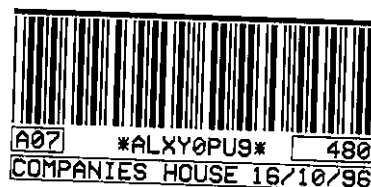


Company Registration Number: 1829152 (England and Wales)

Pomeroy's Restaurants Limited
Directors' Report and Financial Statements
for the year ended 31 March 1996



Pomeroy's Restaurants Limited

Contents

	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 11

Pomeroy's Restaurants Limited

Directors' Report for the year ended 31 March 1996

The directors present their report and the financial statements for the year ended 31 March 1996.

Principal Activities and Review of the Business

The principal activity of the company during the year was operating restaurants.

The company intends to continue its present restaurant operations. The directors are satisfied with the results for the year.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1996	1995
R.Myers	Ordinary shares	-	-
K.E.D.Jones	Ordinary shares	-	-
L.I.Ross	Ordinary shares	-	-

The directors interests in the shares of the ultimate parent undertaking are shown in the accounts of that company.

Payment Policy for Creditors

The company agrees terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier.

Auditors

A resolution to appoint Mercers Bryant, Chartered Accountants and Binder Hamlyn, Chartered Accountants as joint auditors of the company will be proposed at the Annual General Meeting.

Pomeroy's Restaurants Limited

Directors' Report for the year ended 31 March 1996 (continued)

Directors' Responsibilities

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

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

This report was approved by the Board on 6 September 1996



Bekay Secretaries Limited
Secretary

Pomeroy's Restaurants Limited

Auditors' Report
to the members of Pomeroy's Restaurants Limited

We have audited the financial statements on pages 4 to 11 which have been prepared on the basis of the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of 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.

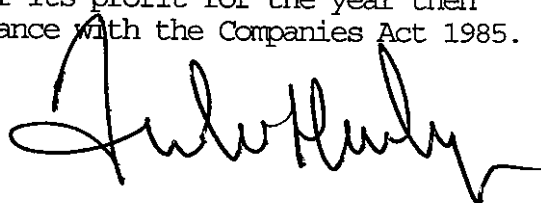
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mercers Bryant
Chartered Accountants
Registered Auditors
45 Crawford Place
London W1H 2AD



Binder Hamlyn
Chartered Accountants
Registered Auditors
20 Old Bailey
London EC4M 7BH

6 September 1996

Pomeroy's Restaurants Limited

Profit and Loss Account
for the year ended 31 March 1996

	Notes	1996 £	1995 £
Turnover	2	294,884	313,497
Cost of sales		(81,611)	(87,855)
Gross profit		<u>213,273</u>	<u>225,642</u>
Administrative expenses		(166,528)	(171,284)
Profit on ordinary activities before taxation	3	46,745	54,358
Tax on profit on ordinary activities	4	(12,915)	(1,000)
Profit for the year	10	<u>£ 33,830</u>	<u>£ 53,358</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

Pomeroy's Restaurants Limited

Balance Sheet
as at 31 March 1996

	Notes	£	1996 £	£	1995 £
Fixed Assets					
Tangible assets	5		221,258		227,550
Current Assets					
Stocks	6	14,370		14,687	
Cash at bank and in hand		134		200	
		<u>14,504</u>		<u>14,887</u>	
Creditors: amounts falling due within one year	7	(161,601)		(202,106)	
Net Current Liabilities			<u>(147,097)</u>		<u>(187,219)</u>
Total Assets Less Current Liabilities			<u>£ 74,161</u>		<u>£ 40,331</u>
Capital and Reserves					
Called up share capital	9		120,000		120,000
Profit and loss account	10		(45,839)		(79,669)
Equity Shareholders' Funds	11		<u>£ 74,161</u>		<u>£ 40,331</u>

The financial statements were approved by the Board on 6 September 1996.



L.I. Ross

Director

Pomeroy's Restaurants Limited

Notes to the Financial Statements
for the year ended 31 March 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking that has published consolidated financial statements.

1.2 Going concern basis

The accounts have been prepared on a going concern basis as the company is currently in receipt of a letter of financial support from The Pelican Group PLC to enable it to trade in the normal course of business.

1.3 Compliance with accounting standards

The financial statements are in accordance with applicable accounting standards.

1.4 Turnover

Turnover represents receipts from operating activities and is stated exclusive of value added tax.

1.5 Tangible fixed assets and depreciation

No depreciation is provided on freehold properties or leasehold properties with twenty years or over to run at the balance sheet date. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of acquisition or subsequent revaluation, so high that their depreciation is insignificant. Any permanent diminution in the value of such properties is charged to the Profit & Loss Account as appropriate.

All leasehold properties of less than twenty years are amortised over the unexpired terms, which in the case of new restaurants is with effect from the date of operation. Depreciation is provided on all other tangible fixed assets on a reducing balance basis of 12.5% for furniture, fittings and equipment and 25% for motor vehicles.

Pre-opening expenditure incurred on new restaurants is written off over five years with effect from the date of operation.

Pomeroy's Restaurants Limited

Notes to the Financial Statements
for the year ended 31 March 1996

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2. Turnover

Turnover is wholly represented by restaurant operating activities carried on in the United Kingdom.

3. Operating Profit

	1996 £	1995 £
Operating profit is stated after charging:		
Depreciation of tangible assets	8,318	8,699
Hire of plant and machinery	260	360
Operating lease rentals		
- Land and buildings	40,487	39,666
	<u>40,487</u>	<u>39,666</u>

4. Taxation

	1996 £	1995 £
U.K. Current year taxation		
U.K. Corporation tax at 33% (1995 - 25%)	12,915	1,000
	<u>12,915</u>	<u>1,000</u>

Pomeroy's Restaurants Limited

Notes to the Financial Statements
for the year ended 31 March 1996

5. Tangible Assets

	Land and buildings Leasehold (Short)	Fixtures fittings & equipment	Total
	£	£	£
Cost			
At 1 April 1995	251,143	104,458	355,601
Additions	-	2,026	2,026
At 31 March 1996	251,143	106,484	357,627
Depreciation			
At 1 April 1995	73,624	54,427	128,051
Charge for year	1,937	6,381	8,318
At 31 March 1996	75,561	60,808	136,369
Net book values			
At 31 March 1996	£ 175,582	£ 45,676	£ 221,258
At 31 March 1995	£ 177,519	£ 50,031	£ 227,550

6. Stocks

	1996 £	1995 £
Finished goods and goods for resale	14,370	14,687

The replacement value at 31 March 1996 is considered by the directors to be not materially different from the Balance Sheet value.

7. Creditors: amounts falling due within one year

	1996 £	1995 £
Amounts owed to group undertaking	161,601	201,106
Corporation tax	-	1,000
	£ 161,601	£ 202,106

Pomeroy's Restaurants Limited

Notes to the Financial Statements
for the year ended 31 March 1996

8. Provisions for Liabilities and Charges

As a result of the high level of expenditure on additions to fixed assets which attract capital allowances, the timing differences between depreciation and taxation allowances are not expected to reverse in the foreseeable future and consequently a provision for deferred taxation is not required. The full potential liability is as follows:

	Not provided	
	1996	1995
	£	£
Accelerated capital allowances	8,865	5,495
Other timing differences	1,440	-
	<u>£ 10,305</u>	<u>£ 5,495</u>

9. Share Capital

Authorised

120,000 Ordinary shares of £1 each

	1996	1995
	£	£
	<u>120,000</u>	<u>120,000</u>

Allotted, called up and fully paid

120,000 Ordinary shares of £1 each

	1996	1995
	£	£
	<u>120,000</u>	<u>120,000</u>

10. Profit And Loss Account

Accumulated losses at 1 April 1995

Retained profit for the year

Accumulated losses at 31 March 1996

	1996	1995
	£	£
	(79,669)	(133,027)
	33,830	53,358
	<u>£ (45,839)</u>	<u>£ (79,669)</u>

Pomeroy's Restaurants Limited

Notes to the Financial Statements
for the year ended 31 March 1996

11. Reconciliation of Movements in Shareholders' Funds

	1996 £	1995 £
Profit for the financial year	33,830	53,358
Opening shareholders' funds	40,331	(13,027)
Closing shareholders' funds	<u>£ 74,161</u>	<u>£ 40,331</u>

12. Contingent Liabilities

The company is a party to a guarantee given in respect of the group's bank facilities. The total amount outstanding at the end of the year was £9,500,000 (1995: £2,800,000).

13. Financial Commitments

At 31 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1996 £	1995 £
Expiry date:		
In over five years	41,000	41,000
	<u>£ 41,000</u>	<u>£ 41,000</u>

Pomeroy's Restaurants Limited

Notes to the Financial Statements
for the year ended 31 March 1996

14. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1996 Number	1995 Number
Restaurant	10	10

Employment costs

	£	£
Wages and salaries	60,233	67,539
Social security costs	5,184	6,303
	<u>£ 65,417</u>	<u>£ 73,842</u>

15. Ultimate Parent Company

The ultimate parent undertaking is The Pelican Group PLC, a company registered in England & Wales. The Pelican Group PLC is the parent undertaking for the largest and smallest group of which the company is a member for which group accounts are drawn up. Copies of these group accounts are available from Companies House, Crown Way, Cardiff.