

# **BELLA ITALIA RESTAURANTS LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the 52 weeks ended 29 May 2011**

Registered number 964194



## BELLA ITALIA RESTAURANTS LIMITED

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## BELLA ITALIA RESTAURANTS LIMITED

### COMPANY INFORMATION

#### DIRECTORS

G Turner  
M Mansigani  
J Parsons

#### COMPANY SECRETARY

M Mansigani

#### INDEPENDENT AUDITORS.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

#### BANKERS

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

#### SOLICITORS

Ashurst  
Broadwalk House  
5 Appold Street  
London  
EC2A 2AH

#### REGISTERED OFFICE:

1st Floor  
163 Eversholt Street  
London  
NW1 1BU

#### REGISTERED NUMBER

964194

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of Bella Italia Restaurants Limited ('the Company') for the 52 weeks ended 29 May 2011. The comparatives are for the 53 weeks ended 30 May 2010.

### **Principal activities**

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

### **Results and dividends**

The profit after tax for the period amounted to £10,170,000 (2010: £11,644,000). The directors do not propose the payment of a dividend (2010: £nil).

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

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

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Tragus Group Limited, which include those of the Company, are disclosed in the Group's annual report which does not form part of this report.

### **Key Performance Indicators**

The Directors of Tragus Group Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Bella Italia Restaurants Limited. The development, performance and position of the business of the Group, which includes the Company, is discussed within the Directors' Report of Tragus Group Limited's financial statements which does not form part of this report.

### **Financial risk management**

From the perspective of the Company, the financial risks of the Company are integrated with the financial risks of the Group and are not managed separately. Accordingly, the management of the financial risks of Tragus Group Limited, which include those of the Company, are disclosed in the Group's annual report which does not form part of this report.

### **Directors**

The directors of the Company during the period and up to the date of signing the financial statements were as follows:

G Turner (Chairman)  
M Mansigani (Company Secretary)  
J Parsons

### **Creditor payment policy**

The policy is to agree the terms of payments with its suppliers as and when a trading relationship is established. The Company ensures that the terms of payment are clear and its policy is to abide by the agreed terms, provided the supplier meets its obligations.

### **Employee involvement**

The Board recognises the importance of employees being fully informed of events which directly affect them and their working conditions. The Company has in place a number of channels of communication including regular team and area meetings, weekly and monthly publications and a company intranet. In addition, the management board carries out two business updates a year with all restaurant managers.

### **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.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DIRECTORS' REPORT**

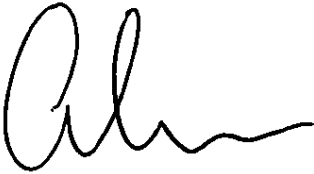
**Disclosure of information to auditors**

Pursuant to section 418 of the Companies Act 2006, each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Independent auditors**

In the absence of a notice proposing that their appointment be terminated, the auditors, PricewaterhouseCoopers LLP, will be deemed to be re-appointed for the next financial year

On behalf of the Board of Directors



G Turner  
DIRECTOR

28 September 2011

1st Floor  
163 Eversholt Street  
LONDON NW1 1BU

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELLA ITALIA RESTAURANTS LIMITED**

We have audited the financial statements of Bella Italia Restaurants Limited for the 52 week period ended 29 May 2011 which comprise the Profit and Loss Account, the Balance Sheet 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 May 2011 and of its profit for the period 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.

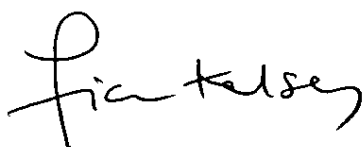
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.



Fiona Kelsey (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

28 September 2011

# BELLA ITALIA RESTAURANTS LIMITED

## PROFIT AND LOSS ACCOUNT

52 weeks ended 29 May 2011

	Note	Before exceptional items 52 weeks ended 29 May 2011 £'000	Exceptional items 52 weeks ended 29 May 2011 (note 3) £'000	Total 52 weeks ended 29 May 2011 £'000	Before exceptional items 53 weeks ended 30 May 2010 £000	Exceptional items 53 weeks ended 30 May 2010 (note 3) £'000	Total 53 weeks ended 30 May 2010 £'000
<b>TURNOVER</b>		67,628	-	67,628	67,248	-	67,248
Cost of sales		(53,466)	-	(53,466)	(52,308)	-	(52,308)
<b>GROSS PROFIT</b>		14,162	-	14,162	14,940	-	14,940
Administrative expenses		(3,739)	(170)	(3,909)	(3,304)	315	(2,989)
<b>OPERATING PROFIT</b>	2	10,423	(170)	10,253	11,636	315	11,950
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		10,423	(170)	10,253	11,636	315	11,950
Interest payable and similar charges	5	(3)	-	(3)	-	-	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		10,420	(170)	10,250	11,636	315	11,950
Taxation on profit on ordinary activities	6			(80)			(306)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>				10,170			11,644

All activities are in respect of continuing operations

The Company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historic cost equivalent

# BELLA ITALIA RESTAURANTS LIMITED

Registered number 964194

## BALANCE SHEET

As at 29 May 2011

	Note	29 May 2011 £'000	30 May 2010 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	15,921	15,015
Investments	8	-	-
		<u>15,921</u>	<u>15,015</u>
<b>CURRENT ASSETS</b>			
Stocks		496	394
Debtors	9	44,228	35,618
Cash in hand		2	2
		<u>44,726</u>	<u>36,014</u>
<b>CREDITORS - amounts falling due within one year</b>	10	<u>(3,242)</u>	<u>(3,701)</u>
<b>NET CURRENT ASSETS</b>		<u>41,484</u>	<u>32,313</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		57,405	47,328
<b>PROVISIONS FOR LIABILITIES</b>	11	<u>(1,222)</u>	<u>(1,315)</u>
<b>NET ASSETS</b>		<u>56,183</u>	<u>46,013</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	111	111
Special reserve	13	1,476	1,476
Profit and loss account	13	<u>54,596</u>	<u>44,426</u>
<b>TOTAL SHAREHOLDER'S FUNDS</b>	14	<u>56,183</u>	<u>46,013</u>

These financial statements on page 5 to 12 were approved by the Board of Directors and authorised for issue on 28 September 2011 and signed on its behalf by

*M. Mansigani*

M Mansigani  
Director



## **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 May 2011**

### **1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practices (UK GAAP). The principal accounting policies adopted by the directors which have been consistently applied are described below.

#### **Accounting convention**

The financial statements are prepared on the going concern basis and under the historical cost convention.

#### **Turnover**

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

#### **Exceptional items**

Costs incurred in the period which are classified as exceptional in note 3 and on the face of the profit and loss account are those which are material in nature and derive from events or transactions that fall outside the ordinary activities of the Company and which are individually, or in aggregate, of such size or incidence to require specific disclosure.

#### **Leases**

Rental payments in respect of operating leases are charged against operating profit over the period of the lease. Rental income in respect of operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease.

Rent free periods are recognised in the profit and loss account over the period to the first rent review.

#### **Pension costs**

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs disclosed in note 16 represent contributions payable by the Company to the fund. The Company will continue to contribute to this fund in future accounting periods.

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

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

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase price less accumulated depreciation. Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Leasehold improvements are depreciated to their estimated residual values over their remaining lease periods, except where the anticipated renewal or extension of the lease is sufficiently certain that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that in most instances, leases are readily extendible by an additional 14 years. The maximum depreciation period for leasehold improvements is 30 years.
- 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.

#### **Fixed asset investments**

Investments are stated at cost less provision for any impairment in value. Impairment reviews are performed by the directors when there is an indication of impairment.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value and on a first in first out basis. No provision for obsolete or slow-moving stocks has been made given the nature of the stocks.

#### **Onerous contract provision**

Onerous contract provisions are made for the future net costs of leasehold properties which are vacant, loss making or sub-let below passing rent. Provisions are based on discounted future net cash outflows. Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **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.

# **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 May 2011**

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

### **Deferred income**

Capital contributions received from landlords are held as deferred income on the balance sheet and recognised as income on a straight line basis in the profit and loss account over the period to the first rent review

### **Cash**

Cash held within this Company is not cash held at bank, rather represents the cash floats held at restaurant sites. There are no finance charges associated with this cash in the Profit and Loss account

### **Cash flow statement**

The Company is a wholly owned subsidiary undertaking of Tragus Group Limited. The cash flows of the Company are included in the consolidated cash flow statement of Tragus Bidco Limited, which is publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) 'Cash Flow Statements' from presenting a cash flow statement

## **2 OPERATING PROFIT**

	52 weeks ended 29 May 2011 £'000	53 weeks ended 30 May 2010 £'000
Operating profit is stated after charging		
Depreciation of tangible fixed assets (note 7)	2,497	2,348
Loss on disposal of tangible fixed assets	-	15
Operating lease charges		
Land and buildings	6,624	6,346

The following fees for services provided by the Company's auditor were charged to the Company. In the prior period these fees were borne by Tragus Holdings Limited a fellow subsidiary

	52 weeks ended 29 May 2011 £'000	53 weeks ended 30 May 2010 £'000
Audit services		
Fees payable to Company auditors	9	9
Non-audit services		
Other services	1	1
Tax services	3	2

## **3. EXCEPTIONAL ITEMS**

	52 weeks ended 29 May 2011 £'000	53 weeks ended 30 May 2010 £'000
Impairment of tangible fixed assets	(134)	(2)
Net (increase) / decrease in onerous contract provision	(36)	317
	(170)	315

The tax effect in the profit and loss account relating to the exceptional items is a £10,000 charge (2010: £89,000 credit)

An impairment review was conducted and highlighted sites which management consider to have onerous fixed cost obligations, for which a net provision of £36,000 has been created (2010: £317,000 released). Fixed assets of £134,000 have also been impaired (2010: £2,000)

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 May 2011**

**4. STAFF COSTS**

The average number of persons employed by the Company in their restaurants during the period was

	52 weeks ended 29 May 2011 Number	53 weeks ended 30 May 2010 Number
Directors	3	3
Restaurant staff	1,638	1,616

Staff costs incurred during the period in respect of these employees were

	52 weeks ended 29 May 2011 £'000	53 weeks ended 30 May 2010 £'000
Wages and salaries	17,931	17,321
Social security costs	1,182	1,126
Pension costs (note 16)	63	36
	<u>19,176</u>	<u>18,483</u>

None of the directors received any remuneration in respect of their services for the Company during the period (2010 nil)

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	52 weeks ended 29 May 2011 £'000	53 weeks ended 30 May 2010 £'000
Interest payable	<u>3</u>	<u>-</u>

**6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	52 weeks ended 29 May 2011 £'000	53 weeks ended 30 May 2010 £'000
Current taxation on profit for the period		
UK corporation tax at 27.68% (2010 28%)	<u>-</u>	<u>-</u>
Total current taxation charge	<u>-</u>	<u>-</u>
Deferred taxation		
Timing differences	46	242
Effect of change in corporation tax rate	(9)	-
Prior period adjustment	<u>43</u>	<u>64</u>
Total deferred taxation charge (note 11)	<u>80</u>	<u>306</u>
Taxation on profit on ordinary activities	<u>80</u>	<u>306</u>

The tax assessed for the period is lower (2010 lower) than the standard effective rate of corporation tax in the UK. The differences are explained below

**Factors affecting the tax charge for the period**

Profit on ordinary activities before taxation	<u>10,250</u>	<u>11,950</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 27.68% (2010 28%)	2,837	3,346
Effect of		
Capital allowances in excess of depreciation	(1)	(168)
Expenses not deductible for tax purposes	1	2
Fixed asset impairment	37	-
Group relief	(2,867)	(3,185)
Fixed asset write off	-	1
Lease premium relief	(7)	-
Profit on disposal of assets	<u>-</u>	<u>4</u>
Total current taxation charge	<u>-</u>	<u>-</u>

# **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 May 2011**

## **6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)**

On 23 March 2011 a number of changes to the UK corporation tax system were announced, including a reduction of the main rate of corporation tax from 28% to 26% with effect from 1 April 2011. The reduction in the rate to 26% became substantively enacted on 29 March 2011 under the Provisional Collection of Taxes Act 1968. Deferred tax has therefore been provided for at 26% (2010: 28%) and the pro-rated corporation tax rate for the period is 27.68% (2010: 28%).

Further reductions to the main rate are proposed to reduce the rate of corporation tax by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements. If these changes had been enacted at the balance sheet date, the effect of the changes would not have had a material effect on recognised or unrecognised deferred tax balances.

## **7 TANGIBLE ASSETS**

	Land & buildings £'000	Furniture, fixtures & equipment £'000	Total £'000
<b>Cost</b>			
At 30 May 2010	28,480	25,815	54,295
Additions	1,001	2,536	3,537
At 29 May 2011	29,481	28,351	57,832
<b>Accumulated depreciation</b>			
At 30 May 2010	(20,721)	(18,559)	(39,280)
Charge for the period	(571)	(1,926)	(2,497)
Impairment	-	(134)	(134)
At 29 May 2011	(21,292)	(20,619)	(41,911)
<b>Net book amount</b>			
At 29 May 2011	8,189	7,732	15,921
At 30 May 2010	7,759	7,256	15,015

## **8 FIXED ASSET INVESTMENTS**

	£'000
At 30 May 2010 and 29 May 2011	-

Investments comprise the Company's investments in subsidiary undertakings.

Subsidiary undertaking	Activity	Country of registration and incorporation	% of ordinary shares held
UB Restaurants (C I) Limited	Dormant	Jersey	100%
Associated Restaurants (Overseas) Limited	Dormant	Jersey	100%
Pizzaland Limited	Dormant	England and Wales	100%
Bella Pasta Restaurants Limited	Dormant	England and Wales	50%
Prima Pasta Limited	Dormant	England and Wales	100%
The Pizza Gallery Limited	Dormant	England and Wales	99%
Ampleflow Limited	Dormant	England and Wales	100%

The directors believe the carrying value of the assets is supported by their underlying net assets.

The Company is exempt under section 228 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its parent, Tragus Group Limited, a Company registered in England and Wales.

**NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 May 2011**

**9 DEBTORS**

	29 May 2011 £'000	30 May 2010 £'000
Trade debtors	86	75
Amounts owed by group undertakings	43,031	34,590
Other debtors	88	39
Prepayments	1,023	914
	<u>44,228</u>	<u>35,618</u>

Amounts owed by group undertakings have no fixed repayment date, are interest free and unsecured

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	29 May 2011 £'000	30 May 2010 £'000
Other creditors	49	307
Other taxation and social security	3	3
Accruals and deferred income	3,190	3,391
	<u>3,242</u>	<u>3,701</u>

**11 PROVISIONS FOR LIABILITIES**

	Deferred taxation £'000	Other £'000	Total £'000
At 30 May 2010	80	1,235	1,315
Charge for the period (note 6 and note 3)	80	555	635
Release in the period	-	(519)	(519)
Utilised	-	(209)	(209)
At 29 May 2011	<u>160</u>	<u>1,062</u>	<u>1,222</u>

Other provisions relate primarily to the future cost of vacant leasehold properties which have ceased to be used for trading purposes. They are vacant, loss making or sub-let below passing rent. The provision will unwind over the sooner of the date to the termination of the leases or the date of exit. Dilapidations provision is made in respect of returning sites to the required state or repair before returning to the landlord.

The amounts provided for deferred taxation are set out below

	29 May 2011 £'000	30 May 2010 £'000
Capital allowances in excess of depreciation	<u>160</u>	<u>80</u>

**12 CALLED UP SHARE CAPITAL**

	29 May 2011 £'000	30 May 2010 £'000
25,000,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
	<u>111</u>	<u>111</u>

# NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 29 May 2011

## 13 STATEMENT OF MOVEMENTS IN RESERVES

	Special reserve £'000	Profit and loss account £'000	Total £'000
At 30 May 2010	1,476	44,426	45,902
Profit for the financial period	-	10,170	10,170
At 29 May 2011	<u>1,476</u>	<u>54,596</u>	<u>56,072</u>

## 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	29 May 2011 £'000	30 May 2010 £'000
Shareholder's funds at beginning of period	46,013	34,369
Profit for the financial period	<u>10,170</u>	<u>11,644</u>
Shareholder's funds at end of period	<u>56,183</u>	<u>46,013</u>

## 15. LEASE COMMITMENTS

At the period end, the Company was committed to making the following payments during the next year in respect of operating leases on land and buildings which expire

	29 May 2011 £'000	30 May 2010 £'000
Within one year	1,506	913
Within two to five years	4,774	2,128
After five years	<u>1,233</u>	<u>4,277</u>
	<u>7,513</u>	<u>7,318</u>

The financial commitments for operating lease amounts payable calculated as a percentage of turnover have been based on the minimum payment that is required under the terms of the relevant lease. As a result the amounts charged to the profit and loss account are different to the financial commitment at the year-end.

## 16 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 £63,000 (2010: £36,000). There were no outstanding contributions at the end of the financial period (2010: £nil).

## 17 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption given in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary of a group headed by Tragus Group Limited, whose accounts are publicly available.

## 18 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Tragus Cayco Holdco Limited, registered in the Cayman Islands. The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Tragus Bidco Limited, registered in England and Wales, the largest Tragus Group Limited, registered in England and Wales. Copies of these financial statements can be obtained from 1st Floor, 163 Eversholt Street, London, NW1 1BU, United Kingdom.

The Company considers The Blackstone Group as the ultimate controlling party by way of its majority shareholding of Tragus Cayco Holdco Limited.