Courtlands (Shopping Centres) Limited

Directors' report and financial statements

Registered number 1970860

27 March 2005

Contents

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 27 March 2005.

Principal activities and review of the business

The principal activity of the company is that of restaurants and retailers of takeaway food.

The company has traded well during the period reporting turnover of £8,596,164 *(2004: £6,885,146)* and a loss before taxation of £371,529 *(2004: £173,745)*.

Results and dividends

The results for the period are set out on page 5.

Future developments

The directors expect the financial performance of the company to improve further in the coming year as a result of upgrading targeted sites within the existing estate and further improvements in operational management.

Directors and directors' interests

The directors who held office during the year were as follows:

SB Heath (resigned 31 December 2004)
C Mayes
F Grimbleby (appointed 29 January 2004)
GG Hunter (appointed 11 November 2004)

None of the directors' had any interest in the shares of the company were as stated below:

The directors interest in the shares of the parent company are shown in its accounts

Employee involvement

During the year the policy of providing employees with information about the company was achieved by way of regular meetings held between local management and employees together with the regular circulation of a company newsletter, allowing a free flow of information and ideas.

Directors' report *(continued)*

Disabled persons

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately filled by such persons.

Where existing employees become disabled, it is company policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

GG Hunter
Director

9 Taylors Court
Parkgate
Rotherham
South Yorkshire
S62 6NU

29 June 2006

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 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 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

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of Courtlands (Shopping Centres) Limited

We have audited the financial statements on pages 5 to 12.

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 27 March 2005 and of its loss for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29 June 2006

Profit and loss account
for the 52 week period ended 27 March 2005

	Note	2005 £	2004 £
Turnover	*2*	**8,596,164**	6,885,146
Cost of sales		**(2,340,928)**	(1,776,742)
Gross profit		**6,255,236**	5,108,404
Administrative expenses		**(6,620,812)**	(5,268,221)
Other operating income (including exceptional income of £nil (*2004: £*450,000))		**-**	453,167
Operating (loss)/profit	*3*	**(365,576)**	293,350
Loss on sale of tangible assets		**(1,215)**	(115,397)
Interest payable and similar charges	*6*	**(4,738)**	(4,208)
(Loss)/ profit on ordinary activities before taxation	*2-5*	**(371,529)**	173,745
Tax on profit on ordinary activities	*7*	**(4,660)**	(693)
(Loss)/ profit on ordinary activities after taxation		**(376,189)**	173,052

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

All activities arose from continuing operations.

Balance sheet
at 27 March 2005

	Note	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	8		**2,716,741**		1,617,315
Current assets					
Stocks	9	**183,391**		130,992	
Debtors	*10*	**1,326,340**		1,941,835	
Cash at bank and in hand		**521,680**		723,733	
		2,031,411		2,796,560	
Creditors: amounts falling due within one year	*11*	**(2,069,379)**		(1,780,358)	
Net current assets			**(37,968)**		1,016,202
Total assets less current liabilities			**2,678,773**		2,633,517
Creditors: amounts falling due after more than one year	*12*		**(823,946)**		(402,501)
Net assets			**1,854,827**		2,231,016
Capital and reserves					
Called up share capital	*13*		**8,670,000**		8,670,000
Profit and loss account	*14*		**(6,815,173)**		(6,438,984)
Shareholders' funds	*15*		**1,854,827**		2,231,016

These financial statements were approved by the board of directors on 29 June 2006 and were signed on its behalf by:

Graham Hunter

GG Hunter
Director

F Grimbleby
Director

Notes
(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

As the company is a wholly owned subisidary of Out of Town Group Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees) of the group qualifying as related parties). The consolidated financial statements of Out of Town Group Limited, within which this company is included, can be obtained from the address given in note 17.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	Over the life of the lease
Plant and machinery	15-20% Straight line
Furniture, fixtures and fittings	10-15% Straight line

Leasing

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

Stock

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

Cost is the cost to purchase the stock.

Net realisable value is estimated selling price less further costs to be incurred.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not revised by the balance sheet date, except as otherwise required by FRS19.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2005	2004
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets	**365,185**	171,037
Operating lease rentals		
- Plant and machinery	**14,745**	12,485
- Other assets	**1,362,978**	1,232,035
Auditors' remuneration	**8,000**	8,000
Exceptional income – premium on surrender of lease	-	(450,000)
Loss on disposal of fixed assets	**1,215**	115,397

4 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows::

	Number of employees	
	2005	2004
Management	**28**	24
Catering	**302**	249
	330	273

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£	£
Wages and salaries	**2,346,471**	1,801,737
Social security costs	**126,045**	93,167
	2,472,516	1,894,904

5 Remuneration of directors

	2005	2004
	£	£
Directors emoluments	-	-

Notes *(continued)*

6 Interest payable and similar charges

	2005 £	2004 £
Other	**4,738**	4,208
	4,738	4,208

7 Taxation

	2005 £	2004 £
UK corporation tax		
Adjustments in respect of prior periods	**4,660**	693

Factors affecting the tax charge for the period

The current tax charge for the period is lower *(2004: lower)* than the standard rate of corporation tax in the UK *(30%, 2004: 30%)*. The differences are explained below.

	2005 £	2004 £
Loss/ (profit) on ordinary activities before taxation	**(371,529)**	173,745
Current tax at 30% (2004: 30%)	**(111,459)**	52,124
Effects of:		
Expenses/ (income) not deductible/(chargeable)for corporation tax	**32,321**	(70,533)
Depreciation in excess of capital allowances	**54,848**	58,139
Tax losses utilised	-	(2,605)
Group relief not paid for	**24,290**	(37,125)
Adjustments in respect of prior periods	**4,660**	693
Current tax charge	**4,660**	693

The company has a potential deferred tax asset of £1,930,813*(2004: £1,825,798)*. Of this £1,601,411 *(2004: £1,602,167)* relates to losses and £329,402 *(2004: £223,631)* relates to accelerated capital allowances. The asset has not been recognised on the grounds that its recovery is uncertain.

Notes *(continued)*

8 Tangible fixed assets

	Short leasehold land and buildings £	Plant and Equipment £	Furniture fixtures and fittings £	Total £
Cost				
At beginning of year	2,819,975	349,178	2,058,438	5,227,591
Additions	52,080	240,075	1,173,671	1,465,826
Disposals	(1,215)	-	-	(1,215)
At end of year	2,870,840	589,253	3,232,109	6,692,202
Depreciation				
At beginning of year	2,280,080	119,897	1,210,299	3,610,276
Charge for the period	58,343	74,406	232,436	365,185
At end of year	2,338,423	194,303	1,442,735	3,975,461
Net book value				
At 27 March 2005	**532,417**	**394,950**	**1,789,374**	**2,716,741**
At 28 March 2004	539,895	229,281	848,139	1,617,315

9 Stocks

	2005 £	2004 £
Finished goods and goods for resale	**183,391**	130,992

10 Debtors

	2005 £	2004 £
Trade debtors	**23,715**	14,306
Amounts owed by group undertakings	**953,203**	1,623,832
Prepayments and accrued income	**349,422**	303,697
	1,326,340	1,941,835

Notes *(continued)*

11 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	**835,936**	866,424
Amounts owed to group undertakings	**769,127**	582,985
Taxes and social security costs	**98,729**	74,819
Other creditors	**51,474**	25,755
Accruals and deferred income	**309,453**	230,375
Corporation tax	**4,660**	-
	2,069,379	1,780,358

12 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Accruals and deferred income	**823,946**	402,501

13 Called up share capital

	2005 £	2004 £
Authorised		
20,000,000 Ordinary shares of £1 each	**20,000,000**	20,000,000
Allotted, called up and fully paid		
8,670,000 Ordinary shares of £1 each	**8,670,000**	8,670,000

14 Reserves

	Profit and loss account £
At beginning of year	**(6,438,984)**
Retained loss for the year	**(376,189)**
At end of year	**(6,815,173)**

Notes *(continued)*

15 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Loss for the financial year	**(376,189)**	173,052
Opening shareholders' funds	**2,231,016**	2,057,964
Closing shareholders' funds	**1,854,827**	2,231,016

16 Contingent liabilities

The company has guaranteed the overdrafts of other group companies; the amount outstanding at the year end was £2,188,195 (*2004:* £1,379,477). The company is party to a fixed and floating charge securing the Out of Town Group's loan facility. At the year end the amount owing on the facility totalled *£13,455,620* (*2003: £12,882,305*).

17 Commitments

Annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	-	-
Between two and five years	**193,850**	38,850
In over five years	**866,112**	1,021,112
	1,059,962	1,059,962

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Out of Town Group Limited incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Out of Town Group Limited undertaking, incorporated in England and Wales. The consolidated accounts of this group is available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

19 Post balance sheet events

As noted the company is party to the fixed and floating charge securing the Out of Town Group's loan facility. On 31 May 2006 this debt was restructured, resulting in shares being issued in settlement of part of the debt and new facilities being arranged. Further details are given within the Out of Town Group accounts.