

CHARLOTTE STREET RESTAURANTS PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28TH JUNE 1998



CHARLOTTE STREET RESTAURANTS PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28TH JUNE 1998

CONTENTS

	Pages
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes forming part of the financial statements	7 - 14

CHARLOTTE STREET RESTAURANTS PLC

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the period ended 28th June 1998.

Statement of 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- d. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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. The directors 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.

Activity

The principal activity of the Company which has remained unchanged during the financial period was that of restaurateurs.

Business review and future developments

The directors are satisfied with the performance of the Company during the period and are optimistic for the future.

Dividends

In view of the accumulated losses of the Company, the directors are unable to recommend the payment of a dividend.

Post Balance Sheet Events

On 29 June 1998 the business and assets were transferred to Groupe Chez Gérard Restaurants Limited, another group undertaking.

CHARLOTTE STREET RESTAURANTS PLC

DIRECTORS' REPORT (continued)

Directors and their interests

The directors and their interests, as defined by the Companies Act, in the shares of the parent Company, Groupe Chez Gérard PLC, at 28th June 1998 and 29th June 1997 were as follows:

	Ordinary shares of 25p each		Options on ordinary shares of 25p each	
	1998 No.	1997 No.	1998 No.	1997 No.
N V Abraham	1,503,431	1,925,001	70,000	70,000
L I Isaacson	1,500,001	1,925,001	70,000	70,000
I K Holder	11,000	-	80,000	-

I K Holder was appointed as a Director on 15 July 1997.

No Director held shares in the Company during the period.

Options granted during the period on ordinary shares in the parent company were as shown in the above table. No options were exercised during the period by these directors.

Employee Involvement

Employees are provided with regular information regarding the Company's affairs and are consulted on a regular basis wherever feasible and appropriate.

Disabled Employees

The Company makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

Payment of Creditors Policy and Practice

The Company's creditors are paid by fellow subsidiary undertaking Groupe Chez Gérard Restaurants Ltd and subsequently reimbursed by the Company. Groupe Chez Gérard Restaurants Ltd agrees terms and conditions with each supplier prior to transacting. Payment is then normally made in accordance with these terms subject to the supplier's own adherence to the agreed terms and conditions. The practice of Groupe Chez Gérard Restaurants Limited in respect of the period with regard to its payment of creditors, as defined by the Companies Act 1985, has been 52 days.

Auditors

On 1 November 1997 Casson Beckman merged their practice with that of Baker Tilly, Chartered Accountants.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Baker Tilly, chartered accountants, as auditors to the Company will be put to the annual general meeting.

BY ORDER OF THE BOARD

I K Holder

Secretary

16/02/98

Registered Office:
8 Upper St. Martin's Lane
London WC2H 9EN

CHARLOTTE STREET RESTAURANTS PLC

REPORT OF THE AUDITORS' TO THE MEMBERS OF CHARLOTTE STREET RESTAURANTS PLC

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

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

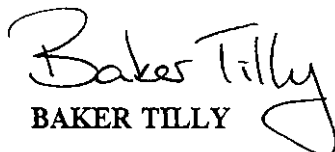
Basis of opinion

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, are consistently applied and are 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 affairs of the Company as at 28th June 1998 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Chartered Accountants
and Registered Auditors

2 Bloomsbury Street
London WC1B 3ST

16. October 1998

CHARLOTTE STREET RESTAURANTS PLC

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 28TH JUNE 1998

	Notes	52 week period ended 28 June 1998 £'000	53 week period ended 29 June 1997 £'000
Turnover	2	4,788	3,778
Cost of sales		<u>(2,768)</u>	<u>(2,355)</u>
Gross profit		2,020	1,423
Operating expenses	3	(839)	(646)
Other operating income	4	<u>24</u>	<u>9</u>
Operating profit		1,205	786
Interest receivable and similar income		<u>5</u>	<u>17</u>
Profit on ordinary activities before taxation		1,210	803
Tax on ordinary activities	6	<u>(280)</u>	<u>(6)</u>
Profit for the financial period	12	<u>930</u>	<u>797</u>

There are no recognised gains or losses other than the profit for the financial period.

The profit on ordinary activities for the year before taxation stated on an unmodified historical cost basis was as follows:

	1998 £'000	1997 £'000
Profit on ordinary activities before taxation, as reported above	1,210	803
Difference between an historical cost depreciation charge and the actual depreciation charge for the period, calculated on the revalued amount	<u>-</u>	<u>(46)</u>
Profit on ordinary activities before taxation on an unmodified historical cost basis	<u>1,210</u>	<u>757</u>

The retained profit for the financial period stated on an unmodified historical cost basis was £961,000 (1997 - profit £751,000).

Turnover and operating profit all derive from continuing operations.

CHARLOTTE STREET RESTAURANTS PLC

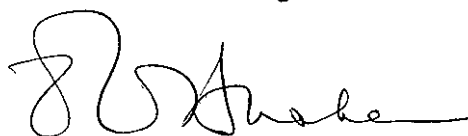
BALANCE SHEET

AT 28TH JUNE 1998

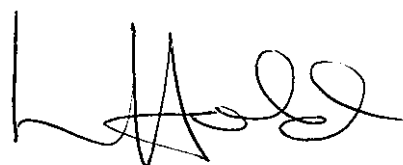
	Notes	1998		1997	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		4,901		4,484
Current assets					
Stocks	8		44		46
Debtors	9		136		130
Cash at bank and in hand			<u>1,479</u>		<u>104</u>
			1,659		280
Creditors: Amounts falling due within one year	10		<u>(2,112)</u>		<u>(1,246)</u>
Net current liabilities			<u>(453)</u>		<u>(966)</u>
Total assets less current liabilities			<u>4,448</u>		<u>3,518</u>
Capital and reserves					
Called up share capital	11		4,660		4,660
Share premium account	12		861		861
Profit and loss account	12		<u>(1,073)</u>		<u>(2,003)</u>
Equity Shareholders' Funds			<u>4,448</u>		<u>3,518</u>

Approved by the Board on ~~16 October~~ 1998 and signed on its behalf by

N V Abraham - Director



I K Holder - Director



CHARLOTTE STREET RESTAURANTS PLC

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 28TH JUNE 1998

	Notes	1998	1997
		£'000	£'000
Net cash inflow from operating activities	13	1,887	920
Returns on investments and servicing of finance			
Interest received		<u>5</u>	<u>17</u>
		1,892	937
Taxation			
Corporation tax paid		<u>(6)</u>	<u>(10)</u>
		1,886	927
Capital Expenditure			
Payments to acquire tangible fixed assets		<u>(513)</u>	<u>(1,258)</u>
Proceeds on sale of tangible fixed assets		<u>2</u>	<u>-</u>
Increase/(decrease) in cash	13	<u>1,375</u>	<u>(331)</u>

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28TH JUNE 1998

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of certain fixed assets which are stated at revalued amounts.

Turnover

Turnover represents amounts invoiced by the Company in respect of goods sold and services rendered during the period stated net of value added tax.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over the expected useful life as follows:

Furniture and Fittings	-	20% straight line
Computer Equipment	-	33.33% straight line

Short leasehold premises and improvements of less than twenty years are amortised in equal annual instalments over the unexpired term of the lease.

No depreciation is charged on freehold property, or short leasehold premises and improvements with more than twenty years to run at the balance sheet date, as it is the company's policy to maintain the buildings to a high standard and, because of this, such properties maintain residual values in aggregate at least equal to their book values. The Company's appraisal of residual values is based on prices prevailing at the time of acquisition. Provision is made in the profit and loss account in the event of the occurrence of any permanent diminution in property values.

Stocks

Stocks are valued on a first in, first out basis at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred to subsequent sale.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Pensions

The Company maintains a defined contribution scheme covering some of its permanent employees. The pension cost charged represents contributions payable by the Company to the scheme during the period.

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future at the rate expected to be ruling at that date.

2. Turnover

The turnover of the Company during the period originated from the United Kingdom and derives from the operation of restaurants.

3. Operating expenses

	52 week period ended 28 June 1998	53 week period ended 29 June 1997
	£000	£000
Operating costs	109	210
Property and administrative expenses	<u>730</u>	<u>496</u>
	<u>839</u>	<u>646</u>

Operating expenses include:

Profit on disposal of tangible fixed assets	2	-
Depreciation	92	73
Auditors' remuneration	-	5
Operating lease rentals - land and buildings	138	100
- Plant and equipment	<u>3</u>	<u>5</u>

(Auditors' remuneration has been borne by another group undertaking)

4. Other operating income

	1998 £'000	1997 £'000
Net rental income	<u>24</u>	<u>9</u>

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

5. Employees and directors

Charlotte Street Restaurants Plc has no employees. The average monthly number of persons employed during the period by Groupe Chez Gerard Restaurants Limited and whose services were supplied to the Company was 103 (1997: 113). The staff costs for these persons, all of which are recharged to Charlotte Street Restaurants PLC, were:

	1998 £000	1997 £000
Wages and salaries	1,441	1,310
Social security costs	72	78
Pension costs	<u>1</u>	<u>1</u>
	<u>1,514</u>	<u>1,389</u>

No director received any emoluments in respect of their services to the Company.

6. Taxation

	1998 £000	1997 £000
The taxation charge which is based on the results of the period is made up as follows:-		
Current year Corporation tax	<u>280</u>	<u>6</u>

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

7. Tangible fixed assets

	Freehold Property £000	Short Leasehold Premises and Improvements £000	Furniture and fittings £000	Total £000
Cost or valuation				
At 30th June 1997	2,951	1,203	432	4,586
Additions at cost	413	52	48	513
Disposals	-	-	(10)	(10)
At 28th June 1998	<u>3,364</u>	<u>1,255</u>	<u>470</u>	<u>5,089</u>
Depreciation				
At 30th June 1997	-	-	102	102
Charge for the period	-	-	92	92
Disposal	-	-	(6)	(6)
At 28th June 1998	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
Net book value				
At 28th June 1998	<u>3,364</u>	<u>1,255</u>	<u>282</u>	<u>4,901</u>
At 29 th June 1997	<u>2,951</u>	<u>1,203</u>	<u>330</u>	<u>4,484</u>

	Freehold Property £'000	Short Leasehold Premises and Improvements £'000	Furniture and Fittings £'000	Total £'000
Cost or valuation at 28 June 1998 is represented by:-				
Valuation in 1996	1,890	550	60	2,500
Assets stated at cost	<u>1,474</u>	<u>705</u>	<u>410</u>	<u>2,589</u>
	<u>3,364</u>	<u>1,255</u>	<u>470</u>	<u>5,089</u>

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

For assets at valuation

	Freehold Property	Short Leasehold Premises and Improvements	Furniture and Fittings	Total
	£'000	£'000	£'000	£'000
Historical cost at 29 June 1997 and at 28 June 1998	2,424	1,355	286	4,065
Depreciation based on cost at 30 June 1997	13	57	286	356
Charge for the period	-	-	-	-
At 28 June 1998	13	57	286	356
Net historical cost book value At 28 June 1998	2,411	1,298	-	3,709
At 29 June 1997	2,411	1,298	-	3,709

8. Stocks

	1998 £000	1997 £000
Food and beverages for resale	44	46

9. Debtors

	1998 £000	1997 £000
Amounts falling due within one year:		
Trade debtors	53	37
Other debtors	8	7
Prepayments and accrued interest	75	86
	136	130

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

10. Creditors: Amounts falling due within one year	1998 £000	1997 £000
Amounts owed to group undertaking	1,755	1,196
Trade creditors	14	11
Corporation tax	280	6
Other creditors	35	11
Accruals and deferred income	<u>28</u>	<u>22</u>
	<u>2,112</u>	<u>1,246</u>

11. Share capital	1998 £000	1997 £000
Authorised:		
6,500,000 ordinary shares of £1 each	<u>6,500</u>	<u>6,500</u>
Allotted, issued and fully paid:		
4,660,000 ordinary shares of £1 each	<u>4,660</u>	<u>4,660</u>

12. Reserves and reconciliation of movements in Equity shareholders' funds

	Share Capital £000	Share Premium account £000	Profit and loss account £000	Total shareholders' funds £000
Opening Equity shareholders' funds	4,660	861	(2,003)	3,518
Profit for the financial period	-	-	930	930
Closing Equity shareholders' funds	<u>4,660</u>	<u>861</u>	<u>(1,073)</u>	<u>4,448</u>

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

13. Notes to the cash flow statement	1998 £000	1997 £000
Reconciliation of operating profit to net cash flow from operating activities:-		
Operating profit	1,205	786
Loss on sale of tangible fixed assets	2	-
Depreciation	92	73
Decrease/(increase) in stocks	2	(10)
Increase in amounts owed to fellow subsidiary undertaking	559	101
(Increase)/decrease in debtors	(7)	(25)
Increase/(decrease) in creditors	<u>34</u>	<u>(5)</u>
Net cash inflow from operating activities	<u>1,887</u>	<u>920</u>

Analysis of changes in net funds:-

	At 24 June 1996 £'000	Cash flows £'000	At 29 June 1997 £'000
Cash at bank and in hand	<u>104</u>	<u>1,375</u>	<u>1,479</u>

14. Operating lease commitments

At 28th June 1998 the Company was committed to making the following payments during the next year in respect of operating leases:-

	Land and buildings		Other	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Leases which expire:-				
Within 2 to 5 years	-	-	1	1
After 5 years	<u>138</u>	<u>99</u>	<u>-</u>	<u>-</u>

CHARLOTTE STREET RESTAURANTS PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 28TH JUNE 1998

15. Capital Commitments

Capital commitments for which no provisions have been made in these financial statements are :-

	1998 £000	1997 £000
Contracted	<u>58</u>	<u>172</u>

16. Contingent liability

The Company has guaranteed the borrowings of its group companies. As at 28 June 1998, the contingent liability in respect of this guarantee amounted to £2 million.

17. Related party disclosures

The Company has taken advantage of exemptions conferred by FRS8 with regard to disclosure of transactions with other group companies.

18. Ultimate parent company

The Company's ultimate parent company is Groupe Chez Gérard PLC. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.