
Accruals and deferred income	4,000	4,595
	<u>28,950</u>	<u>36,035</u>

Amounts owed to group undertakings have no fixed repayment date.

## 12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Other £'000	Total £'000
At 30 May 2004	130	1,009	1,139
Amount provided	428	358	786
Utilised	-	(268)	(268)
At 29 May 2005	<u>558</u>	<u>1,099</u>	<u>1,657</u>

Other provisions relate primarily to the future cost of vacant leasehold properties which have ceased to be used for a business purpose. These are discounted at 8% being the group's weighted average cost of financing.

The amounts provided for deferred taxation and the amounts not provided are set out below:

	Provided 29 May 2005 £'000	Unprovided 29 May 2005 £'000	Provided 30 May 2004 £'000	Unprovided 30 May 2004 £'000
Capital allowances in excess of depreciation	<u>558</u>	<u>-</u>	<u>130</u>	<u>-</u>

Deferred tax assets have been recognised to the extent that the directors consider it is more likely than not that they will be recovered. In performing this assessment, the directors have considered the period over which the assets are expected to crystallise.

## 13. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	29 May 2005 £'000	30 May 2004 £'000	29 May 2005 £'000	30 May 2004 £'000
13,545,000 Ordinary shares of 20p each	<u>97,945</u>	<u>97,945</u>	<u>2,709</u>	<u>2,709</u>

**NOTES TO THE ACCOUNTS**

**Year ended 29 May 2005**

**14. STATEMENT OF MOVEMENTS ON RESERVES**

	Special reserve £'000	Profit and loss account £'000	Total £'000
At 30 May 2004	2,626	5,057	7,683
Retained profit for the year	-	6,325	6,325
<b>At 29 May 2005</b>	<b>2,626</b>	<b>11,382</b>	<b>14,008</b>

Included in the profit and loss account is a non-distributable reserve of £3,687,000 (2004: £232,000) arising on the sale of restaurants to group companies.

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	29 May 2005 £'000	30 May 2004 £'000
Opening shareholders' funds	10,392	6,970
Profit for the year	6,325	3,422
Shareholders' funds at end of year	16,717	10,392

**16. LEASE COMMITMENTS**

At the year end, the company was committed to making the following payments during the next year in respect of operating leases which expire:

	<u>Land and buildings</u>		<u>Other</u>	
	29 May 2005 £'000	30 May 2004 £'000	29 May 2005 £'000	30 May 2004 £'000
Within one year	183	154	-	66
Between one and two years	54	25	-	78
Between two and five years	325	223	-	-
After five years	5,816	6,707	-	-
	<b>6,378</b>	<b>7,109</b>	<b>-</b>	<b>144</b>



**NOTES TO THE ACCOUNTS**

**Year ended 29 May 2005**

**17. CONTINGENT LIABILITIES**

The company acts as guarantor in respect of certain leases granted to subsidiary undertakings and in respect of leases which have been disposed of. It is not practical to quantify the extent of any liability which may arise.

**18. PENSION COSTS**

The company contributes to a stakeholder pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable in respect of the accounting period and amounted to £24,254 (2004: £50,000). There were outstanding contributions at the end of the financial year of £25,975 (2004: £25,178).

**19. RELATED PARTIES**

The company is a wholly owned subsidiary of Tragus Group Holdings Limited and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

**20. PARENT UNDERTAKING**

The ultimate parent undertaking is Tragus Group Holdings Limited, registered in England and Wales. The smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Tragus Holdings Limited, the largest is Tragus Group Holdings Limited, both are companies registered in England and Wales. Copies of group accounts can be obtained from 1st Floor, 163 Eversholt Street, London, NW1 1BU.