Regent Inns

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Report and Accounts 2007

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COMPANIES HOUSE

Walkabout
Barnsley
Birmingham
Blackpool
Bournemouth
Bradford
Brighton
Bristol
Bromley
Burnley
Cardiff
Carlisle
Croydon
Derby
Doncaster
Durham
Edinburgh
Exeter
Glasgow
Grimsby
Hanley
Lancaster
Leeds
Leicester
Lincoln
Liverpool
London
Covent Garden
Islington
Putney
Shaftesbury Avenue
Shepherds Bush
Temple
West Hampstead
Wimbledon
Manchester
Middlesbrough
Newport
Newquay
Nottingham
Oldham
Plymouth
Portsmouth
Reading
Rugby
Sheffield
Southampton
Swansea
Swindon
Watford
Wigan
Wolverhampton

Jongleurs/Bar Risa
Birmingham
Bristol
Cardiff
Edinburgh
Glasgow
Leicester
London
Battersea
Bow
Camden
Leeds

Nottingham
Oxford
Portsmouth
Reading
Southampton
Watford

Old Orleans
Birmingham
Broad Street
Star City
Brighton
Bristol
Cambridge
Cardiff
Church Street
Atlantic Wharf
Cheshire Oaks
Coventry
Derby
Edinburgh
Epping
Guildford
Ipswich
Kingston
London
Ealing
Enfield
Surrey Quays
Maidstone
Manchester
Newcastle
Northampton
Norwich
Oxford
Plymouth
Reading
Sheffield
Sunderland
Thurrock
Watford
York

Other
Hertford
Ipswich
Leeds
Salisbury
Southend

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What we do

We operate Entertainment Bars and Restaurants in the UK

We create, develop and manage unique brands

Entertainment Bars
Walkabout
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Bar Risa

Restaurants
Old Orleans
Asha's

We differentiate our brands by creating exciting and memorable experiences for our customers We offer

- the best live entertainment on the high street,
- authentic ranges of drinks and freshly cooked meals, and
- warm, friendly hospitality in a fun, relaxed, safe environment

We ensure quality by investing in our venues, our brands and our staff

Our key brands
Large scale, Australian-themed venues focused on late night entertainment and sport

The leading comedy club operator in the UK

Themed restaurants serving traditional southern American-style food dishes

Walkabout
Large scale Australian-themed bars, focused on sport and late-night entertainment

party
confident
different
exciting
catch
all the
action
safe
proud
energetic
fun

Drink
Top UK drink brands
Good range of antipodean imports
Value cocktails
Theatre and style

Food
Classic Aussie tucker including kangaroo steaks, and the best hand made burgers
Awesome portions
Great value for money
Assisted table service
Relaxed service style

Our customers
Love sport
Enjoy the big match atmosphere
Like to party
Make friends

Our staff
Many antipodean travellers
Relaxed, laid back Aussie style
Fun

Safety
A top priority
Winner of eight Best Bar None awards
Six Best Bar None accredited
Responsible retailing
Winner BEDA Shine Award '06 – Bournemouth

Sport
Stadium atmosphere for the big events – second only to 'being there'
Subscriptions to all the major sports channels allows screening of multiple events
Up to four live events simultaneously
More screens
Great views for all

Entertainment
The ultimate party venue
It's fun, it's outrageous,it's hedonistic
Live music
Party host DJs
Themed events– Beach babes– Hunks in trunks– Beach party– Battle of the bands– Poker nights

Our venues
50 city centre locations
Large capacities
Great staging
Best sound and light systems
Massive projection screens
Big sporting matches live
HD plasmas

Winners
Bradford
Brighton
Bristol
Portsmouth
Leicester
Liverpool
Nottingham
Reading

Accredited
Croydon
Leeds
Manchester
Middlesbrough
Plymouth
Southampton

Jongleurs
Great comedy at the heart of a complete evening's entertainment package

friendly
quirky
funny
quality
unique
buzzing
consistent
memorable

Our staff
Friendly and caring
Academy trained
Passionate

Entertainment
The best comedy shows around
Variety of fresh, up and coming talent
Four different acts in one evening
1,000 comedians available
Quality assured
After show disco
Complete evening's entertainment

Food & Drink
Great food delivered fast
Fast and efficient table service
Top drinks brands
All inclusive premium packages including Christmas parties

Bar Risa
Stylish bars
Multiple rooms
Nightclub orientation in the late hours
Wide range of cocktails
Value food in day time

Marketing
500,000+ active customer database
Continuous feedback
Regular customer communication, through telephone, post and email,
Four sales channels to fill shows including telesales, web, local venue and third-party agencies

Our customers
Love to laugh
Have great times
Come to celebrate
Feel safe

Our venues
16 Comedy Clubs in city centre locations
Uncomplicated stage and set design
Comfortable surroundings
Adjoining style bars
9 Bar Risa
4 Walkabout
3 others

Old Orleans
Southern American casual dining and hospitality at its best

'Let the good times roll'
cajun
generous
welcoming
tasty
tempting
authentic
indulgent
relaxed
casual
stylish
voodoo
mississippi
mardi gras
jazz

Our staff
Confident friendly, informal, service
Caring genuine hospitality
Knowledgeable about the menu
Passionate about the brand

Our challenge
Evolve

from		to
Dark, tired 80s-style diners	»	Lighter, contemporary, clean, stylish restaurants
Me too offerings	»	Authentic southern American food
Bland personality	»	Warm, genuine hospitality reflecting the grand heritage of New Orleans
Slow service	»	Fast delivery

Food
Authentic Jambalaya, creole, gumbo, steaks, pasta, southern fried chicken, fajitas, king ribs, salads
Platters to share group-orientated
Generous portions you never leave hungry
Elements of surprise popcorn, WOW factor
Full table service

Drink
American beers and wines,
Hurricane, Bourbon

Our venues
29 Old Orleans
2 Quincey's
Typically 7,000 sq ft
60 40 food wet split
Separate bars with snacks
High footfall locations – retail parks with cinemas – high streets
Authentic décor
Family friendly

Chairman's statement

Bob Ivell
Executive Chairman

I am pleased to report the results for the 52 weeks ended 30 June 2007. During the period, we acquired a portfolio of 31 themed Old Orleans and Quincey's restaurants, thereby establishing a presence in the attractive eating-out market. We believe that this significantly enhances the Group's growth prospects and broadens the future earnings base. At the same time, our Entertainment Bars business, which operates in a more challenging environment, continued to deliver robust cash flow for the Group.

We have succeeded in utilising the cash flows generated by Entertainment Bars to invest in food-orientated brands We identified Old Orleans as an under-performing brand with the potential for recovery A major element of our strategy is to drive growth in this business through investment, initially in improving the performance of existing venues and then expansion of the estate Our investment programme in the existing estate commenced, albeit slightly later than originally anticipated due to delayed lease assignments, towards the end of the reporting period and we are encouraged by the initial results of this programme

Results

Continuing operations

Sales from continuing operations for the 52 weeks ended 30 June 2007 increased by 16 7% to £148 9m (2006 £127 6m) and included 41 weeks' contribution from the acquired Old Orleans business Restaurants contributed £24 6m of sales during the year (2006 £nil)

Like-for-like sales were 2 8% below last year Like-for-like sales is a true uninvested measure comprising units trading for the whole of both the current and comparative reporting periods, and therefore excludes Restaurant sales Like-for-like sales are based on 94 6% of total Entertainment Bars' sales The overall like-for-like sales performance is the combination of three distinctly different periods The first was a 21 week period to the end of November 2006 (the anniversary of licensing deregulation) during which sales declined by 5 4% This was followed by a period of growth of 1 8% for the 27 weeks to the beginning of June 2007, however, this included the more difficult trading environment in April and May that was below our expectations Thirdly, as anticipated, the last four weeks of the year saw a sharp decline in sales against the strong comparatives of the 2006 FIFA World Cup

Operating profit from continuing operations was £11 5m (2006 £9 0m) After adding back 'exceptionals' (exceptional items, brand amortisation and loss on sale of property, plant and equipment), operating profit was £13 6m (2006 £14 6m) Profit before tax was £6 1m (2006 £5 0m)

Basic earnings per share from continuing operations was 6 0p (2006 3 6p) and excluding exceptionals was 7 5p (2006 7 7p)

Exceptionals in the period were £2 2m (2006 £5 6m) comprising exceptional items for costs incurred integrating Old Orleans into the Group's normal administration systems and organisation structure of £1 2m and the cost of restructuring the Group's pre-existing brands and related property interests so that they are also held in separate trading subsidiaries of £0 6m, and losses from property sales of £0 2m (2006 £0 0m), and Old Orleans brand amortisation of £0 2m (2006 £nil)

Discontinued operations

The post-tax loss from discontinued operations was £1 9m (2006 £2 4m) and primarily comprised an impairment provision and an increase in onerous lease provisions On-going trading losses of £0 1m and losses on disposals of £0 2m were both half of last year's levels

During the course of the year five properties, which had previously been either assigned or sub-let, reverted to the Group due to tenants' failures to meet their rental obligations Provisions have been made for our future obligations in respect of these properties – including a charge in respect of one property that reverted as a consequence of the London & Edinburgh administrative receivership However, good progress has been made subsequent to the year end with deals completed on four properties to either dispose outright, assign or sub-let our interests

Cash flow and financing

Cash flow from operating activities was £24 4m in the year (2006 £23 1m) Net debt at the year end was £74 9m, an increase of £17 9m on last year Old Orleans Limited and Brandasia Limited were acquired during the year entirely with debt, at a total cost of £28 0m A more comprehensive analysis of the Group's cash flow is provided in the Finance review

Dividend

The Board is not recommending a dividend (2006 nil pence per share), due in part to the planned investment in Old Orleans and future returns available from investment in the Group's assets in general We remain focused on managing our debt and making further acquisitions, where appropriate

Operational review

The most significant event during the year was the acquisition and integration of Old Orleans themed restaurants This transaction completed on 17 September 2006 at a total acquisition cost of £27 4m, which was funded from debt Transition onto our systems was completed by the end of January 2007, a new menu was launched in March 2007 and an extensive refurbishment programme started towards the end of the period Entertainment Bars continued to deliver significant revenues and operating profits, although comparisons with last year, as referred to in the results section, varied significantly during the period

Entertainment Bars

Our Entertainment Bars have two distinct trading periods during the day potentially appealing to different customers, the more relaxed food-focused daytime business, and the high energy late-night business of which entertainment is a key element In Walkabout, we have sought to more clearly differentiate each period through distinct marketing approaches – 'Sun-up' and 'Sun-down' A number of daytime initiatives saw food sales increase by 11 4% on last year

- Great value food offers in Walkabout and a revised menu and presentation in Jongleurs
- Opening certain venues for breakfasts and investing in premium coffee machines and promoting coffee offers
- Introducing assisted table service
- Increasing the number of covers
- Some TV screens featuring music videos for significant periods
- Wifi internet access trials
- Training, resulting in an improvement of more than 5% in service levels as monitored by our 'mystery visit' scores

Our late-night business has been more challenging Door-income, which is a key measurement of our success in the late-night business, was 1 2% below last year and drink sales were down by 5 7% Consistent with other late-night operators, the reduction in sales reflects increased competition following licensing deregulation and a pattern of customers going out later on the high street and consequently spending less on liquor We continue to strive to counter these trends by focusing on all elements of our entertainment offering to attract customers

In Walkabout, entertainment focuses on both sport and music The sporting calendar during the period to June 2007 did not feature any major world cup tournaments, with the exception of the Cricket World Cup which did not generate a great deal of enthusiasm within the UK The benefit from the Ashes series in Australia was also less than expected However, overall interest in the Premiership and sport in general continues to grow Investment in plasma screens in many venues coupled with the ability to show more than one sport at any time continues to keep Walkabout as the recognised number one venue for all sports fixtures Walkabout is very often the only place in town able to follow all of the major sporting events concurrently, and offers a great atmosphere with large projector screens We are reinvesting substantial sums in new projection systems and screens at our premier venues to stay ahead of the game and keep Walkabout as the number one venue for sport

Traditional rock bands have replaced R&B and dance music as the dominant genre in the music charts and this trend has led to a resurgence in interest in guitar-based live music which has always been a core part of the Walkabout approach Now in its second year, the JD Soundcheck, 'battle of the bands' competition has reinforced Walkabout's credentials as the home of live music

At Jongleurs, our comedy shows continue to be highly rated and we achieved particular success with a new 'all inclusive' format at Christmas, both in terms of sales value and customer feedback scores, which has given us the confidence to increase the number of shows on offer for Christmas 2007 by 27% In both Walkabout and Jongleurs, we are trialling fast-pour super-chilled draught beer and have achieved industry leading speeds of dispense We believe this will benefit sales and labour productivity given that both trading formats can require large volumes to be served in a short time-period, particularly during show intervals or immediately before and at half-time for major sporting events

In last year's report, I emphasised our determination to maintain operational standards during difficult trading periods We have not waivered from this belief as evidenced by the recognition received from a number of industry awards including

- Winner of the Responsible Retailing Award 2006
- Winner – 2006 Smirnoff Shine Award for the country's most responsible venue (Bournemouth Walkabout)
- Winner – Best Bar None Awards (12 venues)
- Finalist – Publican Awards 2007, Managed Pub Company of the Year (100+ outlets)

We are not complacent in our approach and continue to implement new ways of enhancing customer safety as well as protecting our licence In particular, we continue to invest in training to ensure staff are able to properly deal with the operational issues surrounding underage drinking, and we have invested in ID scan technology to strengthen the checking mechanisms for door security at certain venues

We work closely with the police and other agencies to ensure that we are continually implementing best practice and we have voluntarily introduced polycarbonate glasses at certain sites and at certain times of the day where glass poses an unacceptable risk Responsible retailing remains at the top of our agenda

Restaurants

On completing the acquisition of Old Orleans Limited, our priorities were

- to exit the transitional services arrangements as quickly as possible,

- to secure the supply of new menu products and food distribution to facilitate the launch of a new menu, and
- to invest capital into a neglected estate that had seen minimal investment for several years

We succeeded in exiting the transitional services arrangements two months ahead of the contractual deadline By the end of January 2007 we had moved all units on to our own systems and support infrastructure allowing us to control all aspects of operational performance All accounting and other support functions, with the exception of food purchasing, were successfully transferred to our head office within the same deadline and we were able, therefore, to control most aspects of operational performance

New food products and supply and distribution agreements were put in place at the beginning of March 2007 enabling us to launch a new menu which was a fundamental step towards rejuvenating the brand by taking it back to its authentic southern American roots A wider drinks range, including some southern American beers and more emphasis on cocktails, was also introduced

Our capital investment plans were delayed due to the slow process of lease assignments By January 2007, many landlords had agreed in principle to assign the leases to Regent, however, completing the process took significantly longer than we had expected We adopted a cautious approach in not commencing investment until the lease assignment had been completed and our refurbishment approved by landlords I am now pleased to report that we have received landlords' approval to assign all but three of the leases, of these, two are agreed in principle

The most significant investment was the refurbishment of the paddle steamer at Lakeside shopping centre, Thurrock This venue closed for redevelopment on 25 March 2007 and re-opened on 14 June 2007 This refurbishment represents our template for the future design, ambiance, product offer, menu and service It also includes new technology to support the management of service standards and significantly improve service times The refurbishment incorporated increased capacity and smoking provision by creating a 'top deck' on the roof area We are pleased with the venue's performance in the 15 full weeks from reopening to the end of September 2007 with sales 56 8% above the same weeks last year

On 10 February 2007, one of the other key sites in the estate, Epping, suffered a serious fire, resulting in its closure for the rest of the financial year Although we were covered by insurance for property reinstatement and loss of profits, an early reopening was rendered impossible due to the scale of the rebuild task This site reopened to the public on 7 September, again representing our vision of the future In the three full weeks of trade since reopening, sales are up by 58 6% on the same weeks last year

Thurrock and Epping have benefited from a significantly higher level of investment than is appropriate for the remainder of the estate due to the special circumstances at these units, but their success has confirmed that our template is sound At the remaining venues, our investment will be focused on front-of-house effects, kitchen equipment replacement, the order/kitchen management system and essential dilapidation works The average spend per site is expected to be approximately £250k

In addition to Thurrock and Epping, the following sites have recently reopened following investment

Derby	14 August 2007
Watford	16 August 2007
Ipswich	21 August 2007
Cheshire Oaks	4 September 2007
Enfield	11 September 2007
Sheffield	18 September 2007
Coventry	25 September 2007
Oxford	4 October 2007

These projects have suffered much less disruption in terms of loss of trade with closure periods of typically 10 days to three weeks We are encouraged by the sales improvements being achieved at these venues

One third of the estate is now refurbished, and we plan to complete a further third during the balance of the period to June 2008

We have recently appointed an Acquisitions Manager to seek new sites for a future roll-out This will enable us to drive further value from the brand and to complete the final phase of the recovery plan we set out at acquisition

During the year, we acquired the share capital in Brandasia Limited, and with it, exclusive rights for the Asha's brand in the UK and Republic of Ireland We currently trade under this brand from one restaurant in Birmingham Financial returns do not justify further roll-out of this brand as yet

Preparations for the smoking ban

A major focus during the year was our preparations for the smoking ban, which came into effect in Wales on 1 April 2007 and in England on 1 July 2007 The smoking ban had already taken effect in Scotland in March 2006

We have invested in excess of £1m across the estate to substantially improve the attractiveness of our outdoor trading areas for all customers and to provide good facilities for smokers Over 35% of our units have external licensed trading areas all of which have been upgraded, typically with fixed or canopy style shelters, plasma screens, heaters, lighting and new furniture Where possible, these facilities have been designed to feel like an extension of the interior, through imaginative décor and furnishings

Board changes
Alan Jackson stepped down as non-executive director in September 2006, in order to avoid any possible conflict of interest following the Group's acquisition of Old Orleans His position as Senior Independent Director and Chairman of the Remuneration and Appointments Committee has been filled by Jim Glover, who has served as non-executive director since April 2005

On 26 June 2007, Tanith Dodge was appointed as non-executive director Tanith is Group Human Resources Director of WH Smith Plc and has previously held senior HR positions at InterContinental Hotels Group, Diageo Plc and Allied Domecq Her wealth of experience in HR and, in particular, the management of change in an organisation will be invaluable to the Group I would like to take this opportunity to thank all our non-executive directors for their valuable contributions throughout the year, and in particular in helping me to steer the Group through a period of considerable change against the backdrop of a challenging marketplace

With regard to executive board members, Russell Scott joined the Group as Managing Director – Operations on 1 September 2006, replacing David Turner who stepped down from his position on the Board as Operations Director on 1 November 2006

People
Well trained and highly motivated management and front-line teams are critical to achieving success in a customer-focused hospitality business Investment in our staff, therefore, is a cornerstone of our strategy As an example of our commitment in this area, roll-out of our 'El-box' computer-based training system has proved a valuable tool, and during the year 15,000 training modules were completed, covering subjects as varied as customer service and cellar management

Integration of Old Orleans represented a major task for our head office teams and one which was met with commitment and dedication As a result, we were able to exit transitional services two months ahead of schedule and I am grateful to all those involved for their part in the success of this exercise

Differences in interpretation of licensing rules and restrictions between local authorities, together with a turbulent high street trading environment throughout the year, have meant that maintaining our responsible retailing
policies has been more challenging than ever Nevertheless, our success in this area, as recognised by numerous awards, could only
be achieved by the professionalism and hard work of our front-line staff and management
I offer my thanks to all of them

Current trading, plans and prospects
Our Entertainment Bars business normally benefits during summer months from its outside areas, however, the beginning of the new financial year has coincided with a number of challenges 1 July 2007 saw the smoking ban extended to England, where we have the majority of our venues, and the subsequent period was the wettest summer on record As a result, the investment in outside areas, (as referred to in the 'Preparations for the Smoking Ban' section of this statement) has not derived as much benefit as might have been the case, particularly from early evening trade Furthermore, this year's sales performance is measured against strong comparable figures which included the benefits of the hot summer of 2006 and the final stages of the FIFA World Cup In our favour, we have had some benefit from the early stages of the Rugby World Cup, albeit interest in the Group stages was somewhat limited

Like-for-like sales in the 14 weeks to 6 October 2007 were down by 1 0%, with Jongleurs venues enjoying a marginally better performance than the Walkabout estate We have continued to see significant growth in food sales since the year end, with like-for-likes up 8 5% and, as expected, Bars with outside areas have performed more strongly, up 2 1% on last year We remain cautious, however, in our outlook for Entertainment Bars for the remainder of the 2008 financial year There is an increasing likelihood of a slow down in consumer spending due to interest rate pressures with many retailers predicting a difficult Christmas, the full impact of the smoking ban is unlikely to be apparent until after the winter, and England's qualification for Euro 2008 is not yet assured As these special factors become clearer, we will adapt our plans accordingly

The focus of our activity in Old Orleans is the refurbishment programme We now have 10 completed and plan to complete at least the same number before the end of the 2008 financial year, investing between £4m and £5m in total We are confident that this investment, together with the significant improvements to the menu already undertaken, planned marketing and promotional activity and staff retraining, will deliver good growth in an attractive market segment

Corporate activity remains a priority for the Board, and we are confident that the business is well placed to deliver value through consolidation

Bob Ivell
Executive Chairman
8 October 2007

Business review

Business history
Regent Inns was founded in 1977 and, until 1993, was an independent pub company operating throughout the south east of England The Company was admitted to the Official List of the London Stock Exchange in April 1993

In 1994, the Group opened its first Walkabout in Covent Garden, which was a great success After further development of the Walkabout footprint, the Group embarked upon a major transformation process in 2000, moving away from being an operator of largely unrelated pub concepts, by aggressively rolling-out the Walkabout brand and taking full control of Jongleurs Comedy Clubs in which it had previously acquired a minority interest

Between 2000 and 2003, 31 new Walkabouts were opened bringing the total to 50 In 2002, the Group announced its decision to divest its 58 unbranded venues in order to focus resources on managing late-night entertainment-led venues through the Walkabout and Jongleurs Comedy brands

In recent years, the Board has repeatedly communicated the importance of corporate consolidation for smaller leisure businesses and also the desirability of gaining a presence in the casual dining market The casual dining market is set for sustained growth for the foreseeable future unlike the Group's traditional businesses which have recently faced many significant challenges, including increased competition as a result of licensing deregulation, the ban on smoking and the spotlight on underage drinking In September 2006, the Group took its first steps towards fulfilling its revised strategy by acquiring 31 Old Orleans and Quincey's restaurants from Punch Taverns plc, placing the Group firmly in the casual dining market In March 2007, the Group acquired the franchise rights for the UK and Republic of Ireland to operate Asha's, an up-market indian restaurant concept, currently trading one UK venue

Description of business
At the end of the reporting period, the Group operated 66 late-night entertainment venues, 'Entertainment Bars', principally through two of the largest brands in the sector, Walkabout and Jongleurs/Bar Risa The Group also operated 32 restaurants under the brand names, Old Orleans, Quincey's and Asha's

	Number of venues	
	Start of year	End of year
Walkabout	49	50
Jongleurs/Bar Risa	15	12
Other	4	4
Total Entertainment Bars	68	66
Old Orleans		29
Quincey's		2
Asha's		1
Total Restaurants	–	32
Total venues	68	98

In addition to the 12 Jongleurs Comedy clubs identified above, there are a further four Jongleurs incorporated within Walkabouts During the year, Leicester Bar Risa/Jongleurs was converted to Walkabout/Jongleurs, and in Glasgow, the adjacent Walkabout and Jongleurs operations were combined into one site under common management Bar Risa/Jongleurs Manchester was disposed of during the year

In the period under review, Entertainment Bars comprised 83 4% of total Group sales and Restaurants 16 6% Old Orleans and Quincey's traded for 41 weeks of the 52 week reporting period and Asha's for 28 weeks Had these businesses traded for the full reporting period, the estimated sales mix would have been Entertainment Bars 80% and Restaurants 20%

Entertainment Bars
Walkabout
Walkabouts are large scale, Australian-themed venues focused on late-night entertainment and sport The bars are situated in primary positions on high street circuits Walkabout is targeted primarily at 18 to 30 year olds and aims to be 'the place to be' for all major sporting events and for party atmosphere

Most venues have late licences and offer

- Live sports broadcasts on high quality screens located throughout the venue together with large scale projection screenings of major events Walkabout subscribes to all of the major sports networks and therefore has the ability to show multiple events simultaneously

- Music entertainment through DJs and live band performances with events staged on several evenings per week
- Premium brand drinks and a value food menu based on the Australian theme
- Lightly Australian-themed atmosphere with focus on customer service and event/big night out delivery
- A safe and well controlled environment

Customer focus groups are undertaken regularly 55% of customers form part of groups of three or more people and average dwell time is two hours confirming Walkabout's position as a destination bar as opposed to a circuit bar

Jongleurs/Bar Risa
Jongleurs is the leading comedy club operator in the UK having originally been launched in 1983 The Group purchased the exclusive UK licence to the Jongleurs brand, which it holds in perpetuity, from Jongleurs Comedy Limited in 2000

Jongleurs Comedy Clubs differentiate themselves from the majority of high street licensed venues by providing a distinct mix of live comedy and cabaret entertainment The Group's ability to offer access to the full Jongleurs network has been a critical factor in attracting the best comedy talent Jongleurs has approximately 1,000 comedians on its books of which 200 are used regularly Every performance is recorded and rated to ensure that standards are maintained to the highest level

Most clubs trade two or three nights of the week, Thursday to Saturday and, for that reason, are generally situated in the secondary space (upper floors, basements or back areas) of high street bars operating throughout the week A typical show begins at 8 30pm and lasts for up to two and a half hours followed by a disco Food is served prior to the start of the show and there are short drink-breaks between acts The shows appeal to a broad base of customers to whom tickets are sold in advance through a centrally controlled website and telephone sales operation and also through local marketing activities Jongleurs operates a membership system and currently has over 500,000 members 55% of bookings taken through the box office are from females and 55% are aged 25-34 years, with a further 30% over the age of 35

Nine of the adjoining bars are branded Bar Risa, which have late licences and offer commercial music through DJ-led entertainment, an extensive cocktail menu and premium branded drinks range, and an all day food menu Birmingham, Leeds, Cardiff and Reading are the largest venues with capacities in excess of 1,000 and operate as style bars in multiple rooms, providing more of a nightclub feel for late-night trading after the Jongleurs show The space configuration enables the bar and club businesses to share the same operational infrastructure

Bar Risa targets 18-25 year olds The audiences are generally mixed but with a high student contingent

Restaurants
Old Orleans and Quincey's
Old Orleans and Quincey's comprise a portfolio of 31 themed outlets spread across the UK Both brands are similar in terms of venue layout and product offering Much of the estate is situated in large, well-located and prominent sites with high footfall Old Orleans specialises in serving traditional southern American style food dishes, offering a wide range of fajitas, ribs, burgers, steaks, pastas and salads The customer experience is enhanced by vibrant décor featuring authentic bric-a-brac and memorabilia, and character music

Asha's
Asha's is an up-market indian restaurant operated under a franchise agreement from Asha's International Restaurants Limited (ARIL) The concept was developed by Asha Bhosle, a Bollywood singing legend with a passion for cooking ARIL operates two very successful restaurants in Dubai and Kuwait City The first UK restaurant opened in Birmingham in December 2006 to excellent reviews and has won several awards

Group objectives
The Group's principal objective is to enhance shareholder value through the development and management of high quality brands operating in the late-night entertainment and casual dining markets This is achieved by
- creating and maintaining strong, recognisable brands,
- operating only large-scale venues,
- focusing on entertainment and theatre as a key differentiator and driver of brand value,
- producing good quality, exciting and memorable experiences for customers,
- applying high operational standards to ensure a safe and relaxed customer environment,
- maintaining good relationships with licensing regulators, police and neighbours,
- increasing the importance of food in the sales mix,
- stocking a comprehensive range of market-leading branded drink products,
- minimising central support costs, and
- pursuing corporate consolidation opportunities

These goals provide a framework for all major operational and investment decisions

Market
Performance of both the licensed retail and casual dining markets are primarily influenced by the macro-economic factors affecting the disposable income of customers and changes to the regulatory environment

The regulatory environment for licensed premises changed significantly when licensing responsibility passed from magistrates to local authorities at the end of November 2005 This resulted in many more operators being granted late licences, substantially increasing competition for late-night business, a key target for Entertainment Bars The late-night market continues to be increasingly competitive, new late licences are still being granted and new competitors are improving both their understanding of the market and their operations The deregulation process also resulted in some local authorities choosing to apply significantly more rigorous operational controls as a condition of granting licences or extensions, increased door security, installation of additional CCTV systems, replacement of glassware with polycarbonates and the requirement for additional glass collectors, have all resulted in increased operating costs

The new licensing regime has the authority to impose rigorous penalties on operators for non-compliance with the terms of their licence which, together with an increased police presence, has meant that all businesses have needed to be far more diligent in their operational standards The Group treats compliance with all of the terms of its licences with the highest priority particularly with regard to door-policy and underage drinking, which can be more of an issue for late-night businesses All of our late-night businesses operate either Challenge 21 or Challenge 25 policies, depending on the degree of local risk for underage drinking These policies require suitable 'proof of age ID' for any customer who our staff believe are under the ages of 21 or 25 respectively Protecting our licences is of the utmost importance as the loss of a licence or the imposition of operating restrictions would have serious financial consequences In a typical week, since the introduction of these policies, we refuse entry to an average 5,000 customers for not having suitable 'proof of age' ID

As of 1 July 2007, the smoking ban became applicable to the whole of the UK having been implemented in Scotland in March 2006 and in Wales in April 2007 It is too early to provide evidence as to the effects of the ban in England, where most of our venues operate However, comment by other operators who trade extensively in Scotland suggests that after a short honeymoon period of stable sales immediately following the ban, sales decline for several months before returning to growth within a year Within the overall sales mix, liquor and machine sales are adversely affected but food sales benefit significantly What is evident from the short period of trading post-ban in England is that a number of factors dictate the post-ban sales performances, these being the degree to which not only a venue has adapted its premises to provide suitable facilities for smokers but also the degree to which competitors have adapted their premises The differences can result in a significant diversion of trade between businesses but generally those that have successfully provided comfortable smoking areas have won trade from those who are either unable or unwilling to adapt their premises We have been able to provide smoking facilities in 28 out of 66 of our Entertainment Bars

The market continues to be affected by aggressive pricing in the off-trade, particularly the major supermarkets operating extended opening hours and loss-leading pricing policies The sale price differentials between the on-trade and off-trade are now such that our customers are increasingly choosing to drink at home rather than in licensed venues resulting in fewer 'nights-out' and when they do go out, drinking before they leave home This is evident from feedback from customer focus groups and from sales analysis which shows we are attracting the same number of customers but they are arriving later and drinking less We are disappointed that the recent Competition Commission in England decided that no action should be taken against supermarkets selling liquor as loss leaders, but we are encouraged that, by contrast, the authorities in Scotland have indicated their intention to crack down
on the supermarkets Responsible retailing is vigorously reinforced in the on-trade and codes of practice are in place to prevent heavy discounting but currently, this appears not to be the case in the off-trade

Progress and current position

Entertainment Bars

During the period under review, much has been achieved

- Upgrading all venues to the next generation of EPOS, so providing the ability to centrally control promotional pricing and delivering improved control of both stock and cash
- Rolling-out high definition plasma TVs and large screen projectors to more Walkabouts to ensure they are the best venue for sporting events
- Significant buying margin improvements post the acquisition of Old Orleans Drink margins improved on last year by 0 2% and Food by 0 8%
- Trialling two different systems for delivering super-chilled beer from fast-pour taps
- A reduction in energy consumption of more than 6% – from a number of initiatives engaging all staff in saving energy
- A substantial focus on training to ensure, in particular, that staff do not serve underage customers, and also that they have the skills to provide a good standard of table service

We continue to believe that our cautious, safety-first approach to licensing is the most sensible course from the Group's longer-term perspective Entertainment Bars comprise a relatively small number of large-scale venues which means that the financial penalty of losing a licence or suffering the imposition of licensing restrictions could be severe Our approach is simple

- To act responsibly at all times so as not to jeopardise any licence
- To maintain our high operational standards
- To focus on the quality of our entertainment because this drives footfall, keeps our customers coming back for more, and reinforces the brand image

We expect there to be limited opportunities to build new venues for Walkabout and Jongleurs, we are awaiting the handover of an exceptional site in Liverpool which will house several bars, a Jongleurs and a restaurant Delays in the developer's construction programme have meant that the original expected opening date of late 2007, as previously reported, has been pushed back to the latter half of 2008 We continue to seek other new locations for both Walkabout and Jongleurs and have briefed property agents on our target towns and cities

Restaurants

Old Orleans and Quincey's

During the year, we acquired 31 restaurants from Punch Taverns plc, 29 branded Old Orleans and two branded Quincey's The rationale for the acquisition was as follows

- It was a food-driven business and placed the Group firmly in the faster growing casual dining market
- The brand had been under-invested for a number of years, both in terms of capital and management and therefore had good potential for growth
- The brand had proven longevity having been established in 1984
- Most of the venues were in prominent, high-footfall locations
- A number of the Group's senior management team had prior experience of managing the brand during Scottish & Newcastle's period of ownership up to 2003, during which time it traded strongly

Since the acquisition, considerable work has been undertaken to

- complete the assignment of 24 out of 27 short leaseholds Landlord's approval has been given in principle for two of those remaining and the vendor is negotiating with the landlord on a long-standing matter on the other,
- improve both the drink and food ranges – recreating the southern American authenticity that was the strength of the brand when first launched A new food menu was introduced at the beginning of March and there have been further refinements recently to take into account existing line volumes and certain supply and quality issues,
- improve the quality of management in the business, two of the three area managers and 45% of general managers have been changed, and more sales and customer oriented individuals recruited as replacements,
- set up training programmes for venue staff, aimed at improving product knowledge, customer service and up-selling on drinks and desserts,
- recruit a management team for key positions in food development, marketing and finance, and
- commence the capital investment programme to refurbish sites to a new standard (as reported on more fully in the Chairman's statement)

Asha's

The acquisition of Asha's, as reported under the 'Description of business' section, was consistent with the Group's strategy of building a presence in the casual dining sector and also recognised that significantly more value can be created in this sector from building from a small base Indian cuisine is one of the fastest growth areas of the casual dining market but the top end of this particular market sector is not well catered for

The first venue in Birmingham, which opened just prior to the Group's investment, has received critical acclaim from customers and media commentators alike and received several awards However, it has not produced returns that justify roll-out

Plans

Entertainment Bars

In a challenging trading environment, we need to focus our efforts on the activities that drive brand value i e the points that differentiate our businesses and give us an edge over competitors In Walkabout, these differentiators include the best viewing systems for major sports events, providing an atmosphere that is second only to being at the live event, awesome bar food and late-night party atmosphere backed up with the best live bands and DJ entertainment In Jongleurs, it is a good range of innovative comedy acts and post-show party atmosphere

In the coming year, we will

- invest at least £5m across our existing estate on a number of initiatives including upgrading large screen projection systems at our premier venues, upgrading TVs to high definition plasmas, increasing the number of tables and chairs to support expansion of our daytime food business, installing new coffee machines and other catering equipment to improve our food quality and service to food customers, and energy saving initiatives,
- install our preferred fast-pour chilled beer delivery systems to most venues, commencing with our premier sites,
- continue our focus on food including launching new menus in both Walkabout and Jongleurs and offering assisted table service until 8pm to ensure that the anticipated sales growth opportunities post the smoking ban are maximised,
- monitor the post-smoking ban sales trends and competitor actions and take advantage of any further opportunities to improve facilities for smokers,
- focus on attracting students at the beginning of the academic year, including the use of promoters Currently, we are expecting to run 18 more student nights per week than last year, and
- build on last year's successful launch of premium ticket Jongleurs Christmas shows inclusive of meals, by putting on more shows during December and reducing capacities to enable more premium ticket sales

Restaurants

Old Orleans

Our priorities for Old Orleans are to

- continue the capital investment programme so that at least two-thirds of the estate has been refurbished by June 2008,
- focus on training to ensure that staff are sales and customer-service focused and, in particular, that upselling opportunities are maximised and speed of service is improved,
- further evolve the menus to improve both the authenticity and product quality,
- commence the roll-out to new sites, and
- develop targeted marketing incentives to build the customer base following venue refurbishments

Principal risks and uncertainties

The Board believes that the principal risks and uncertainties facing the Group in the coming year are as follows

Exposure to economic downturn in the UK

There has been much speculation that the economy is slowing down and that consumers who have benefited in recent years from a relatively low fixed rate of interest on their mortgages will suffer significant increases thus substantially reducing their disposable income

Student funding

Students are an important target customer for Entertainment Bars and form a significant element of the customer mix The changes to student funding arrangements now being phased in and, in particular, the requirement to pay tuition fees, is likely to affect students' disposable income and in turn may affect Group revenues

Fiscal related matters

Changes to the rates of duty on alcoholic beverages, property rates, value added tax, personal and other business taxes could adversely affect the financial performance

Increases in operating costs

- Payroll accounts for 40% of our total venue cost base, and approximately 40% of the total payroll is either at the national minimum wage or fixed in relation to it In October 2007, the national minimum wage increased by 3 2%, the lowest increase for several years but there can be no assurance that in future increases in the national minimum wage will not exceed retail price inflation
- Electricity and gas costs account for 4 7% of the total cost base In recent years, the energy market pricing has been very volatile – a situation that is likely to continue Currently, our electricity is contracted at a fixed price to September 2008 after which the Group is exposed to market pricing No fixed price contract is in place for gas, the Group has made savings during the last two years by choosing to forward buy on a flexible basis

Declining sales of beer in pubs and increased competition

In the reporting period under review, approximately 27% of the Group's turnover was derived from the sale of beer The UK market for beer has declined steadily in recent years due to the increased demand for other beverages, a decline in the proportion of male pub visitors and growing health concerns as a result of government and special interest group sponsored media campaigns The availability of cheaply priced beer in the off-trade (as referred to under the 'Market' section of this review) is also a significant contributory factor to declining beer sales in the on-trade although recently there have also been examples of heavy discount deals starting to return to the on-trade on a localised basis, which will adversely affect profitability if it proliferates

Regulation

All of the Group's income is derived from licensed premises The pub and restaurant industry in the UK is highly regulated at both national and local levels Regulatory changes or failure to comply with regulations could adversely affect the results of operations Regulations which may impact day-to-day operations include

Licensing Act 2003
Gambling legislation
Smoking legislation
Health and safety legislation
EU noise directive
EU or UK employment legislation including minimum wage and the working time directive

During the last year, there have been calls from some special interest groups to increase the legal age for purchasing alcohol to 21 Such a change, if ever implemented, would have a significantly adverse effect on the Group's performance given that the target customer for both Walkabout and Bar Risa are 18-30 year olds and 18-25 year olds respectively The Group does not believe that there is any likelihood of such legislation being passed in the next 12 months or indeed the foreseeable future

Food related health concerns and liability

In the period under review, Food accounted for 16% of total Group turnover Complaints from customers or regulatory authorities resulting from quality, illness, injury or other health concerns stemming from products supplied by the Group or the restaurant sector generally could have a material adverse effect on the Group

Effects of terrorism

The Group operates several large venues in central London, accounting for 8 1% of total Group turnover Further terrorist activity in London as occurred in July 2005, and briefly threatened in July 2007, would adversely affect trading performance at these venues

Debt, liquidity and revenue risks

The Group's debt structure includes a number of restrictive covenants A significant deterioration in trading performance and cash generation may result in the servicing of debt becoming the Group's primary focus

Property liabilities

The Group collects £1 6m p a in rent from properties that have been sub-let Provisions have been made for rental shortfalls where there are known tenant issues but there is a small risk that further rental defaults may occur which would potentially leave the Group liable for the above stated amounts

Prospects

After a slow start to the Old Orleans turnaround, the Board has been encouraged by the trading improvements achieved by the first refurbishment investments A key priority for the coming year is to continue the investment programme Our confidence in Old Orleans is now such that we have started the process of identifying sites for roll-out and we are planning to have a development programme under way before the end of the next reporting period

Entertainment Bars are set to continue being significantly cash generative We intend to continue running these businesses to high operational standards and to ensure that they continue to lead the market from an entertainment perspective, this will require investment both in management time and capital

The Board expects the year ahead to be challenging – competition in both late-night entertainment and dining is intense, the full effects of the smoking ban have still to work through, and there are signs in the market that consumers' disposable income is coming under increasing pressure However, our brands are amongst the strongest of their type on the high street and the Group has both the management expertise and the financial resources to succeed

Sun-up, sun-down

Walkabout welcomes you with understated references to a proud heritage...from dramatic landscapes to the chilled out vibe of the beach.

Simon Grant, Walkabout Manager, Temple, London

It is an exciting time to be working at Walkabout We've differentiated the day into two parts sun-up and sun-down Whilst we continue to provide awesome sun-down entertainment, with top DJs, live music and a great drinks range, we are growing the daytime, or sun-up, business too Lunchtime food trade has grown hugely over the last year and we now cater for a more corporate clientele who have very high customer service expectations The sports days here are spectacular – you can see the screens from every part of the venue and that makes for a great atmosphere If you can nail a fantastic day's trade it has a snowball effect on other aspects of the business

The key to delivering the awesome Walkabout experience day and night is to have an efficient team who treat customers how they would expect to be treated Everything flows from mutual respect

World class entertainment

World class performers, with a friendly, exciting atmosphere. Everything has an element of fun.

Kaley Bostock – Deputy Manager, Bar Risa/Jongleurs, Leeds

I have been a Show Manager at Jongleurs for two years now. The best thing about my job is the variety every night brings a fresh challenge However, as a consequence, I have to constantly change and adapt my professional role to suit the circumstances

At Jongleurs we always try to empower our staff to deal with situations themselves but when this isn't possible we have a strong support network they can rely on In addition we have team briefs before every show, which involve the full participation of all staff Our main focus is customer service and, to ensure every guest has a fantastic Jongleurs experience, one of the things we do as part of our training is to try to pre-empt potential problems through role play and discussion thus preventing the problems occurring Furthermore, we encourage customer loyalty by adding a personal touch to our service For example, on a show night I will make sure I am visible to customers and available to respond to their requests

Outdoor living

We Spent around £50,000 to improve what is already one of the best outside areas in London.

Gareth Bull – Manager, Jongleurs Lock 17, Camden

The manager's role at Jongleurs Lock 17 is as unique as the place itself Jongleurs Lock 17 is a combination of three entertainment venues under one roof the Lock 17 bar, Dingwalls live music club, and Jongleurs Comedy Club

Our guests reflect the diversity of Camden as a whole and we ensure that everyone from alternative rock-chicks to thirtysomethings feel at home We cater for this variety in all aspects of our service and, as a consequence, our daytime trade has increased hugely Now, thanks to our reputation for great food, fast service, wide-ranging entertainment and our fantastic location, we have people coming to us from all over the world Our reputation as a live music venue now precedes us, as demonstrated by the regular visits we receive from record label execs and the impromptu warm-up gig by the Foo Fighters prior to their Live Earth appearance

Report on corporate social responsibility

The Board determines the Group's policy on corporate social responsibility

Environment

The Group recognises that some of its activities and those of its employees and customers have an impact on the environment As a leader within the leisure sector, the Group aims to minimise the environmental impact of such activities by pursuing the following objectives

- Full compliance with current legislation and, where practical, striving to meet new legislative requirements ahead of deadline
- Integrating environmental considerations and objectives into relevant business decisions in a cost efficient manner
- Ensuring that all employees address the Group's environmental responsibilities within the framework of their normal operating procedures
- Influencing suppliers of services and goods to reduce their impact on the environment
- Promoting awareness of the relevant environmental issues amongst staff and others who have an interest in the leisure sector
- Minimising waste and seeking to recycle as much as is economically practical, ensuring that the remainder is disposed of responsibly
- Developing the appropriate systems and installing the equipment necessary to improve the overall efficiency of utilities' consumption
- Developing appropriate emergency response plans for major incidents that minimise their environmental impact

During the year, significant progress was made towards these objectives as follows

- Running an incentive scheme for venue staff across the estate resulting in reduced electricity consumption for the period August 2006 to May 2007 The incentive achieved a reduction in electricity usage of 6 4% or 1,825,696 kwh
- All but three non-half-hourly electricity metered venues within Entertainment Bars had electricity code 3 sub-meters installed Sub-meters enable self-billing with the electricity supplier and provides enhanced management information facilitating further reductions in consumption The installation of electricity code 3 sub-meters throughout the non-half-hourly metered Old Orleans venues is planned to take place in the new financial year
- Power perfectors were installed at 13 venues This equipment reduces the incoming voltage and consequently reduces the kilowatt rating and consumption cost Since installation, these venues have achieved reductions in electricity costs of between 10% and 22%
- Continuing to develop a nationwide network of local glass recycling collectors, with the majority of venues participating As a result some 6 million glass bottles are recycled Additionally, the Group will have recycled 92,000 litres of cooking oil during the year

Licensing

The Group supports the licensing objectives set out in the Licensing Act 2003 and is committed to working in collaboration with all parties at both national and local level to help create a safe late-night environment All policies, procedures and risk assessments have been reviewed to ensure compliance with all the stated licensing objectives

All of our frontline staff benefit from computer-based training covering all the essential elements of responsible retailing

The Group enthusiastically participates in 'Best Bar None' schemes wherever they exist and our venues consistently win the available awards The scheme allows local authorities and the media to celebrate the positive ways in which the on-trade is meeting its obligations In 2007, Liverpool, Reading, Leicester and Nottingham have been added to our list of nine venues that have previously received 'Best Bar None' awards

Crime and disorder

Drugs

The Group has a comprehensive drugs policy which reinforces zero tolerance of drug use for both staff and customers

At all venues, notices with regard to drugs and weapons are prominently displayed and dog drug searches are carried out on a random basis Staff are trained to recognise drugs and the effects of their use Toilet attendants are provided in selected venues to reduce the likelihood of drug supply and use

Alcohol abuse

In 2004, the Group responded to increased public concern regarding drinks promotions by launching its own charter preventing irresponsible promotions Subsequently, the BBPA published a guide on point-of-sale promotions which was drawn up following consultation with the sector and relevant government departments As members of the BBPA, we have adopted the policy across our estate

Violence

The Group has a comprehensive policy on violence and will not tolerate abuse, threats or physical attacks on staff or customers Staff are trained in appropriate ways of controlling situations which could lead to violence occurring

Working with the police, we have voluntarily introduced polycarbonate plastics at certain sites and at certain times of day where we have judged that glass poses a significant risk

Public safety

Incident management

An industry-leading computer-based incident and accident reporting system has been in place since 2001 and was substantially upgraded in 2006

Information gathered has enabled managers to assess accident hotspots and to create a safer environment for staff and customers, resulting in a significantly reduced number of accidents and insurance claims

Fire

Comprehensive fire risk assessments are regularly conducted in all venues Site specific evacuation procedures have been drawn up and include provision for disabled and special-needs customers All monitoring of fire checks and equipment is computer-based and can be accessed by management at any time

Certification

All venues are fully certified through regular independent inspection which includes testing of electrical and gas installations, fire alarms and safety equipment and exposure to asbestos All requirements of the licensing authorities are adhered to including site capacities, operating requirements and operating periods

Food safety

The Group employs an external organisation to carry out food safety audits on both its own premises and those of its food suppliers to ensure compliance with internal and legislative standards All staff who handle food within our kitchens receive appropriate food hygiene training

Door staff

The Group uses only approved door security companies with Security Industry Authority (SIA) trained staff All door staff so employed are then trained in Group procedures which are supported by local police forces throughout the country

Smoking in public places

As operators of large capacity venues, the challenges associated with the smoking ban, which came into force in Scotland in March 2006, in Wales in April 2007 and in England in July 2007, particularly in relation to pass-out policies, noise and the management of designated smoking areas outside our venues, have been significant Effective planning, preparation and dialogue with local authorities and neighbours have been of major benefit in this process

Prevention of nuisance

Pubwatch schemes

Managers participate in local Pubwatch schemes wherever they exist (83 out of 98 locations) and, in six towns and cities, many local Pubwatch schemes are chaired by our venue managers

Neighbours

Venue managers are encouraged to interact with their neighbours to ensure that any concerns of local residents are addressed

Noise control

Noise risk assessments are regularly undertaken throughout the estate to ensure that any disturbances to the local community caused by loud music are minimised

Dispersal

The Group operates a dispersal programme at each venue to ensure the orderly dispersal of customers at the end of each evening trading session

Protection of children

The Group is committed to ensuring that children are unable to purchase alcohol through the use of initiatives such as Proof of Age cards All our venues operate either 'Challenge 21' or 'Challenge 25' policies These policies require door security staff and bar staff to deny entry or the sale of alcohol to anyone who they believe may be under the age of 21 or 25 (depending on the policy adopted) without suitable ID proving they are not under 18 Suitable ID is restricted to a valid photo-driving licence, passport or a PASS card During the year, an average of 5,000 customers per week, who were unable to prove their age, were denied entry

ID scan technology has been introduced at several high-risk venues to strengthen the checking mechanisms for identifying under 18s

During the reporting period, all members of staff received training focused on serving minors and starter packs were introduced for all new staff The training includes a test questionnaire which must be signed by the member of staff to confirm both that training has taken place and that he or she has understood their responsibilities

All drinks sold are subject to the vetting procedures of the Portman Group which screens-out drinks perceived to be targeted to younger consumers

General

The Group continues to be included in the FTSE4Good Index designed to identify those companies with good records in corporate social responsibility

Louisiana hospitality

We always thank our loyal guests with the spirit of generosity that's the credo of Louisiana hospitality.

Rob Bryan – General Manager
Old Orleans, Epping

Having worked at Old Orleans previously, I returned as General Manager when Regent acquired the business It's been a really exciting time of change and improvement There's a great plan in place to bring the brand values to the heart of the customer experience We're all working towards bringing southern American authenticity and style back to Old Orleans

What I enjoy most about my job, and in my opinion the most important aspect of it, is making our guests happy. The Old Orleans experience is about being in a place that feels as comfortable as home but also serving delicious food and great cocktails If people leave us delighted with their visit then we have done our job well Our target is to attract repeat customers and we can achieve this by ensuring that we deliver top-class service to every guest, every time

Finance review

Basis of presentation
The reported statutory results cover the 52 weeks to 30 June 2007 and comparatives for the 52 weeks to 1 July 2006

Accounting policies and standards
The principal accounting policies of the Group are set out in note 1 to the accompanying financial statements and a description of certain key measures and policies are included in the review of the trading results below The financial statements have been prepared in accordance with International Financial Reporting Standards

Overview of performance

	2007 £m	2006 £m	Change
Total sales – continuing	**148 9**	127 6	+16 7%
Like-for-like sales – continuing	**117 6**	121 0	–2 8%
Operating profit – continuing	**11 5**	9 0	+28 3%
Underlying* operating profit	**13 6**	14 6	–6 2%
Net interest charges	**(5 3)**	(4 0)	+34 3%
Underlying* profit before tax	**8 3**	10 6	–21 4%
Exceptionals†	**(2 2)**	(5 6)	–61 4%
Profit before tax – continuing	**6 1**	5 0	+23 5%
Loss from discontinued operations before tax	**(2 0)**	(2 7)	–25 2%
Profit before tax	**4 1**	2 3	+82 5%

* Where the table makes reference to underlying profit this refers to profit excluding exceptionals and discontinued operations
† Exceptionals includes exceptional items brand amortisation and loss on sale of property plant and equipment

Like-for-like sales are sales in those venues which traded throughout both the whole of the current and comparative financial periods, and which did not receive the benefit of any significant capital investment during either period It is therefore an uninvested measure and excludes the entire Old Orleans and Brandasia businesses acquired during the year

Total sales increased year-on-year due to the acquisition of 31 Old Orleans restaurants and Asha's indian restaurant (Brandasia) during the current financial period There was one disposal – Bar Risa/Jongleurs Manchester In the comparative period, one venue was opened – Walkabout Putney and one disposed – Stonehouse, Hampton Hill, Twickenham

Like-for-like sales – continuing comprises all but five of the venues that were open at the beginning of the financial period Bar Risa/Jongleurs Manchester and Walkabout Putney as referred to above, Walkabout Wigan which was refurbished in September 2005, Walkabout Bournemouth which suffered significant licensing restrictions during the comparative period, and Bar Risa/Jongleurs Leicester which was converted to Walkabout/Jongleurs in September 2006 The 2 8% reduction in like-for-like sales was significantly impacted by the FIFA World Cup which ran for the last four weeks of the comparative period Excluding the last four weeks of the reporting period results in like-for-like sales at 1 4% below last year

Underlying operating profit at £13 6m was 6 2% below last year due partly to the decline in like-for-like sales of 2 8%, increases in regulatory costs particularly relating to minimum wage and door security, significant increases in utility costs, and losses incurred by the acquired Old Orleans business

Net interest charges were £1 3m higher at £5 3m and included a £0 4m credit (2006 £0 9m credit) from the reduction in the fair value liability of swaps that had not qualified for hedge accounting on implementation of IAS 32 These swaps expired shortly after the period end and therefore this benefit now ceases The underlying increase in interest of £0 9m was primarily attributable to the acquisition of Old Orleans Limited for £27 4m including costs, in September 2006, which was entirely debt funded

After taking account of interest, **underlying profit before tax** fell by 21 4% to £8 3m

Exceptionals of £2 2m (2006 £5 6m) were incurred during the period These comprised

- costs of £1 2m incurred in connection with the integration of the acquired Old Orleans business in to the Group's normal administrative processes and organisational structure,
- costs of £0 6m incurred in connection with a corporate restructuring of the business so that the Group's brands and related property interests are held in separate trading subsidiaries consistent with the acquired Old Orleans and Ashas businesses,
- loss on sale of Bar Risa/Jongleurs Manchester of £0 2m, and
- amortisation of the Old Orleans brand of £0 2m

The £5 6m of exceptional items incurred in 2006 comprised an impairment provision of £5 0m, aborted corporate consolidation activity of £0 4m, and the relocation of the corporate head office £0 2m

The associated tax credit on the exceptional items in the period was £0 5m (2006 £1 0m)

Pre–tax losses from **discontinued operations** of £2 0m were £0 7m less than last year Trading losses from these venues were £0 1m (2006 £0 3m) and losses on property disposals were £0 2m (2006 £0 4m) The most significant element of the loss relates to adjustments to onerous lease and impairment provisions of £1 7m (2006 £2 0m) The provision for the current period includes £0 9m in respect of a property that reverted under guarantee as a result of the London & Edinburgh administrative receivership with the balance of £0 8m primarily relating to properties previously sub-let but where tenants have failed to fulfil their rental obligations, and increases as a result of the Government's decision to discontinue 50% relief for general rates on empty properties

Profit before tax of £4 1m was £1 8m better than last year due to reduced exceptional charges, down £3 4m, and reduced losses from discontinued operations, down £0 7m

Segmental performance

During the year, Old Orleans Limited and Brandasia Limited were acquired Both of these businesses are food-led operations whereas the Group's other operations are liquor and entertainment-led Accordingly, the Group's results have been segmented between Entertainment Bars and Restaurants (the acquired businesses) As the Group operates a central administration and business support function serving all of its businesses this cost has not been allocated to the income generating segments but is shown as a separate segment Revenue and operating profit, both before and after exceptionals, are segmented as follows

	52 weeks ended 30 June 2007				52 weeks ended 1 July 2006			
	Entertainment Bars £m	**Restaurants £m**	**Administration £m**	**Total £m**	Entertainment Bars £m	Restaurants £m	Administration £m	Total £m
Revenue	**124 3**	**24 6**	**–**	**148 9**	127 6	–	–	127 6
Operating profit excluding exceptionals	**20 1**	**0 6**	**(7 0)**	**13 7**	20 9	–	(6 3)	14 6
Exceptionals	**(0 2)**	**(1 4)**	**(0 6)**	**(2 2)**	(5 0)	–	(0 6)	(5 6)
Operating profit after exceptionals	**19 9**	**(0 8)**	**(7 6)**	**11 5**	15 9	–	(6 9)	9 0

Key financial measures

	2007	2006	Change %
Underlying earnings per share (p)	**7 5**	7 7	–2 4
Basic earnings per share (p)	**4 3**	1 5	+181 0
EBITDA before exceptional items (£m)	**24 1**	24 5	–2 0
Operating cash flows (£m)	**24 4**	23 1	+5 8
Free cash flow (£m)	**9 3**	8 9	+5 0
Net debt (£m)	**(74 9)**	(57 0)	+31 4
Net bank debt (£m)	**(68 8)**	(51 0)	+34 9
Net assets (£m)	**68 8**	62 7	+9 7
Net interest cover (times)	**4 2**	5 1	
Fixed charge cover (times)	**1 9**	2 2	
Gearing	**109%**	91%	
Average debt financing cost	**7 8%**	7 7%	
Taxation rate			
– Effective	**36 1%**	34 8%	
– Cash	**19 0%**	25 9%	

Underlying earnings per share is based on earnings from continuing operations before exceptionals
EBITDA is earnings before interest tax depreciation and amortisation from both continuing and discontinued businesses The derivation of this figure is set out in note 36 of the Accounts
Free cash flow is derived in the table set out under cash flow later in this review
Net debt is bank debt plus convertible loan stock less cash and cash equivalents
Net interest cover is EBITDA before exceptional items divided by net interest
Fixed charge cover is EBITDA before exceptional items plus rent costs divided by net interest* plus rent costs
Gearing is closing net debt divided by net assets
Average debt financing cost is net interest* divided by the weighted average level of net debt in the year
The gain arising on the movement in fair value of interest rate swaps has been excluded from the net interest charge for these calculations

Earnings per share
Basic earnings per share was significantly better than last year at 4 3p (2006 1 5p) Underlying earnings per share, which is earnings per share from continuing operations before exceptionals is, in the opinion of the directors, a more representative measure for tracking the Company's trading performance from year to year Underlying earnings per share was 7 5p, 2 4% lower than last year

Taxation
Taxation on profits from continuing operations was a credit of £0 6m This credit arose as a result of prior year adjustments to both current tax liabilities of £0 6m and deferred tax provisions of £0 9m following the finalisation of prior year computations, and the reduction in the future rate of corporation tax from 30% to 28% giving rise to a release of deferred tax provision of £1 5m

The effective tax rate on profits from continuing operations was 36 1% (2006 34 8%) The effective tax rate is calculated as the tax charge divided by profit excluding exceptionals from both profit and tax and the effects of any adjustments to the tax charge in respect of prior periods and the change in future rate of tax As certain accounting charges do not qualify for tax relief, the most significant of which is depreciation relating to buildings, the effective rate exceeds the UK corporation tax rate of 30% The effective rate has increased slightly as a result of the reduction in underlying profit whereas charges not qualifying for tax relief are relatively fixed

The cash tax charge for continuing operations of 19 0% (2006 25 9%) is significantly lower than the effective rate The cash tax rate for continuing operations is calculated in the same way as for the effective rate but in respect of the current tax charge only i e excluding deferred tax This rate is below the prevailing rate of UK corporation tax due to the availability of accelerated capital allowances resulting from the Group's historic capital development programme and from the tax written down value of assets acquired with Old Orleans Limited In the short term, the Group expects the cash tax rate to remain significantly below the prevailing rate of corporation tax

Operating cash flow from continuing operations was £25 7m, up £1 8m on last year, but cash flow from discontinued operations declined by £0 5m primarily due to sub-let rental income shortfalls to leave total operating cash flow at £24 4m, an improvement of £1 3m on last year

Net interest paid at £3 9m was £1 5m less than last year despite the increased level of debt due in part to the consolidation of facility draw downs into six month maturities and in part to the comparative period when bank facilities were refinanced requiring all outstanding draw-downs and the interest thereon to be paid up

Tax payments totalled £0 8m comprising £0 2m for the balance due in respect of the previous financial period and £0 6m as an on-account payment in respect of the current period

Capital expenditure amounted to £10 4m but included £1 9m for the purchase of the freehold of a discontinued venue to extinguish an onerous lease This freehold purchase was completed shortly before the period end and was sold for £0 5m shortly after the end of the reporting period The loss resulting from this transaction had been fully provided for in previous years The balance of expenditure, £8 5m, relating to the existing estate, was in line with last year and compares favourably with the annual depreciation charge of £10 5m (2006 £10 3m)

The resultant free cash flow of £9 3m (2006 £8 9m) represented 8 3p per share (2006 7 9p per share)

The freehold of Bar Risa/Jongleurs Manchester was sold for net proceeds of £1 3m This venue had struggled to achieve profits in recent years and therefore a decision was made to sell the venue

Acquisitions of £28 0m comprised Old Orleans Limited for £27 4m and Brandasia Limited for £0 6m

Current liquidity
At the balance sheet date, the Group had net debt of £74 9m, an increase of £17 9m year-on-year Net debt comprised £73 3m of bank debt, £6 0m of convertible loan stock and £0 1m of finance leases, less cash at bank and cash equivalents of £4 5m

At the beginning of the reporting period, bank funding facilities of £97m were available to the Group, these were increased by £16m at the time of the Old Orleans acquisition and subsequently, in accordance with the terms of the facilities, £3m of the term loan has been repaid Therefore, at the balance sheet date, £110m of bank funding facilities were available to the Group in the form of a term loan of £34m, a revolving credit facility of £73 5m and an overdraft facility of £2 5m These facilities expire in September 2010 Under the terms of the bank funding facility, interest is payable at prevailing LIBOR plus a margin that varies between 0 75% and 1 5% depending on the net debt to EBITDA ratio The convertible loan stock, on which interest is fixed at 5 6%, is redeemable in November 2007

The Group has given guarantees under the revolving credit facility in respect of the convertible loan stock and therefore had available £30m of undrawn committed facilities at the year end

The Group is in compliance with its bank covenants which are measured twice yearly The covenant test measures are all cash based, comprising interest cover, fixed cover and net debt to EBITDA

Treasury policy
The Group's treasury policy is to ensure the availability of funds to meet its future requirements and to minimise exposure to fluctuations in interest rates The Board monitors and approves treasury policy and approves all interest rate hedging transactions The Group does not engage in

speculative derivative transactions The key financial risks relate to meeting debt repayments as they fall due and interest rate risks The Group has no outlets overseas and is not dependent on supplies from overseas and therefore has no foreign currency exposure

To manage the Group's exposure to increases in interest rates, a significant proportion of borrowings are hedged using interest rate swaps At the balance sheet date, the Group had in place £62m of interest rate swap agreements, equivalent to 85% of its bank debt £12m of these swap agreements fixing interest at 7 33%, expired in September 2007, shortly after the end of the reporting period, and did not qualify for hedge accounting, a liability of £41k was carried forward in respect of these swaps at the balance sheet date The remaining £50m comprises five swaps of £10m with maturities between July 2008 and September 2011 at rates varying between 5 15% and 5 25%, these swaps, which do qualify for hedge accounting, had a gross asset value of £1 5m at the balance sheet date which amount net of tax has been credited directly to shareholders' funds

The Group maintains business and cash flow models that forecast requirements in the short, medium and long term These forecasts are reviewed regularly by the Board

Calendar
Details of the key calendar dates for the 2007/08 financial year can be found on the inside of the back cover of this Annual Report as well as on our website www regentinns co uk

John Leslie
Chief Financial Officer
8 October 2007

Cash flow and net debt

	2007 £m	2006 £m
Operating cash flows		
– Continuing operations	**25 7**	23 9
– Discontinued operations	**(1 3)**	(0 8)
Total	**24 4**	23 1
Net interest paid	**(3 9)**	(5 4)
Tax paid	**(0 8)**	–
Capital expenditure on existing estate	**(10 4)**	(8 8)
Free cash flow	**9 3**	8 9
Expansionary capital expenditure	**–**	(1 0)
Proceeds from disposals of fixed assets	**1 3**	0 2
Acquisitions	**(28 0)**	–
New bank facility arrangement fees	**–**	(1 1)
Issue of shares	**–**	0 5
Purchase of own shares	**(0 2)**	–
Movement in net debt	**(17 6)**	7 5
Debt taken on with subsidiary acquisition	**(0 3)**	–
Opening net debt	**(57 0)**	(64 5)
Closing net debt	**(74 9)**	(57 0)

Excellent people

All staff have attended training sessions ensuring that our customers are made to feel as comfortable as possible while they're with us.

Sarah Miller – Training and Development Manager

The best thing about my role as Training and Development Manager is that I get to meet different people every day and no two days are ever the same I help other people within Regent Inns to develop their careers so essentially my customers are all Regent Inns employees

A really important part of my job is to provide a clear and accessible Management Development Programme to ensure that we develop the best Managers in the industry This year my department has been involved with many projects from Cocktail Training and Management Development courses through to creating new materials and leading training programmes for the re-opening of Old Orleans venues This has given me the opportunity to work with fantastic people throughout our brands and it has been very gratifying to see how developing our teams contributes to the growing success of the business

Board of directors

Bob Ivell
Executive Chairman
Aged 55, joined the Board in October 2004 Previously on the Board of Scottish & Newcastle plc as Chairman of the Retail division, where he was responsible for the development and growth of brands including Chef & Brewer and Premier Lodge and the ultimate sale of the business to Spirit Group in 2003 Currently, he is Chairman of Next Generation Clubs Limited and David Lloyd Limited and also a non-executive director of Britvic plc

John Leslie BSc FCMA
Chief Financial Officer
Aged 48, joined the Board in October 2004 Previously Finance Director of Scottish & Newcastle's Retail Division and prior to that,he was Finance Director of Allied Domecq International Retail and the Taylor Walker Pub Company He has also held a number of senior financial positions in Forte plc and has over 20 years' experience in the leisure and hospitality industry

Russell Scott
Managing Director – Operations
Aged 47, joined the Board in September 2006 Between 1999 and 2004, he was Managing Director of Scottish & Newcastle Retail's Branded Pubs division and prior to that was Chief Executive of Capital Radio Restaurants plc Between 1992 and 1997, he was Chief Executive of Harry Ramsden's PLC and previously held a number of senior positions within Whitbread plc

Simon Kaye
Commercial Director
Aged 48, joined the Company in December 2001 Previously worked for Scottish & Newcastle Retail as Managing Director of its Pub business (Western Region) and prior to that as Sales and Customer Services Director He has also held senior sales positions at Courage Appointed to the Board in February 2005, he is also responsible for human resources and environmental issues

Jim Glover BSc
Non-Executive Director
Aged 55, joined the Board in April 2005 He previously held senior positions at Kingfisher plc and Allied Domecq plc and, in 2001, was Chief Executive of Patientline plc, a leading provider of bedside communications systems for hospital patients He is Pro-Chancellor and Chairman of Council at the University of Birmingham In June 2007, he was appointed Chief Executive Officer of NAAFI He is Chairman of the Remuneration and Appointments Committee and a member of the Audit Committee and Senior Independent Director

John Laurie LLB CA FCT
Non-Executive Director
Aged 62, joined the Board in November 2005 having held senior positions at Scottish & Newcastle plc during a career of over 30 years with the Group Latterly, as Group Financial Services Director, his principal responsibilities were for the entire treasury, taxation and risk management matters within the Group as well as having significant involvement in corporate development and strategy He is Chairman of the Audit Committee and a member of the Remuneration and Appointments Committee

Tanith Dodge
Non-Executive Director
Aged 46, joined the Board in June 2007 Previously, Tanith has held senior positions in human resources with InterContinental Hotels Group, Diageo Plc and Allied Domecq She is currently Group Human Resources Director of WH Smith plc She is a member of both the Audit Committee and Remuneration and appointments Committee

Directors' report

for the 52 weeks ended 30 June 2007

The Directors present their Annual Report and the audited financial statements for the 52 weeks ended 30 June 2007

Principal activities

The Group carries on the business of creating and managing licensed bars, restaurants and entertainment venues within the UK

Review of the business during the year and future prospects

A detailed account of the Group's progress during the year and future prospects are set out in the Chairman's statement on pages 11 to 14, the Business review on pages 15 to 20 and the Finance review on pages 27 to 30 The Business review also includes details of the principal risks and uncertainties facing the Group

Results and dividends

The results for the year are set out in the Consolidated income statement on page 45

The profit for the financial year attributable to shareholders amounted to £4,882,000 As explained in the Chairman's statement, the directors do not recommend payment of a final dividend and therefore the retained profit for the period is £4,882,000

Substantial shareholdings

At 26 October 2007, the only notices received from shareholders (other than directors) of an interest in 3% or more of the issued share capital of the Company were

	Ordinary shares of 5p each	%
Artemis Investment Management	19,022,048	16 78
Bestinver Gestion SA	13,654482	12 05
Aberforth Partners	11,028,000	9 73
Legal & General Investment Management	9,292,521	8 20
M&G Investment Management	5,987595	5 28
Morley Fund Management	5,899,249	5 20
UBS Global Asset Management	5,241,917	4 62
Axa Rosenberg	4,365,671	3 85
Aberdeen Asset Management	3,581,000	3 14

Directors

The directors of the Company are shown on page 32

David Turner resigned as a director on 31 July 2006 and Alan Jackson resigned as a director on 30 September 2006 Russell Scott was appointed as a director on 1 September 2006 and Tanith Dodge was appointed as a director on 26 June 2007

In accordance with the Company's articles of association, one third of the directors are required to retire by rotation at the Annual General Meeting Accordingly, John Leslie and Simon Kaye will retire and offer themselves for re-election Tanith Dodge will offer herself for re-election as she was appointed to the Board since last year's Annual General Meeting and this is the first opportunity for shareholders to approve her appointment

Details of the service contracts or engagement letters and the interests of the directors in the shares of the Company are set out in the Report on directors' remuneration

During the year, the Group maintained liability insurance for its directors and officers

No directors had any material interest during the year in any contract of significance to the Group's business, apart from the acquisition of Brandasia Limited as detailed in note 33

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with At 30 June 2007, the average period of credit taken from the Company's suppliers amounted to 28 days (2006 28 days)

Employee policies

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate

Employee involvement

During the period, the policy of providing employees with information about the Group has been continued through regular briefings, in-house magazines and communication forums in which employees have also been encouraged to present their suggestions and views on the Group's performance Regular meetings are held between managers and employees to allow a free flow of information and ideas All employees have the opportunity, after a short qualifying period, to participate directly in the success of the business through the Company's Inland Revenue-approved SAYE share option schemes

Annual General Meeting

The notice of the Annual General Meeting is set out in a separate circular to shareholders accompanying the Annual Report and Accounts The notice includes items of special business which are explained in the letter from the Chairman in that circular The items of special business concern proposals to authorise the Company to make market purchases of its own shares, to amend the articles of association and to adopt a new Executive Incentive Plan

Going concern

The directors have made enquiries into the adequacy of the Group's financial resources, through a review of the current financial projections, which includes capital expenditure plans and cash flow forecasts and the funding facilities available Accordingly, the directors have satisfied themselves that the Group will continue in operational existence for the foreseeable future and therefore have continued to adopt the going-concern basis in preparing the Group's financial statements

Statement of disclosure of information to auditors

For each of the persons who were directors at the time this report was prepared, the following applies

- So far as the directors are aware, there is no relevant audit information (i e information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware
- The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution will be proposed at the 2007 Annual General Meeting to re-appoint them as auditors until the conclusion of next year's Annual General Meeting

Charitable donations

The Group made charitable donations of £5,000 (2006 £5,000) during the year for the purpose of supporting local charities and charities supported by employees No political donations were made

The Group is very proud of the substantial efforts made during the year by its customers, suppliers and staff to raise funds in aid of various charities

By order of the Board

Claire Yarlett
Company Secretary
8 October 2007

Report on directors' remuneration

Introduction

This Report has been prepared in accordance with section 234B and 234C of the Companies Act 1985 (as inserted by the Directors' Remuneration Report Regulations 2002) The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles of the 'Combined Code on Corporate Governance' relating to directors' remuneration

The Board has delegated to the Remuneration and Appointments Committee the requirement for recommendation of policy on remuneration for the executive directors and senior management The committee's terms of reference are available from the Company Secretary The committee is chaired by Jim Glover and its other members are John Laurie and Tanith Dodge (appointed 26 June 2007) Alan Jackson chaired the committee up until his resignation as a non-executive director on 30 September 2006 All of the current members are independent non-executive directors and no member has any personal financial interest in the matters being considered

An ordinary resolution to approve this report will be proposed at the Annual General Meeting of the Company as required by Schedule 7A to the Companies Act 1985

The financial information marked # included within the tables detailing directors' emoluments, pensions and shareholdings has been subject to audit

Remuneration policy

The objective of the Committee is to provide competitive packages for the executives which reflect the Group's performance against stated financial objectives and reward above average performance and which are designed to attract, retain and motivate high calibre individuals To achieve this objective, the Committee takes into account the UK regulatory framework, including best practice in corporate governance, as well as shareholder views During the year, the Committee was advised by New Bridge Street Consultants LLP ('NBSC') in respect of executive remuneration and Carter Backer Winter on pension arrangements

The Committee believes that a successful remuneration policy needs to retain flexibility so that it can adapt to any future changes in the Group's business environment and in market practice Following a review of remuneration policy during 2007, the Committee is proposing changes to long-term incentive provision for the Executive Chairman and Chief Financial Officer which are set out below in section 5

Key elements of the policy are

1 Base salary and benefits

Salaries of the executive directors are reviewed annually taking into consideration the performance of the individual, the performance of the Company, institutional guidelines, competitive market practice and internal salary settlement levels for other employees Other taxable benefits include private healthcare, provision of a company car or company car allowance where appropriate

2 Annual performance-related bonus

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid The Committee believes the award should be aligned to the interests of the Company's shareholders and performance targets are set annually as part of the budgeting process Performance is reviewed against those targets at the end of the financial year

Summary of executive directors' remuneration, benefits and annual performance related bonus#

	Salary £ 000	Fees £'000	Compensation on loss of office £ 000	Annual performance related bonus £ 000	Benefits in kind £'000	**52 weeks ended 30 June 2007 £'000**	52 weeks ended 1 July 2006 £ 000
Bob Ivell	246	–	–	–	15	**261**	243
John Leslie	180	–	–	–	20	**200**	186
Simon Kaye	149	–	–	–	20	**169**	161
Russell Scott	133	–	–	–	14	**147**	–
David Turner	51	–	91	–	5	**147**	160
Total	759	–	91	–	74	**924**	750

For 2006/07, the maximum bonus potential for all executive directors was 70% of basic salary with 20% of salary payable for the achievement of target profit before tax ('PBT'), increasing on a straight-line basis up to the maximum of target PBT plus 20% No bonus payments were made to directors in respect of this period

For 2007/08 a similarly structured scheme with a maximum bonus potential of 70% is in place

Any bonus payments made under the scheme are discretionary and non-pensionable

Executive directors are entitled to accept non-executive appointments outside the Company providing that Board approval is sought During the period, the Chairman received £216,000 in respect of non-executive appointments in other companies

3 Pension schemes

The Company operates a defined contribution pension scheme, based on a percentage of executive director's basic pay

Company pension contributions#

	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £'000
John Leslie	**27**	26
Simon Kaye	**22**	22
Russell Scott	**14**	–
David Turner	**9**	22

4 Service contracts

Each of the executive directors has a service contract with the Company, the period of notice for which is shown below In the event of the termination of a contract, compensation for loss of office will be limited to the period of notice

	Effective date	Notice period
Bob Ivell	26 October 2004	One year
John Leslie	26 October 2004	One year
Simon Kaye	9 February 2005	One year
Russell Scott	1 September 2006	Six months

Remuneration policy for non-executive directors

The non-executive directors do not have service contracts with the Company Jim Glover, John Laurie, and Tanith Dodge entered into engagement letters with the Company in respect of their appointments as non-executive directors and under which each of their appointments is terminable by either party on three months' notice

Their appointments were made as follows

	Date of appointment	Date re-elected
Jim Glover	19 April 2005	22 November 2005
John Laurie	1 December 2005	24 November 2006
Tanith Dodge	26 June 2007	

Alan Jackson resigned as a director on 30 September 2006

Non-executive directors receive a fee plus their expenses for attending Board and other Company meetings or business The Board (excluding non-executives) determines the remuneration of the non-executive directors having regard to time commitment and the level of fees paid by similar companies

	Fees for the 52 weeks ended 30 June 2007 £'000	Fees for the 52 weeks ended 1 July 2006 £ 000
Jim Glover	**28**	27
John Laurie	**30**	18
Tanith Dodge*	**–**	–
Alan Jackson†	**9**	32
Total	**67**	77

* From date of appointment
† Up to date of resignation

5 Long-term incentive schemes

Executive incentive plan

During the period under review, the Group operated the 2002 Restricted Share Scheme ('RSS') as the sole discretionary long-term incentive arrangement However, following a review of executive directors' remuneration in July 2007 with the help of NBSC, the Committee concluded that it is necessary to seek shareholder approval at the December 2007 Annual General Meeting for a one-off long-term incentive arrangement for Bob Ivell (Executive Chairman) and John Leslie (Chief Financial Officer) The RSS arrangement (set out below) is thought to remain appropriate for the other executive directors and senior executives at the Company

Bob Ivell and John Leslie have been instrumental in the Group's recovery since they joined the Company in November 2004 However, the next three years are seen as key to the ongoing success of the Group and the Committee is keen to incentivise these two individuals to further grow the value of the Company and execute its strategic plan over this period Sign-on options that were granted to both individuals in November 2004 will soon become exercisable, thereby significantly reducing the retentiveness of these individuals' packages The committee has, therefore, concluded that it is necessary to seek shareholder approval for a one-off long-term incentive arrangement to replace the next three years' worth of annual awards granted under the RSS for these two individuals with a single award under a new incentive plan The new incentive plan has been designed to

- ensure that Bob Ivell and John Leslie are sufficiently motivated to further grow the value of the Company and execute the Company's strategic plan over the next three years,
- improve the link between the creation of shareholder value and executive reward for these individuals through clear shareholder value targets,
- improve the alignment between these executive directors and shareholders by encouraging them to build and maintain shareholdings in the Company through a co-investment style arrangement,
- create a significantly higher lock-in mechanism for those executive directors considered critical to the future success of the Company over the next three years, and
- be no more expensive than the plan which it replaces

A summary of the proposed Executive Incentive Plan ('EIP') is set out below

Participation in the EIP will be limited to the Executive Chairman and Chief Financial Officer Participants of the EIP will not receive annual grants of awards under the RSS for three years and no further awards will be granted under the EIP after the initial grant As a condition of participation in the plan, executive directors must agree to not reduce their existing shareholdings (50,000 for the Executive Chairman and 65,000 for the Chief Financial Officer) and also to retain no less than 30% of the value of the sign-on options granted on 2 November 2004 for three years (to the extent this is not adhered to, awards will be scaled back pro rata to the value of the withdrawn equity)

Under the EIP the Company will grant conditional awards of free shares (an 'Award') with a face value at grant equal to 300% of salary Awards will normally vest after three years from the date of grant subject to (i) the achievement of challenging performance conditions, (ii) continued employment, and (iii) the retention of associated shares and sign-on options

The performance condition attached to Awards will be based on a range of stretching absolute share price targets For the purpose of assessing the share price performance of the Company against the target range, the value of any net dividends paid over the performance period will be added to the Company's final share price The share price targets, which will be measured at the end of the three-year performance period (averaged over three months), will be 15% of an Award vesting for a share price of 150p increasing on a straight-line basis to 100% of an Award vesting for a share price of 190p

The target range set out above is based on an assumed share price as at the time of the Annual General Meeting of 80p The range set for the Awards may be adjusted proportionately if the share price at the time of the Annual General Meeting to approve the EIP is higher than 80p (based on the average share price over the month prior to the Annual General Meeting)

The range of share price targets is considered by the Committee to be appropriately challenging in light of the quantum of awards and current share price levels The entire sliding scale represents a challenging level of growth and the top end of the range is felt to represent an extremely challenging target given that the value of the Company will need to more than double over the three-year vesting period for participants to receive the maximum award

Further details of the EIP are provided in the Notice of Annual General Meeting

Restricted Share Scheme

Under the RSS, individuals may receive an award of conditional free shares (an 'Award') with a value at grant of up to 100% of basic salary, vesting after three years from grant, subject to the achievement of performance conditions and continued employment Two separate performance conditions each apply to a proportion of an Award

- The performance condition attached to 50% of an Award to an individual will require average annual earnings per share ('EPS') growth of between RPI plus 4% p a to RPI plus 9% p a over the three-year period for between 30% and (increasing on a straight-line basis) 100% of this part of the Award to vest (i e between 15% and 50% of the total Award)
- The performance condition attached to the other 50% of an Award to an individual will require the Company's Total Shareholder Return

('TSR') measured against the constituents of the FTSE SmallCap at grant to be between median to upper quartile over the three-year period for between 30% and (increasing on a straight-line basis) 100% of this part of the Award to vest (i e between 15% and 50% of the total Award)

The Committee considers that EPS and TSR are the most appropriate measures of performance for RSS Awards for the following reasons

- The EPS targets will reward significant and sustained increases in earnings that would be expected to flow through into shareholder value and will deliver a strong line of sight for recipients of the Awards
- The TSR performance condition provides a balance to the financial performance condition by rewarding relative share price performance relative to a relevant company performance index and ensures that a share price-based discipline is retained in the package (in the absence of options)
- The balance between EPS and TSR performance, at 50 50, is the most appropriate structure at this time, given the Company's objectives to maximise profitability and shareholder returns The Committee regularly reviews the current mix between TSR and EPS to ensure that it remains appropriate

All-employee arrangements

The Company may also grant share options under its Save As You Earn Scheme to which eligible UK employees may participate Options granted under this scheme are not subject to a performance condition but require a savings contract to be entered into for three or five years Options are granted at a discount of 20% on the prevailing market price at the time of grant with a current maximum limit on savings of £250 per month

Interests in share options and RSS awards#

Options to directors to subscribe for shares at the beginning of the period and at the end of the period were

Director	Scheme	Exercise price (p)	Date of grant	Date first exercisable	Date of expiry	1 July 2006	Granted	Lapsed	30 June 2007	Net value of share options/ awards £ 000
Bob Ivell	1995 Unapproved	43 0	02 11 044	02 11 07	01 11 14	1,050,000	–	–	**1,050,000**	289
Bob Ivell	Restricted Scheme	Nil	20 03 063b	20 03 09	19 03 16	75,000	–	–	**75,000**	53
Bob Ivell	Restricted Scheme	Nil	19 03 073b	19 03 10	18 03 17	–	155,150	–	**155,150**	109
Bob Ivell	SAYE	80 3	01 12 05	01 01 09	01 06 09	11,643	–	–	**11,643**	–
John Leslie	1995 Unapproved	43 0	02 11 044	02 11 07	01 11 14	780,233	–	–	**780,233**	215
John Leslie	1996 Approved	43 0	02 11 044	02 11 07	01 11 14	69,767	–	–	**69,767**	19
John Leslie	Restricted Scheme	Nil	20 03 063b	20 03 09	19 03 16	75,000	–	–	**75,000**	53
John Leslie	Restricted Scheme	Nil	19 03 073b	19 03 10	18 03 17	–	169,014	–	**169,014**	119
John Leslie	SAYE	80 3	01 12 05	01 01 11	01 06 11	20,049	–	–	**20,049**	–
Simon Kaye	1996 Approved	162 4	13 02 021	13 02 05	12 02 12	18,472	–	–	**18,472**	–
Simon Kaye	1995 Unapproved	162 4	13 02 021	13 02 05	12 02 12	54,188	–	–	**54,188**	–
Simon Kaye	1995 Unapproved	67 7	12 02 032	12 02 06	11 02 13	184,091	–	–	**184,091**	5
Simon Kaye	1995 Unapproved	70 2	12 02 042	12 02 07	11 02 14	183,333	–	–	**183,333**	1
Simon Kaye	1995 Unapproved	92 9	17 02 052	17 02 08	16 02 15	139,935	–	–	**139,935**	–
Simon Kaye	Restricted Scheme	Nil	19 09 033a	19 09 06	18 09 13	58,402	–	58,402	–	–
Simon Kaye	Restricted Scheme	Nil	20 03 063b	20 03 09	19 03 16	75,000	–	–	**75,000**	53
Simon Kaye	Restricted Scheme	Nil	19 03 073b	19 03 10	18 03 17	–	140,845	–	**140,845**	99
Simon Kaye	SAYE	35 68	14 12 04	14 01 08	13 07 08	26,555	–	–	**26,555**	9
Russell Scott	Restricted Scheme	Nil	03 10 063b	03 10 09	02 10 16	–	217,391	–	**217,391**	153
Russell Scott	SAYE	88 67	01 05 07	01 05 12	01 11 12	–	18,473	–	**18,473**	–
David Turner	1996 Approved	125 1	20 09 001	20 09 03	19 09 10	23,981	–	23,981	–	–
David Turner	1995 Unapproved	125 1	20 09 001	20 09 03	19 09 10	31,974	–	31,974	–	–
David Turner	1995 Unapproved	144 4	19 09 011	19 09 04	18 09 11	48,476	–	48,476	–	–
David Turner	1995 Unapproved	132 2	13 09 021	13 09 05	12 09 12	101,929	–	101,929	–	–
David Turner	1995 Unapproved	43 0	02 11 042	02 11 07	01 11 14	186,046	–	186,046	–	–
David Turner	Restricted Scheme	Nil	06 12 023a	06 12 05	05 12 12	55,380	–	55,380	–	–
David Turner	Restricted Scheme	Nil	19 09 033a	19 09 06	18 09 13	49,485	–	49,485	–	–
David Turner	Restricted Scheme	Nil	20 03 063b	20 03 09	19 03 16	75,000	–	75,000	–	–
David Turner	SAYE	35 68	14 12 04	14 01 08	13 07 08	10,622	–	10,622	–	–

Summary of performance criteria

1 Minimum growth in earnings per share of RPI + 4% each year p a over a three year period up to year 10

2 Minimum growth in earnings per share of RPI + 4% each year p a over a three year period up to year 5

3a EPS growth of between RPI plus 5% p a to RPI plus 10% p a over the three-year period from grant for between 50% and (increasing on a straight-line basis) 100% of an Award to vest

3b 50% of an Award requires EPS growth of between RPI plus 4% to RPI plus 9% p a over the three-year period from grant for between 30% and (increasing on a straight-line basis) 100% of this part of the award to vest (i e between 15% and 50% of the total award) 50% of an Award requires the Company s Total Shareholder Return (TSR) measured against the constituents of the FTSE SmallCap at grant to be between median to upper quartile over the three-year period from grant for between 30% and (increasing on a straight-line basis) 100% of this part of the award to vest (i e between 15% and 50% of the total award) The share price on 19 March 2007 was 107p

4 As part of the recruitment package for the Executive Chairman and Chief Financial Officer Bob Ivell and John Leslie were granted options to subscribe for ordinary shares in the Company under the Company's 1996 Approved and 1995 Unapproved Executive Share Option Schemes at an exercise price of 43p per share Exercise of such options is conditional upon thresholds being achieved for TSR over the three year period ending with the Company s financial year ending on or around 5 July 2007 (or earlier on a change of control of the Company)

For Bob Ivell who was granted 1 050 000 Unapproved options 800 000 options will vest if TSR of 16p per share is achieved and for every 5p achieved above 16p a further 25 000 options will vest (up to the maximum 1 050 000 options in aggregate) For John Leslie who was granted 69 767 Approved options and 780 233 Unapproved options all 69 767 Approved options and 580 233 Unapproved options will vest if TSR of 16p per share is achieved and for every 5p achieved above 16p 20 000 Unapproved options will vest (up to the maximum 780 233 Unapproved options in aggregate)
On the basis that the actual exercise price of the share options exceeded 35p per share Bob Ivell and John Leslie are both entitled to receive a cash payment of £61 000 each (being £8 000 per 1p increase in such exercise price over 35p up to 40p and £7 000 per 1p increase in such exercise price over 40p up to 45p) Such payment is payable by the Company on 26 October 2007 (provided that the individual is still employed by the Company on such date) or if earlier on a takeover of the Company
The recruitment awards detailed above were one-off recruitment awards considered essential to attract these key individuals to the Company

The net value of the share options has been computed as the market value of the shares under option as at 1 October 2007 which was 70 5p less the cost to purchase those shares at the relevant exercise price

During the year, no options were exercised Since the year end, no options have lapsed

The Company's share price was 83 75p on 1 July 2006 and 83 5p on 30 June 2007

The lowest price for the period was 72 5p on 21 September 2006 and the highest price was 118p on 26 April 2007

Directors' interests in shares

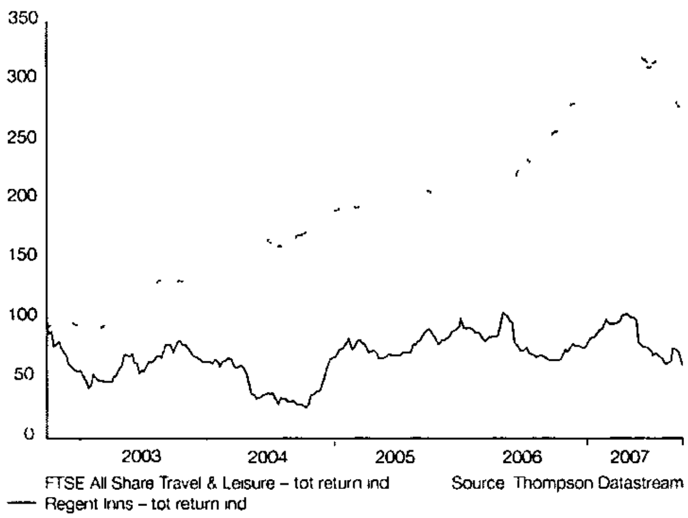
The interests of the directors who served during the period ended 30 June 2007, all of which are beneficial were as follows

	30 June 2007 No of shares	1 July 2006 No of shares
Bob Ivell	**50,000**	50,000
John Leslie	**65,000**	50,000
Simon Kaye	**13,193**	13,193
Jim Glover	**5,000**	5,000
John Laurie	**25,000**	25,000
Russell Scott	**–**	–
Tanith Dodge	**–**	–

No director had an interest in the shares of any of the Company's subsidiaries

Performance graph

The graph below shows a comparison of the Company's total shareholder return ('TSR') against the TSR for the companies comprised in the FTSE Travel and Leisure Index (of which the Company is a constituent) for the last five years



By order of the Board

Jim Glover
Chairman of the Remuneration and Appointments Committee
8 October 2007

Application of principles
The Company regards compliance with the principles of good corporate governance to be important The statement below describes how these principles are applied to the Company and how, in the Company's view, it has complied throughout the year with the provisions set out in Section 1 of the Combined Code on Corporate Governance (July 2003 edition) published by the Financial Reporting Council (the 'Combined Code') except where stated below

Board of directors
The Board considers that it has shown its commitment to leading and controlling the Group by meeting regularly, normally monthly, and when necessary for any matters which may arise between its regular meetings to fulfil the ongoing requirements of the business Each year the Board reviews its own performance and arranges suitable training where appropriate At the period end, the Board consisted of four executive and three non-executive directors Jim Glover was appointed Senior Non-Executive Director, following Alan Jackson's resignation from the Board

In 2004, the decision was made after consultation with major institutional shareholders, that given the small size of the Group and its financial position, combining the roles of Chairman and Chief Executive was in the Company's best interests The Board is satisfied that this arrangement, whilst not strictly in compliance with the Combined Code, continues to be in the best interests of both the Company and its shareholders

The Board considers that Jim Glover, John Laurie and Tanith Dodge are all independent non-executive directors

The Board has established a formal schedule of matters specifically reserved to it for decision and delegates certain powers to the Board committees and executive directors The schedule of reserved matters includes acquisitions and disposals, approval of trading and capital budgets, Group borrowing facilities and financing structure, the monitoring of operational performance and the appointment of professional advisors

The Board has a formal and transparent process in place for the appointment of new directors and every director is provided with opportunities for training to enable them to carry out their duties effectively

All directors have access to the advice of the Company Secretary who is responsible to the Board for ensuring that procedures are followed In addition, there is an agreed procedure for seeking independent professional advice at the Group's expense

As part of the corporate governance process, the Board regularly reviews other key functions with senior management

Supply of information
Information is supplied to the Board in a timely fashion prior to the monthly Board meetings to enable the directors to consider the issues for discussion and the minutes are circulated to all Board members The amount and content of the information provided to the Board is regularly reviewed so as to ensure that the needs of the business are met fully

Dialogue with shareholders
The directors encourage and seek to build up a mutual understanding of objectives between the Company and all its shareholders

As part of this process, the Executive Chairman and Chief Financial Officer maintain contact with institutional shareholders through regular meetings and twice yearly presentations following the full year and interim results announcement and subsequent feedback from the Company's stockbrokers Additionally, all Board members are kept aware of changes in major shareholders in the Company and are available to meet with shareholders who have specific interests or concerns

Shareholders are able to access useful information on the Group's website at www regentinns co uk

Annual General Meetings
The directors also encourage communication with private shareholders and welcome their participation at the Annual General Meeting At this meeting, the Board present a clear and balanced assessment of the Group's position and prospects The level of proxy votes lodged and the balance for and against each resolution is reported to shareholders after each resolution is voted upon and will be published on the Company's website

Internal control
The Board has established the ongoing procedures it considers necessary to identify, evaluate and manage risk These procedures include regular discussion on the risks associated with each part of the Group's activities and the plans to minimise these risks These procedures have been in place throughout the year under review and up to the date of approval of the Annual Report and Accounts The directors consider the results of risk assessment and monitor the effectiveness of controls over identified risks and they consider that Turnbull guidance has been followed during the year

The key features of the Group's internal control system are set out below

Management structure
The Group's control environment is the responsibility of the directors and individual managers at all levels The Board has satisfied itself the Group has a clear organisation structure with clearly defined and understood responsibilities and lines of accountability

Information systems and financial reporting
The Group prepares detailed budgets for each trading venue annually together with working capital and cash flow budgets for the Group These are based on the Group's strategy and are formally approved by the Board Detailed accounts are prepared monthly, compared to budget and significant variances investigated and reported on Forecasts for the Group are updated quarterly and on an ad-hoc basis if necessary

Expenditure control
Both capital and operational expenditure have a systematic control structure largely centred on the budgetary process together with defined delegation of authorities The Board itself reviews expenditure above pre-set levels Reviews of major capital investments are undertaken at regular intervals following completion to report against the target return and to confirm that expenditure controls were diligently applied

Risk management and internal audit
A comprehensive review of significant business risks is carried out twice a year, building on similar exercises undertaken previously Risks are prioritised and agreed programmes of risk elimination or minimisation are regularly reviewed as is the risk profile itself

The Board has established an internal audit function to deliver an effective and efficient risk control system, to provide assurances and guidance on minimising risk exposure, and to ensure that all regulatory, statutory and internal policy operating requirements are met The internal audit team thereby assists operations in achieving sales and profit plans in a safe and secure environment for employees and customers alike

Effectiveness
The Board monitors the effectiveness of the Group's performance in its monthly review meetings The effectiveness of internal controls are regularly reviewed by the Audit Committee The Remuneration and Appointments Committee assesses the performance of the Board and its directors by means of self appraisal and collective Board decisions During the year, the non-executive directors met independently and provide feedback to the Chairman following that meeting

The Board also reviews its own processes and effectiveness once a year

The Board acknowledges that it is responsible for the Group's systems and effectiveness of internal control and believes that it has complied with the Turnbull Guidance during the period The Group's control systems are designed to manage rather than fully eliminate risk and therefore the Board can only provide reasonable and not absolute assurance against material loss or misstatement

Statement of directors' responsibilities in respect of the Annual Report, the Report on directors' remuneration, and the financial statements
The directors are responsible for preparing the Annual Report, the Report on directors' remuneration, and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of affairs of the Company and the Group and of the profit or loss of the Group 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 the financial statements comply with IFRS as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Report on directors' remuneration comply with the Companies Act 1985 and Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Company and the Group 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 corporate and financial information included on the Group's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Board committees
In accordance with the Combined Code and corporate governance best practice, the Board has established two committees Both of these committees have written terms of reference approved by the Board which are available from the Company Secretary

Audit Committee
The Audit Committee comprises three non-executive directors chaired by John Laurie The Chief Financial Officer normally attends the meetings by invitation, and the Chairman attends if requested to do so by the committee The Group's external auditors attend the meetings at which the committee considers the Group's interim and annual results prior to their submission to the Board and have direct access to the Audit Committee and its chairman at all times

The main duties of the committee are as follows

(i) Monitoring the integrity of and reviewing the financial statements
(ii) The appointment of and the review of the effectiveness and independence of the external auditors
(iii) Approval of the scope of the Group's risk management programme and review of the risk management process
(iv) Reviewing the operation and effectiveness of the internal audit function
(v) Overseeing the establishment and maintenance of good business practices throughout the Group
(vi) Reviewing the Group's whistleblowing arrangements

Auditor independence

The Group uses its external auditors, PricewaterhouseCoopers LLP, for additional tasks such as corporate tax advice and acquisition due diligence Given the small size of the non-audit fees paid by the Group in relation to the total fee income of PricewaterhouseCoopers LLP, the Audit Committee is of the opinion that the auditors' independence is not undermined and the benefits in terms of cost that result from the auditors' knowledge of the Group's business are significant

During the period under review, the Audit Committee met on three occasions in order to review a wide range of financial matters before making appropriate recommendations to the Board These include the interim and annual results, financial statements, trading statements and other regulatory information prior to general publication The Committee also receives regular reports from Internal Audit and reviews the structure and performance of the internal audit team

Remuneration and Appointments Committee

The Committee comprises the three non-executive directors chaired by Jim Glover The Report on director's remuneration, which has been prepared in accordance with the requirements of the Directors' Remuneration Report Regulations 2002 and approved by the Board, is set out on pages 35 to 42

The Committee monitors and reviews the membership of and succession to the Board It makes recommendations to the Board on the recruitment of potential executive and non-executive directors The Committee engages both executive search consultants, as in the appointment of Tanith Dodge, and open advertising methods in this regard As part of the process, the Committee interviews a shortlist of candidates independently of the executive directors

Board attendance chart

	Board	Audit Committee	Remuneration Committee
Number of meetings in the year	19	3	3
Bob Ivell	19	3*	3*
John Leslie	19	3*	1*
Simon Kaye	18	–	–
Russell Scott	12	–	–
Jim Glover	16	3	3
John Laurie	15	3	3
Tanith Dodge	1	–	–
David Turner	2	–	–
Alan Jackson	4	1	1

Not committee members but invited to attend all or part of meetings indicated

Independent auditors' report to the members of Regent Inns plc

We have audited the Group and Company financial statements (the 'financial statements') of Regent Inns plc for the 52 week period ended 30 June 2007 which comprise the Consolidated income statement, the Consolidated and Company balance sheets, the Consolidated and Company cash flow statements, the Group and Company Statements of changes in equity and the related notes These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Report on directors' remuneration that is described as having been audited

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Report on directors' remuneration and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of directors' responsibilities

Our responsibility is to audit the financial statements and the part of the Report on directors' remuneration to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Report on directors' remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements The information given in the Directors' report includes that specific information presented in the Chairman's statement, Business review and Finance review that is cross referred from the Business review section of the Directors' report

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We review whether the Report on corporate governance reflects the Company's compliance with the nine provisions of the Combined Code (2003) specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' report, the unaudited part of the Report on directors' remuneration, the Chairman's statement, the Finance review, Report on corporate social responsibility and the Report on corporate governance We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Report on directors' remuneration to be audited 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 Group's and 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 and the part of the Report on directors' remuneration to be audited 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 and the part of the Report on directors' remuneration to be audited

Opinion

In our opinion

- The Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2007 and of its profit and cash flows for the 52 week period then ended
- The Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 30 June 2007 and cash flows for the 52 week period then ended
- The financial statements and the part of the Report on directors' remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation
- The information given in the Directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London 8 October 2007

Consolidated income statement

for the 52 weeks ended 30 June 2007

	Note	52 weeks ended 30 June 2007 Continuing £'000	52 weeks ended 30 June 2007 Acquisitions £'000	52 weeks ended 30 June 2007 Total £'000	52 weeks ended 1 July 2006 Total £ 000
Continuing operations					
Revenue	2	124,275	24,652	148,927	127,641
Cost of sales		(28,170)	(6,623)	(34,793)	(28,662)
Gross profit		96,105	18,029	114,134	98,979
Operating costs		(83,775)	(18,873)	(102,648)	(90,028)
Operating profit	5	12,330	(844)	11,486	8,951
Analysed as					
Operating profit before exceptional items and brand amortisation		13,091	560	13,651	14,553
Loss on sale of property, plant and equipment		(206)	–	(206)	(28)
Exceptional items	3	(555)	(1,175)	(1,730)	(5,574)
Brand amortisation	3	–	(229)	(229)	–
Interest payable and similar charges	4	(5,859)	–	(5,859)	(5,030)
Interest receivable	4	521	–	521	1,056
Profit before taxation		6,992	(844)	6,148	4,977
Taxation	7	644	–	644	(887)
Profit from continuing operations		7,636	(844)	6,792	4,090
Discontinued operations					
Loss on trading activities	8			(51)	(205)
Impairment provision	8			(1,368)	–
Provision for onerous leases	8			(249)	(1,779)
Loss on sale of property, plant and equipment	8			(242)	(367)
Loss from discontinued operations	8			(1,910)	(2,351)
Profit for the period attributable to shareholders				4,882	1,739
Earnings per share					
– basic	10			4 3p	1 5p
– diluted	10			4 2p	1 5p
Earnings per share from continuing operations					
– basic	10			6 0p	3 6p
– diluted	10			5 9p	3 6p

Statement of changes in equity

for the 52 weeks ended 30 June 2007

Group

	Share capital £'000	Share premium £'000	Capital reserve own shares £'000	Convertible bond reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
At 3 July 2005	5,625	50,080	(322)	60	308	4,363	60,114
Ordinary shares issued	39	506	–	–	–	–	545
Profit for the period	–	–	–	–	–	1,739	1,739
Share-based payments	–	–	–	–	300	–	300
At 1 July 2006	5,664	50,586	(322)	60	608	6,102	62,698
Ordinary shares issued	2	32	–	–	–	–	34
Profit for the period	–	–	–	–	–	4,882	4,882
Gains arising on interest rate hedges net of deferred tax	–	–	–	–	–	1,044	1,044
Own shares acquired	–	–	(187)	–	–	–	(187)
Share-based payments	–	–	–	–	294	–	294
At 30 June 2007	**5,666**	**50,618**	**(509)**	**60**	**902**	**12,028**	**68,765**

Company

	Share capital £'000	Share premium £'000	Capital reserve own shares £'000	Convertible bond reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
At 3 July 2005	5,625	50,080	(322)	60	308	1,632	57,383
Ordinary shares issued	39	506	–	–	–	–	545
Profit for the period	–	–	–	–	–	2,323	2,323
Share-based payments	–	–	–	–	300	–	300
At 1 July 2006	5,664	50,586	(322)	60	608	3,955	60,551
Ordinary shares issued	2	32	–	–	–	–	34
Profit for the period	–	–	–	–	–	50,140	50,140
Gains arising on interest rate hedges net of deferred tax	–	–	–	–	–	1,044	1,044
Own shares acquired	–	–	(187)	–	–	–	(187)
Share-based payments	–	–	–	–	294	–	294
At 30 June 2007	**5,666**	**50,618**	**(509)**	**60**	**902**	**55,139**	**111,876**

Consolidated balance sheet

at 30 June 2007

	Note	30 June 2007 £'000	1 July 2006 £'000
Assets			
Non-current assets			
Intangible assets	11	24,643	6,776
Property, plant and equipment	13	154,823	143,980
Derivative financial instruments	24	1,450	–
Other non-current assets	15	2,361	2,504
		183,277	153,260
Current assets			
Inventories	16	1,972	1,839
Trade and other receivables	17	8,246	6,870
Cash and cash equivalents	18	4,463	–
Assets held for sale	19	721	210
		15,402	8,919
Current liabilities			
Financial liabilities			
Borrowings	20	(2,787)	(2,735)
Derivative financial instruments	24	(41)	(95)
Unsecured convertible loan notes	24	(5,940)	–
Finance leases	20	(36)	–
Trade and other payables	21	(22,571)	(15,614)
Current tax liabilities	22	(874)	(1,347)
Provisions	25	(1,200)	(800)
		(33,449)	(20,591)
Net current liabilities		(18,047)	(11,672)
Total assets less current liabilities		165,230	141,588
Non-current liabilities			
Financial liabilities			
Borrowings	23	(69,858)	(47,402)
Interest rate swaps	24	–	(347)
Unsecured convertible loan notes	24	–	(5,940)
Finance leases	23	(66)	–
Deferred tax liabilities	25	(21,125)	(19,026)
Other non-current liabilities	26	(1,991)	(2,095)
Provisions	25	(3,425)	(4,080)
		(96,465)	(78,890)
Net assets		68,765	62,698
Capital and reserves			
Called up share capital	27	5,666	5,664
Share premium account		50,618	50,586
Capital reserve – own shares		(509)	(322)
Convertible bond reserve		60	60
Equity reserve		902	608
Retained earnings		12,028	6,102
Total equity		68,765	62,698

The financial statements on pages 45 to 78 were approved by the Board of Directors on 8 October 2007 and were signed on its behalf by

John Leslie

Company balance sheet

at 30 June 2007

	Note	30 June 2007 £'000	1 July 2006 £ 000
Assets			
Non-current assets			
Property, plant and equipment	13	**9,123**	143,980
Investments	14	**43,662**	15,665
Derivative financial instruments	24	**1,450**	–
Other non-current assets	15	**–**	2,504
		54,235	162,149
Current assets			
Inventories	16	**70**	1,839
Trade and other receivables	17	**2,860**	6,870
Amounts owed by subsidiary undertakings		**158,535**	583
Cash and cash equivalents	18	**4,385**	–
Assets held for sale	19	**210**	210
		166,060	9,502
Current liabilities			
Financial liabilities			
Borrowings	20	**(2,725)**	(2,735)
Derivative financial instruments	24	**(41)**	(95)
Unsecured convertible loan notes	24	**(5,940)**	–
Trade and other payables	21	**(10,326)**	(15,619)
Amounts owed to subsidiary undertakings		**(13,654)**	(11,371)
Current tax liabilities	22	**(1,128)**	(1 559)
Provisions	25	**(964)**	(800)
		(34,778)	(32,179)
Net current assets/(liabilities)		**131,282**	(22,677)
Total assets less current liabilities		**185,517**	139,472
Non-current liabilities			
Financial liabilities			
Borrowings	23	**(69,670)**	(47,402)
Derivative financial instruments	24	**–**	(347)
Unsecured convertible loan notes	24	**–**	(5,940)
Deferred tax liabilities	25	**(951)**	(19,057)
Other non-current liabilities	26	**–**	(2,095)
Provisions	25	**(3,020)**	(4,080)
		(73,641)	(78,921)
Net assets		**111,876**	60,551
Capital and reserves			
Called up share capital	27	**5,666**	5,664
Share premium account		**50,618**	50,586
Capital reserve – own shares		**(509)**	(322)
Convertible bond reserve		**60**	60
Equity reserve		**902**	608
Retained earnings	29	**55,139**	3,955
Total equity		**111,876**	60,551

The financial statements on pages 45 to 78 were approved by the Board of Directors on 8 October 2007 and were signed on its behalf by

John Leslie

Consolidated and Company cash flow statement

for the 52 weeks ended 30 June 2007

	Note	Group **52 weeks ended 30 June 2007 £'000**	Group 52 weeks ended 1 July 2006 £ 000	Company **52 weeks ended 30 June 2007 £'000**	Company 52 weeks ended 1 July 2006 £ 000
Cash flows from operating activities					
Cash generated from operations	30	**24,439**	23,100	**24,813**	23,100
Interest received		**120**	206	**120**	206
Interest paid		**(3,990)**	(5,610)	**(3,974)**	(5,610)
Tax paid		**(770)**	–	**(770)**	–
Net cash from operating activities		**19,799**	17,696	**20,189**	17,696
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment			**1,317**	208	**176,317**
208					
Purchase of property, plant and equipment		**(10,461)**	(9,817)	**(10,461)**	(9,817)
Acquisition of subsidiaries		**(27,997)**	–	**(27,997)**	–
Net cash used in investing activities		**(37,141)**	(9,609)	**137,859**	(9,609)
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital		**34**	545	**34**	545
Net proceeds from issue of new bank loans		**208,217**	51,000	**208,217**	51,000
Repayment of borrowings		**(186,217)**	(63,196)	**(186,217)**	(63,196)
Loans to subsidiary undertakings		–	–	**(181,717)**	–
Loans repaid by subsidiary undertakings		–	–	**6,217**	–
Finance lease principal payments		**(32)**	–	–	–
New bank facility fees		–	(1,100)	–	(1,100)
Purchase of own shares		**(187)**	–	**(187)**	–
Net cash used in financing activities		**21,815**	(12,751)	**(153,653)**	(12,751)
Net increase/(decrease) in cash and cash equivalents		**4,473**	(4,664)	**4,395**	(4,664)
Cash and cash equivalents at 1 July 2006 and 2 July 2005		**(10)**	4,654	**(10)**	4,654
Cash and cash equivalents at 30 June 2007 and 1 July 2006		**4,463**	(10)	**4,385**	(10)

Notes

for the 52 weeks ended 30 June 2007

1 Accounting policies

Statement of compliance with IFRSs

The Company and Group financial statements of Regent Inns plc for the 52 weeks ended 30 June 2007 were authorised for issue by the Board of Directors on 8 October 2007 and the balance sheet was signed on the Board's behalf by John Leslie Regent Inns plc is a public limited company incorporated and domiciled in England and Wales The Company's ordinary shares are traded on the London Stock Exchange

The Group's financial statements have been prepared in accordance with the EU endorsed International Financial Reporting Standards (IFRSs), IFRIC Interpretations as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985 The principal accounting policies adopted by the Group are set out below

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated

Basis of preparation

The financial statements have been prepared under the historical cost convention except for derivative financial instruments and available-for-sale financial assets, which are stated at fair value

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and entities controlled by the Group Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

On acquisition of a subsidiary, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at that date Any excess of the cost of acquisition over the identifiable net assets acquired is recognised as goodwill Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i e discount on acquisition) is credited to the income statement in the period of acquisition

The results of subsidiaries acquired or disposed of during the reporting period are included in the consolidated income statement from or to respectively the date that control passed

All intra-group transactions, balances, income and expenses are eliminated on consolidation

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable by the Group for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

- **Sale of goods and services** sales are recognised when goods or services are provided and title has passed Monies received from advance ticket sales for shows are held as deferred income and released to the income statement on the date that the show takes place
- **Rental income** income from sub-letting properties, including those pending landlord's approval to assign the lease, is recognised on an accruals basis in accordance with the substance of the lease
- **Interest income** Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable

Employee benefits

Retirement benefit costs

The Group operates defined contribution pension schemes Payments made to these schemes are charged as an expense as they fall due The assets of the schemes are held separately from those of the Group in independently administered funds The Group has no defined benefit or other retirement benefit schemes

Share-based compensation

Equity settled share-based payments are measured at fair value at the date of grant using option pricing models For share option grants with market related performance conditions, fair value has been calculated using a stochastic model For all other share option grants, fair value has been calculated using a Black-Scholes model The fair value so determined is charged as employee costs to the income statement on a straight-line basis over the vesting period This charge is adjusted to take into account changes in the number of equity instruments expected to vest due to changes in the expected attainment of any non-market performance related conditions and in the number of employees remaining in service during the vesting period No changes to the charge are made in accounting periods following the end of the performance period when the expected or actual level of awards vesting differs from the original estimate due to non-attainment of market conditions or options lapsing as employees leave the business

A liability for cash-settled share-based payments is recognised at each balance sheet date equal to the fair value of the goods or services received

Discontinued operations

Discontinued operations represent cash generating units that have either been disposed of or are classified as held-for-sale, and represent a separate major element of business

On changes to the composition of the units comprising discontinued operations, the comparative disclosures are restated to reflect consistent presentation across all periods presented

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of an acquired business at the date of acquisition Goodwill is recognised as an asset and is reviewed for impairment annually by comparing the value in use of the relevant cash generating venues with the carrying value of these assets including goodwill Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed

On the disposal of a subsidiary or cash-generating unit, any attributable goodwill is included in the determination of the profit or loss on disposal

Brands

Brands represents the fair value of a brand to the Group on the acquisition of an acquired business The fair value is determined by benchmarking the acquired business against similar businesses within the sector

Brand values are amortised over 20 years

Franchises

Franchises represents the amounts payable under agreements to acquire franchise rights Such amounts are amortised in accordance with the contractual period of the franchise agreement

Property, plant and equipment

Property, plant and equipment are stated at cost less any provision for depreciation or impairment

- **Cost of acquisition** includes all attributable costs including delivery, installation and professional fees Financing costs directly attributable to the construction of new venues are capitalised as part of the cost of those assets in accordance with the accounting policy for interest capitalisation as set out below
- **Depreciation** is calculated to write down the cost or valuation of all assets less residual value, other than freehold land, by equal instalments over their estimated useful lives Residual values and economic lives are reviewed and adjusted, if appropriate, at each balance sheet date The applicable periods are
  Freehold and long leasehold land and buildings – 50 years
  Short leasehold land and buildings – over the remaining period of the lease
  Fixtures, fittings and equipment – between 3 years and 15 years
  Motor vehicles – 4 years
- **Impairment** reviews are performed on each cash generating trading venue annually Provisions for impairment are made when the carrying value of the relevant asset exceeds the higher of its value and its value in use, less the costs to sell Value in use is calculated by discounting an estimate of future cash flows by the Group's pre-tax weighted average cost of capital Where a review indicates a significant performance improvement in a previously impaired asset, the impairment provision is reversed to the extent that the carrying value of the relevant asset is equivalent to the lower of its carrying value immediately pre-impairment less subsequent depreciation and its current realisable value and value in use less costs to sell

Interest capitalisation

Funding costs attributable to the acquisition, construction and preparation of a new trading venue in the period prior to opening are treated as a capital cost Such interest is calculated at the average rate paid on funding the Group's assets during the asset's development period

Pre-opening costs

Costs incurred prior to the opening of a new venue or the re-opening of a venue which has been closed for refurbishment that do not fall within the capitalisation policy are charged to the income statement as incurred

Investments

Investments are stated at cost less any provision for impairment in value Impairment reviews are undertaken when events or changes in circumstance indicate that an investment's carrying value may not be recoverable

Investments in subsidiary undertakings

In the Company s financial statements, investments in subsidiary undertakings are stated at cost Provisions for impairment are taken to the income statement

Inventories

Inventories are stated at the lower of cost and net realisable value

Assets held-for-sale

Properties and trading operations which have been approved by the Board for disposal are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than continuing use This condition is regarded as having been met only when the Board is committed to the sale and it is considered probable that a sale of the asset, in its existing condition, will take place within one year of the date of such classification

Assets held-for-sale are initially measured at the lower of carrying value and realisable value less costs to sell At subsequent reporting dates, each non-current asset is re-measured to the latest estimate of realisable value less costs to sell and any impairment is charged to the income statement and any increase in fair value is applied to reverse previous impairment charges as a non-current asset up to its original amortised cost

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

- **Finance leases** assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability Finance costs are charged directly against income unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on interest capitalisation
- **Operating leases** rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease
- **Lease premiums** payments made to enter into an operating lease are charged to the income statement as rent on a straight-line basis over the term of the lease Such payments are classified as non-current assets except for the portion to be released during the next year which is included in prepayments
- **Lease incentives** benefits received and receivable to enter into an operating lease are credited to the income statement as a reduction to rent on a straight-line basis over the term of the lease Such payments are classified as non-current liabilities except for the portion to be released during the next year which is included in accruals

Provisions for onerous leases

Provisions for onerous lease commitments are made when a leasehold property is identified as being of no further use to the Group or, in the case of a trading property, it is considered probable that there will be a net cash outflow from continued operation Provisions are recognised by reference to the present value of the outflow of economic benefits required to settle the future obligations

Financial instruments

Derivative financial instruments

The Group uses interest rate swaps to manage exposure to variable interest rates The use of derivatives is governed by the Group's Treasury policies as approved by the Board of Directors and which requires Board approval of all such transactions

Amounts receivable or payable under interest rate swap agreements are included in interest payable or receivable as appropriate Such income and expenditure is recognised on the accruals basis and credited or charged to the income statement in the financial period to which it relates Movements in the fair value of interest rate swaps that qualify for hedge accounting are taken directly to reserves Movements in the fair value of interest rate swaps that do not qualify for hedge accounting are recognised in the income statement as they arise The fair value of interest rate swaps is the market value as at the relevant valuation date as quoted by the counter party to the swap transaction

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value measured on an amortised cost basis as reduced by appropriate allowances for estimated irrecoverable amounts incurred up to the balance sheet date

Trade payables

Trade payables are non-interest bearing and are stated at their fair value

Cash and cash equivalents

Cash and cash equivalents comprise deposits with an original maturity of three months or less with banks and financial institutions, balances on bank accounts, cash in transit, and cash floats held in the business

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of issue costs Finance charges are accounted for on an accruals basis and charged to the income statement using the effective interest rate method

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However, deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affected neither accounting or taxable profit or loss Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised and the deferred tax liability is settled The Group's deferred tax provision is measured on an undiscounted basis

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary differences can be settled

Deferred tax is charged or credited to the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Employee Share Ownership Trust and Restricted Share Scheme

The cost of the Company's shares held by the Employee Share Ownership Trust (ESOT) and the Restricted Share Scheme (RSS) are deducted from shareholders' funds in the Company and Group balance sheets Any cash received by the ESOT and the RSS on disposal of their shares is also recognised directly in shareholders' funds

Any shares held by the ESOT and the RSS are treated as cancelled for the purposes of calculating earnings per share

Exceptional items

Exceptional items are defined as items which arise from events or transactions which fall within the ordinary activities of the Group and which individually or, if of similar type, in aggregate, need to be disclosed by virtue of their size or incidence

Segmental reporting

Historically, the Group has primarily operated three key brands, Walkabout, Jongleurs and Bar Risa All Jongleurs venues operate in conjunction with Bar Risa or Walkabout venues under common management and administrative control These businesses, which are all liquor and entertainment-led bars, have been reported as a single business segment, 'Entertainment Bars'

During the year, the Group acquired Old Orleans restaurants and Asha's, an indian restaurant, which are food-led businesses and accordingly are reported as a separate business segment 'Restaurants'

The Group operates a central administration and business support function servicing both income generating segments Central costs are not allocated against the income generating segments and are therefore disclosed as a separate segment

As all of the Group's income is derived from the UK no geographical segmentation is disclosed

Critical accounting estimates and judgements

To be able to prepare accounts according to generally accepted accounting principles, management and the Board of Directors must make estimates and assumptions that affect the asset and liability items and revenue and expense items recorded in the accounts as well as other information, such as that provided on contingent liabilities These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates under different assumptions or conditions

Areas comprising critical judgement that may significantly impact reported earnings and the balance sheet position are the valuation of intangible assets provisions for impairment of property, plant and equipment, provision for onerous leases, charges for share-based payments, income taxes, and litigation and contingent liabilities, all of which are discussed in the respective notes

Estimated impairment of property, plant and equipment

The basis of testing for impairment on property, plant and equipment is set out under the accounting policy note for property, plant and equipment The key assumptions used in the calculation of value in use for each cash generating trading venue are as follows
Forecast period – remaining lease term and 50 years for freeholds
Base cash flow – pre-tax cash flow for 52 weeks ended 30 June 2007
Forecast growth in cash flow of 2 25% p a
Pre-tax weighted average cost of capital of 7 5%

Estimated impairment of goodwill

The basis of testing for impairment of goodwill is set out under the accounting policy for intangible assets The test is an extension of the testing for impairment on property, plant and equipment and therefore uses the same assumptions as noted above under 'Estimated impairment of property, plant and equipment'

If the estimated forecast growth in cash flows had been 1% lower, an impairment of the Jongleurs goodwill of £1,300,000 would have been recognised

If the estimated pre-tax weighted average cost of capital had been 1% higher, an impairment of the Jongleurs goodwill of £2,500,000 would have been recognised

Estimated provisions for onerous leases

The basis for estimating provisions for onerous leases is set out under the accounting policy for provisions for onerous leases Each such lease is considered separately and where discussions with landlords, third parties who are prospective assignees or sub-tenants, or agents provide a good indication of a deal being agreed, a provision is made on the terms of that deal Where such information is not available, a provision is calculated for each onerous lease based on

Remaining period of the lease

Rent review increase of 0 5% p a or guaranteed increase, where applicable

Discount factor of 7 5%

If the estimated discount factor had been 1 0% lower, an additional provision of £260,000 would have been recognised

If the annual rate of rent increase had been 1 0% higher, an additional provision of £166,000 would have been recognised

New standards and interpretations

The following new standards, amendments and interpretations to published standards were adopted for the first time in the financial statements for the 52 weeks to 30 June 2007 None of them had a material impact on the reported results

(i) Effective on or after 1 January 2006 IAS 39 Financial Instruments Recognition and Measurement – Cash Flow Hedges of Forecast Intragroup Transactions

(ii) Effective on or after 1 January 2006 IAS 39 Financial Instruments Recognition and Measurement – Fair Value Option

(iii) Effective for periods beginning on or after 1 January 2006 IAS 39 Financial Instruments Recognition and Measurement – Financial Guarantee Contracts

(iv) Effective for periods beginning on or after 1 January 2006 IFRIC 4 Determining Whether an Arrangement Contains a Lease

(v) Effective for periods beginning on or after 1 December 2005 IFRIC 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

(vi) Effective for periods beginning on or after 1 May 2006 IFRIC 8 Scope of IFRS 2

(vii) Effective for periods beginning on or after 1 June 2006 IFRIC 9 Reassessment of Embedded Derivatives

The following new standards, amendments and interpretations to published standards have not yet been applied to the financial statements but are not expected to materially impact the reported results

(i) Effective for periods beginning on or after 1 January 2007 IAS 1 Presentation of Financial Statements – amendment regarding capital disclosures

(ii) Effective for periods beginning on or after 1 January 2007 IFRS 7 Financial Instruments Disclosures

(iii) Effective for periods beginning on or after 1 November 2006 IFRIC 10, Interim Reporting and Impairment – prohibits the impairment losses recognised in an interim period to be reversed at a subsequent balance sheet date

2 Segmental information

All revenue arises in the UK

During the reporting period, Old Orleans Limited and Brandasia Limited were acquired Both of these businesses are food-led operations whereas the Group's pre-existing operations are all wet-led Accordingly, the Group's income generating operations have now been organised into separate business segments, Entertainment Bars and Restaurants As the Group operates a central administration and business support function servicing both income-generating segments, central costs are shown as a separate segment

The segment results for the 52 week periods ended 30 June 2007 and 1 July 2006 were as follows

	52 weeks ended 30 June 2007				52 weeks ended 1 July 2006			
	Entertainment Bars £'000	**Restaurants £'000**	**Central/ unallocated £'000**	**Group £'000**	Entertainment Bars £'000	Restaurants £ 000	Central/ unallocated £ 000	Group £'000
Continuing operations								
Revenue	**124,275**	**24,652**	**–**	**148,927**	127,641	–	–	127,641

Cost of sales	**(28,170)**	**(6,623)**	**–**	**(34,793)**	(28,662)	–	–	(28,662)
Gross profit	**96,105**	**18,029**	**–**	**114,134**	98,979	–	–	98,979
Operating costs	**(75,939)**	**(17,469)**	**–**	**(93,408)**	(78,111)	–	–	(78,111)
Venue profit	**20,166**	**560**	**–**	**20,726**	20,868	–	–	20,868
Administrative expenses	**–**	**–**	**(7,075)**	**(7,075)**	–	–	(6,315)	(6,315)
Operating profit before exceptional items and brand amortisation	**20,166**	**560**	**(7,075)**	**13,651**	20,868	–	(6,315)	14,553

Other segment items included in the income statement are as follows

	52 weeks ended 30 June 2007				52 weeks ended 1 July 2006			
	Entertainment Bars £'000	**Restaurants £'000**	**Central/ unallocated £'000**	**Group £'000**	Entertainment Bars £ 000	Restaurants £ 000	Central/ unallocated £'000	Group £ 000
Continuing operations								
Depreciation*	**9,336**	**1,129**	**–**	**10,465**	10,279	–	–	10,279
Amortisation of franchise fees*	**–**	**8**	**–**	**8**	–	–	–	–
Amortisation of brands	**–**	**229**	**–**	**229**	–	–	–	–
Loss on sale of property, plant and equipment	**206**	**–**	**–**	**206**	28	–	–	28
Exceptional items								
– Integration costs	**–**	**1,175**	**–**	**1,175**	–	–	–	–
– Restructuring costs	**–**	**–**	**555**	**555**	–	–	–	–
– Impairment	**–**	**–**	**–**	**–**	4,995	–	–	4,995
– Fees in respect of aborted corporate transactions	**–**	**–**	**–**	**–**	–	–	379	379
– Head office relocation	**–**	**–**	**–**	**–**	–	–	200	200

* Charged to operating costs

The segment assets and liabilities at 30 June 2007 and capital expenditure for the 52 weeks then ended are as follows

	Entertainment Bars £'000	**Restaurants £'000**	**Central/ unallocated £'000**	**Group £'000**
Assets	**154,100**	**34,768**	**9,831**	**198,699**
Liabilities	**9,663**	**6,638**	**113,633**	**129,934**
Capital expenditure	**7,408**	**2,133**	**1,777**	**11,318**

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, and trade and other receivables Unallocated assets comprise cash and cash equivalents and assets held-for-resale

Segment liabilities comprise operating liabilities Unallocated liabilities comprise items such as borrowings including interest rate swaps, current tax liabilities, deferred tax liabilities and provisions

Capital expenditure comprises additions to property, plant and equipment

The segment assets and liabilities are reconciled to entity assets and liabilities as follows

	Assets £'000	**Liabilities £'000**
Segment assets/liabilities	**188,868**	**16,301**
Unallocated		
Property, plant and equipment	**2,817**	**–**

Trade and other receivables	**2,629**	**–**
Cash and cash equivalents	**4,385**	**–**
Current borrowings	**–**	**8,706**
Non-current borrowings	**–**	**69,670**
Trade and other liabilities	**–**	**16,020**
Current tax liabilities	**–**	**874**
Deferred tax liabilities	**–**	**18,363**
Total	**198,699**	**129,934**

The segment assets and liabilities at 1 July 2006 and capital expenditure for the 52 weeks then ended are as follows

	Entertainment Bars £'000	Restaurants £'000	Central/ unallocated £'000	Group £'000
Assets	158,547	–	3,632	162,179
Liabilities	10,649	–	88,832	99,481
Capital expenditure	9,414	–	288	9,702

Capital expenditure comprises additions to property, plant and equipment

The segment assets and liabilities are reconciled to entity assets and liabilities as follows

	Assets £'000	Liabilities £'000
Segment assets/liabilities	158,547	10,649
Unallocated		
Property, plant and equipment	989	–
Trade and other receivables	2,643	–
Current borrowings	–	2,830
Non-current borrowings	–	53,689
Trade and other liabilities	–	11,940
Current tax liabilities	–	1,347
Deferred tax liabilities	–	19,026
Total	162,179	99,481

3 Exceptional items

Group	**52 weeks ended 30 June 2007 £'000**	52 weeks ended 1 July 2006 £'000
Integration of Old Orleans Limited	**(1,175)**	–
Corporate restructuring	**(555)**	–
Impairment provision	**–**	(4,995)
Fees in respect of aborted corporate transactions	**–**	(379)
Head office relocation	**–**	(200)
	(1,730)	(5,574)

'One-off' items of expenditure associated with integrating the acquired Old Orleans business into the Group's normal administrative processes and organisation structure have been categorised as exceptional

During the year, the Group acquired the Old Orleans and Asha's indian restaurant businesses through new subsidiaries Old Orleans Limited and Brandasia Limited These acquisitions prompted management to consider the optimum corporate structure for the Group's pre-existing businesses Accordingly, four new subsidiary companies have been established two to separately hold each brand and its trading venues, another to hold certain properties held-for-resale and another to set up an intra-group financing company Costs associated with this corporate restructure have been categorised as exceptional The costs primarily relate to professional advice in the restructuring and the transfer of property leases

The tax credit relating to exceptional items was £519,000 (2006 £1,042,000)

4 Finance costs

Group

	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000
Interest payable and similar charges		
Bank loans and overdraft	**(5,117)**	(4,283)
Amortisation of set-up costs of bank loan	**(275)**	(227)
Convertible loan notes	**(422)**	(417)
Other interest payable	**(45)**	(103)
	(5,859)	(5,030)
Interest receivable		
Short term bank deposits	**120**	49
Gains arising on interest rate swaps	**401**	850
Other interest receivable	**–**	157
	521	1,056

5 Profit before taxation

Group

	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000
The following items have been included in arriving at operating profit		
Staff costs (note 6)	**35,422**	28,006
Cost of inventories recognised as an expense (included in cost of sales)	**34,793**	28,662
Depreciation of property, plant and equipment	**10,465**	10,279
Amortisation of brands and franchises	**237**	–
Amortisation of lease premiums	**143**	143
Share-based payments	**294**	300
Loss on disposals of property, plant and equipment		**206**
28		
Auditors' remuneration		
Audit services		
– Fees payable to the Company auditors for the audit of parent company and consolidated accounts		**62**
62		
– The audit of the Company's subsidiaries pursuant to legislation	**8**	–
Non-audit services		
– Tax advice relating to corporate restructuring	**142**	–
Operating lease rentals land and buildings	**15,220**	11,300
Operating lease rentals equipment and vehicles	**118**	101
Pre-opening costs	**79**	42

Fees of £210,000 were also paid to the Company's auditor in connection with the acquisitions of Old Orleans Limited and Brandasia Limited These fees, which were primarily for due diligence and work in connection with the shareholders' circular for the acquisition of Old Orleans Limited, have been included in the cost of acquisitions

6 Employees

The average numbers of persons, including executive directors, employed by the Group and Company during the period were as follows

	52 weeks ended 30 June 2007 Number	52 weeks ended 1 July 2006 Number
Entertainment bars	**1,560**	1,785
Restaurants	**890**	–
Head office	**74**	59
	2,524	1,844

Staff costs for all employees comprise

	52 weeks ended 30 June 2007 Number	52 weeks ended 1 July 2006 Number
Wages and salaries	**32,158**	25,222
Social security costs	**2,730**	2,267
Pension costs	**240**	217
Share-based payments	**294**	300
	35,422	28,006

Details of directors' remuneration are set out in the Report on directors' remuneration

The amount of outstanding pension contributions at 30 June 2007 was £32,000 (2006 £25,000)

7 Taxation

Group

Analysis of tax charge in the period

	52 weeks ended 30 June 2007 Total £'000	52 weeks ended 1 July 2006 Total £ 000
Current tax – continuing operations		
– Current year	**(977)**	(1,693)
– Adjustment in respect of prior years	**552**	415
Total current tax	**(425)**	(1,278)
Deferred tax – continuing operations		
– Current year	**(1,350)**	(939)
– Adjustment in respect of change in tax rate	**1,476**	–
– Adjustment in respect of prior years	**943**	1,330
Total deferred tax	**1,069**	391
Tax credit/(charge)	**644**	(887)

Factors affecting tax charge for the period

	52 weeks ended 30 June 2007 Total £'000	52 weeks ended 1 July 2006 Total £ 000
Corporation tax at the statutory rate of 30% applied to continuing operations profit before tax	**(1,844)**	(1,493)
Effects of		
Expenses not deductible for tax purposes	**(105)**	(372)
Accounting depreciation not eligible for tax purposes (625)		**(642)**
Impairment not eligible for tax purposes	**-**	(517)
Loss on sale of property, plant and equipment	**(62)**	55
Other adjustment	**210**	–
Exceptional items disallowed	**-**	(114)
Adjustment in respect of changes in tax rates	**1,476**	-
Utilisation of tax losses	**(10)**	388
Deduction in respect of share-based payments	**126**	46
Adjustments relating to prior years corporation tax	**552**	415
Adjustments relating to prior years deferred tax	**943**	1,330
Total tax credit/(charge) on continuing operations	**644**	(887)

Factors that may affect future tax charges
Based on current capital expenditure plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in the short term However, due to the reduction in tax writing down allowances, as recently enacted by tax legislation, such claims are expected to be at a slightly lower level than in the current year

Full provision has been made to recognise potential future liabilities resulting from the deferral of capital gains by the use of holdover relief and rollover relief Gains sheltered by the use of holdover relief unwind over 10 years, whereas gains sheltered by the use of rollover relief are deferred until such time as replacement assets are subsequently disposed of and may be further deferred to the extent that the disposal proceeds are reinvested in qualifying assets Tax liabilities relating to holdover relief of £1,410,000 (2006 £1,511,000) are currently expected to unwind between 2012 and 2015

The Government's last budget announced the intention to phase out Industrial Building Allowances between 2008 and 2011 The Group currently claims Industrial Building Allowances in relation to three hostels forming part of the Walkabout business Accordingly, if the relevant legislation is enacted in its current draft form, the Group expects to incur an additional deferred tax charge of £1,013,000

8 Discontinued operations

Group	**52 weeks ended 30 June 2007 £'000**	52 weeks ended 1 July 2006 £000
Revenue	**2,193**	2,055
Expenses	**(2,266)**	(2,348)
Loss before tax	**(73)**	(293)
Attributable tax credits	**22**	88
Post tax loss from trading activities	**(51)**	(205)
Impairment provision (note 13)	**(1,368)**	-
Attributable tax credits	**-**	-
Post tax loss on impairment provision	**(1,368)**	-
New provision for onerous leases (note 25)	**(2,440)**	(2,065)
Onerous lease provisions released (note 25)	**2,085**	-
Attributable tax credits	**106**	286
Post tax loss on onerous leases	**(249)**	(1,779)
Loss on sale of property, plant and equipment	**(242)**	(367)
Attributable tax credits	**-**	-
Post tax loss on sale of property, plant and equipment	**(242)**	(367)
Net loss attributable to discontinued operations	**(1,910)**	(2,351)

Discontinued operations comprises unbranded venues which the Group decided to divest in 2002

9 Dividends
Group
There were no dividends paid (2006 £nil) by the Group during the year and the Board has not proposed a dividend in respect of the 52 weeks ended 30 June 2007

10 Earnings per share
Earnings per share have been calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the period excluding those held in the ESOT (note 29), which have been treated as cancelled

Diluted earnings per share adjusts for those share options granted to employees and the holders of convertible loan stock where the exercise price is less than the average price of the Company's shares during the period

The table below shows the basis of calculation of basic earnings per share and diluted earnings per share, and also sets out the steps to exclude discontinued operations and exceptionals from the calculations in order to derive adjusted earnings per share In the opinion of the directors, earnings per share from continuing operations and adjusted earnings per share, being earnings per share from continuing operations before exceptional items, brand amortisation and loss on sale of property, plant and equipment are more representative indicators of the Company's underlying trading performance

Group	**52 weeks ended 30 June 2007**	52 weeks ended 1 July 2006
	Weighted	Weighted

	Earnings £'000	average number of shares 000	Earnings per share pence	Earnings £ 000	average number of shares 000	Earnings per share pence
Total EPS						
Basic	**4,882**	**112,512**	**4 3**	1,739	112,622	1 5
Dilution impact of options	–	**2,532**	–	–	2,191	–
Diluted	**4,882**	**115,044**	**4 2**	1,739	114,813	1 5
Exclude discontinued operations	**1,910**	–	–	2,351	–	–
EPS from continuing operations						
Diluted excluding discontinued operations	**6,792**	**115,044**	**5 9**	4,090	114,813	3 6
Basic excluding discontinued operations	**6,792**	**112,512**	**6 0**	4,090	112,622	3 6
Exclude exceptional items, brand amortisation and loss on sale of property, plant and equipment, net of taxation	**1,646**	–	–	4,560	–	–
Adjusted EPS						
Basic on continuing operations	**8,438**	**112,512**	**7 5**	8,650	112,622	7 7
Diluted on continuing operations	**8,438**	**115,044**	**7 3**	8,650	114,813	7 5
EPS from discontinued operations						
Basic on discontinued operations	**(1,910)**	**112,512**	**(1 7)**	(2,351)	112,622	(2 1)

11 Intangibles

Group	Goodwill £ 000	Brands £ 000	Franchises £'000	Total £ 000
Cost				
At 2 July 2005 and 1 July 2006	8,549	–	–	8,549
Acquisitions (note 12)				
– Old Orleans Limited	11,254	6,012	–	17,266
– Brandasia Limited (provisional valuations)	663	–	175	838
At 30 June 2007	**20,466**	**6,012**	**175**	**26,653**
Accumulated amortisation				
At 2 July 2005 and 1 July 2006	1,773	–	–	1,773
Charge for the period	–	229	8	237
At 30 June 2007	**1,773**	**229**	**8**	**2,010**
Net book value				
At 30 June 2007	**18,693**	**5,783**	**167**	**24,643**
At 1 July 2006	6,776	–	–	6,776

Goodwill

Goodwill brought forward from previous years arose on the acquisition of Jongleurs Comedy Clubs in 2000 For the purposes of the annual impairment review, future pre-tax cash flows for the Jongleurs branded venues were projected at an annual growth rate of 2 25% and using a discount rate of 7 5% based on the Company's weighted average cost of capital The collective value in use of Jongleurs venues exceeded their carrying value by more than the value of goodwill and hence no impairment of goodwill was required

Goodwill arose in the year on the acquisition of Old Orleans Limited and Brandasia Limited An exercise was undertaken during the year to fair value the assets and liabilities at acquisition of Old Orleans Limited and therefore testing for impairment was considered unnecessary The goodwill arising on the acquisition of Brandasia Limited is a provisional value pending finalisation of the fair values at acquisition

Brands

Brand value arising on the acquisition of Old Orleans Limited is being amortised over 20 years

Franchises

Brandasia Limited has a franchise agreement with Asha's Restaurants International Limited The franchise is being amortised over 10 years, the term of the agreement

12 Acquisitions

Old Orleans Limited

On 17 September 2006, the Company acquired the entire share capital of Old Orleans Limited In the 41 weeks between the Company's investment and the period end, Old Orleans Limited achieved an operating loss of £619,000

The directors have undertaken a detailed exercise, in conjunction with professional advisors, to fair value the assets and liabilities acquired as follows

	Book value £ 000	Fair value adjustment £'000	Fair value £ 000
Property, plant and equipment	32,094	(18,242)	13,852
Stock	325	–	325
Receivables	449	–	449
Payables	(1,001)	–	(1,001)
Deferred tax	–	(2,762)	(2,762)
Provisions	–	(700)	(700)
Fair value of net assets			10,163
Intangibles			
– Goodwill			11,254
– Brand name			6,012
			27,429
Satisfied by			
Cash			25,773
Fees			1,656
			27,429

Fair values were derived as follows

- Fixed assets were valued at the lower of the underlying property value (based on a fit-out at current prices discounted to take account of the relevant age of each site and a standard profile of asset mix) and its realisable value (based on the current annual cash flows forecast over the remainder of each lease at a sales growth rate of 2 5% p a and a cost increase at 2 0% p a , and using a discount factor of 9 1%, being the deemed weighted average cost of capital for Old Orleans Limited)
- Net current liabilities were the value agreed with the vendor
- Provisions reflects one onerous lease, based on the rent and rates cost to the end of the lease term, discounted at a risk-free cost of capital of 5 1%
- Brand valuation was derived on the basis of a notional saving in royalties equivalent to 2% sales over a 20-year period, discounted at the weighted average cost of capital of 9 1%
- Deferred tax relates to, firstly, the difference between the tax base of assets acquired and their net book value, and secondly, the fair value of the brand for which there is no tax value
- Goodwill represents the value of the assembled and trained workforce, the strength of site locations, the potential for significant improvements in the underlying business performance and brand roll-out, and synergies with the Group's existing business

Brandasia Limited

On 14 December 2006, the Company invested in Brandasia Limited through a convertible loan of £500,000 The convertible loan entitled the Company to convert the whole or part of the loan, at any time over a period of 10 years from the date of the loan, into ordinary shares of Brandasia Limited at the conversion rate of 2 5 ordinary shares of 10p for each £1 of convertible loan At the time of the investment, full conversion of the loan would have resulted in the Company owning 58% of Brandasia Limited The principal shareholder and managing director of Brandasia was Russell Scott, the Group's Managing Director – Operations, and accordingly the transaction was a 'related party transaction' for the purpose of the Listing Rules of the UK Listing Authority All of the relevant notifications were made to the UK Listing Authority and clearance duly received prior to the Company's investment

On 31 March 2007, the Company acquired the shareholding of Russell Scott, amounting to 92% of the issued share capital, for £nil consideration The remaining 8% of issued shares were compulsorily acquired under the terms of the Brandasia Limited articles of association

The directors have undertaken a preliminary fair value exercise of the assets acquired as set out below and as permitted by IFRS 3 'Business combinations', the assets have been included in the balance sheet as at 30 June 2007 at provisional values as follows

	Book value	Fair value adjustment	Provisional fair value

	£000	£000	£000
Property, plant and equipment	951	(551)	400
Stock	16	–	16
Receivables	182	–	182
Payables	(484)	–	(484)
Bank loans and finance leases	(384)	–	(384)
Fair value of net assets			(270)
Intangibles			
– Goodwill			663
– Franchise			175
			568
Satisfied by			
Convertible loan			500
Fees			68
			568

Brandasia Limited's assets principally comprise a franchise agreement with Asha's Restaurants International Limited and the first Asha's restaurant opened in Birmingham in December 2006 The franchise agreement gives Brandasia Limited exclusive rights to operate restaurants under the Asha's name in the United Kingdom and Ireland Asha's is the trading name of an up-market indian restaurant operation with trading venues in Kuwait and Dubai, established by Asha Bhosle, a Bollywood singing star

Between the date of investment in Brandasia Limited and the period end, Brandasia Limited achieved an operating loss of £225,000

13 Property, plant and equipment

Group

		Land and buildings				
	Freeholds £000	Leaseholds longer than 50 years £000	Leaseholds between 20 and 50 years £000	Leaseholds less than 20 years £'000	Equipment fixtures and fittings £000	Total £000
Cost						
At 1 July 2006	26,695	3,013	75,472	39,091	57,987	202,258
Additions	1,961	–	375	483	8,499	11,318
Acquisitions of subsidiary undertakings	4,748	–	3,337	2,564	3,603	14,252
Transfers to assets held-for-sale	(1,879)	–	–	–	–	(1,879)
Disposals	(2,897)	–	(359)	–	(643)	(3,899)
At 30 June 2007	**28,628**	**3,013**	**78,825**	**42,138**	**69,446**	**222,050**
Accumulated depreciation						
At 1 July 2006	2,230	448	10,732	13,412	31,456	58,278
Charge for the period	272	122	2,123	1,579	6,369	10,465
Impairment adjustments	1,368	–	–	–	–	1,368
Transfers to assets held-for-sale	(1,368)	–	–	–	–	(1,368)
Disposals	(1,164)	–	–	–	(352)	(1,516)
At 30 June 2007	**1,338**	**570**	**12,855**	**14,991**	**37,473**	**67,227**
Net book value						
At 30 June 2007	**27,290**	**2,443**	**65,970**	**27,147**	**31,973**	**154,823**
At 1 July 2006	24,465	2,565	64,740	25,679	26,531	143,980

Company

		Land and buildings				
	Freeholds	Leaseholds longer than 50 years	Leaseholds between 20 and 50 years	Leaseholds less than 20 years	Equipment, fixtures and fittings	Total

	£000	£'000	£000	£000	£000	£000
Cost						
At 1 July 2006	26,695	3,013	75,472	38,858	58,199	202,237
Additions	76	–	408	430	5,400	6,314
Transfers to Group undertakings	(20,666)	(3,013)	(73,907)	(36,098)	(54,924)	(188,608)
Disposals	(2,897)	–	–	–	(357)	(3,254)
At 30 June 2007	**3,208**	**–**	**1,973**	**3,190**	**8,318**	**16,689**
Accumulated depreciation						
At 1 July 2006	2,230	448	10,732	13,179	31,668	58,257
Charge for the period	121	60	1,969	1,197	5,307	8,654
Impairment adjustments	–	–	–	–	–	–
Transfers to Group undertakings	(1,024)	(508)	(12,410)	(12,890)	(31,025)	(57,857)
Disposals	(1,164)	–	–	–	(324)	(1,488)
At 30 June 2007	**163**	**–**	**291**	**1,486**	**5,626**	**7,566**
Net book value						
At 30 June 2007	**3,045**	**–**	**1,682**	**1,704**	**2,692**	**9,123**
At 1 July 2006	24,465	2,565	64,740	25,679	26,531	143,980

The historical cost of land and buildings for the Group and the Company includes capitalised interest of £2,573,000 (2006 £2,635,000) and £107,000 (2006 £2,635,000) respectively There was £nil (2006 £nil) interest capitalised in the year

Transfers to Group undertakings took place following the corporate restructuring which resulted in the establishment of four new wholly-owned subsidiaries Regent Inns Walkabout Limited, Regent Inns Bar Risa Limited, Regent Inns Finance Limited and Regent Inns Property Limited

The charge for impairment relates to a freehold property acquired during the year in order to extinguish an onerous lease relating to discontinued operations of £1,368,000 The property was subsequently transferred to assets held-for-sale and a disposal achieved shortly after the period end for a small profit relative to its impaired value

The Group owns assets held under finance leases which have a net book value of £135,000 (2006 £nil) and accumulated depreciation of £11,000 (2006 £nil)

Group

	Land and buildings					
	Freeholds £000	Leaseholds longer than 50 years £000	Leaseholds between 20 and 50 years £000	Leaseholds less than 20 years £000	Equipment fixtures and fittings £'000	Total £000
Cost						
At 2 July 2005	26,841	2,790	99,543	13,924	53,377	196,475
Additions	450	223	2,757	1,193	5,079	9,702
Transfers	–	–	(23,974)	23,974	–	–
Disposals	(596)	–	(2,854)	–	(469)	(3,919)
At 1 July 2006	26,695	3,013	75,472	39,091	57,987	202,258
Accumulated depreciation						
At 2 July 2005	2,087	377	14,419	4,986	23,675	45,544
Charge for the period	143	71	3,049	823	6,193	10,279
Impairment adjustments	–	–	(398)	3,478	1,915	4,995
Transfers	–	–	(4,125)	4,125	–	–
Disposals	–	–	(2,213)	–	(327)	(2,540)
At 1 July 2006	2,230	448	10,732	13,412	31,456	58,278
Net book value						
At 1 July 2006	24,465	2,565	64,740	25,679	26,531	143,980
At 2 July 2005	24,754	2,413	85,124	8,938	29,702	150,931

Company		Land and buildings				
	Freeholds £'000	Leaseholds longer than 50 years £ 000	Leaseholds between 20 and 50 years £ 000	Leaseholds less than 20 years £ 000	Equipment, fixtures and fittings £'000	Total £ 000
Cost						
At 2 July 2005	26,247	2,790	99,543	13,691	53,589	195,860
Additions	450	223	2,757	1,193	5,079	9,702
Transfers	–	–	(23,974)	23,974	–	–
Disposals	(2)	–	(2,854)	–	(469)	(3,325)
At 1 July 2006	26,695	3,013	75,472	38,858	58,199	202,237
Accumulated depreciation						
At 2 July 2005	2,087	377	14,419	4,753	23,887	45,523
Charge for the period	143	71	3,049	823	6,193	10,279
Impairment adjustments	–	–	(398)	3,478	1,915	4,995
Transfers	–	–	(4,125)	4,125	–	–
Disposals	–	–	(2,213)	–	(327)	(2,540)
At 1 July 2006	2,230	448	10,732	13,179	31,668	58,257
Net book value						
At 1 July 2006	24,465	2,565	64,740	25,679	26,531	143,980
At 2 July 2005	24,160	2,413	85,124	8,938	29,702	150,337

The historical cost of land and buildings for both the Group and the Company includes capitalised interest of £2,635,000 (2005 £2,648,000)

The charge for impairment of £4,995,000, included the reallocation of previous impairments of £2,170,000

Transfers arose as a consequence of the unexpired lease periods at 11 venues declining from 20 years to less than 20 years during the year

14 Investments

Shares in subsidiary undertakings

	Company	
	30 June 2007 £'000	1 July 2006 £ 000
Cost and net book value		
As at beginning of period	**15,665**	15,665
Acquisitions		
– Old Orleans Limited (note 12)	**27,429**	–
– Brandasia Limited (note 12)	**568**	–
As at end of period	**43,662**	15,665

The Company wholly owns 26 subsidiaries, which have been consolidated into the Group financial statements, of these, seven traded during the year

Subsidiary	Trading activity	Holding
Regent Inns Walkabout Limited	Entertainment Bars	100%
Regent Inns Bar Risa Limited	Entertainment Bars	100%
Old Orleans Limited	Restaurants	100%
Brandasia Limited	Restaurants	100%
Regent Inns Property Limited	Property trading	100%
Regent Inns Finance Limited	Finance	100%
Swanarch Limited	Property investment	100%

All other subsidiaries are dormant and are registered in England and Wales, except Vered plc which is registered in the Isle of Man

15 Other non-current assets

	Group		Company	
	30 June 2007 £'000	1 July 2006 £'000	**30 June 2007 £'000**	1 July 2006 £'000
Lease premiums	**2,361**	2,504	**–**	2,504

16 Inventories

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	**30 June 2007 £'000**	1 July 2006 £'000
Food and drink for resale	**1,972**	1,839	**70**	1,839

The Group consumed £34,793,000 (£28,662,000) of inventories during the period in its continuing operations

The directors consider that the balance sheet value of stock is not materially different from its replacement cost

17 Trade and other receivables

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	**30 June 2007 £'000**	1 July 2006 £ 000
Amounts falling due within one year				
Trade receivables	**1,334**	1,082	**375**	1,082
Other debtors	**1,318**	201	**681**	201
Prepayments and accrued income	**5,594**	5,587	**1,804**	5,587
	8,246	6,870	**2,860**	6,870

18 Cash and cash equivalents

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	**30 June 2007 £'000**	1 July 2006 £ 000
Cash at bank and in hand	**4,463**	–	**4,385**	–
Overdraft	**–**	(10)	**–**	(10)
	4,463	(10)	**4,385**	(10)

Cash at bank and in hand are immediately available funds

19 Assets held-for-sale

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	**30 June 2007 £'000**	1 July 2006 £ 000
Unbranded pub venues				
As at beginning of period	**210**	210	**210**	210
Transferred from property, plant and equipment	**511**	–	**–**	–
As at end of period	**721**	210	**210**	210

The property transferred during the year related to a freehold property acquired in respect of a discontinued operation in order to extinguish an onerous lease The property was subsequently disposed of on 17 August 2007

20 Current financial liabilities

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	30 June 2007 £'000	1 July 2006 £'000
Secured bank loan	**2,787**	2,725	**2,725**	2,725
Bank overdraft	**–**	10	**–**	10
Interest rate swaps	**41**	95	**41**	95
Debenture loans				
5 6% Jongleurs unsecured convertible loan notes	**5,940**	–	**5,940**	–
Finance leases	**36**	–	**–**	–
	8,804	2,830	**8,706**	2,830

21 Current trade and other payables

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	30 June 2007 £'000	1 July 2006 £ 000
Trade payables	**5,831**	4,462	**5,673**	4,462
Tax and social security	**2,654**	2,302	**2,607**	2,302
Accruals and deferred income	**13,901**	8,709	**1,921**	8,709
Other payables	**185**	141	**125**	146
	22,571	15,614	**10,326**	15,619

22 Current tax liabilities

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	30 June 2007 £'000	1 July 2006 £ 000
Current tax liabilities	**874**	1,347	**1,128**	1,559

23 Non-current financial liabilities

	Group		Company	
	30 June 2007 £'000	1 July 2006 £'000	30 June 2007 £'000	1 July 2006 £'000
Secured bank loan	**69,858**	47,402	**69,670**	47,402
Interest rate swaps	**–**	347	**–**	347
Debenture loans				
5 6% Jongleurs unsecured convertible loan notes	**–**	5,940	**–**	5,940
Finance leases	**66**	–	**–**	–
	69,924	53,689	**69,670**	53,689

24 Financial instruments

As explained in the Finance review under Treasury policy on page 29, the Group's policy, which is consistent with the previous year, is to minimise exposure to fluctuations in interest rates This is achieved by fixing a substantial proportion of interest rate exposure through interest rate swap transactions Interest rate swaps undertaken since the adoption of IFRS have been structured so as to take advantage of hedge accounting in accordance with IAS 32, whereas those interest rate swaps existing at the time of the accounts conversion to IFRS do not comply with the criteria for hedge accounting All interest rate swaps are recorded at fair value as at the balance sheet date, movements in the fair values of those swaps qualifying for hedge accounting are taken directly to reserves, credit of £1,450,000 (2006 £nil), while those not qualifying are taken to the income statement, credit of £401,000 (2006 £850,000)

The fair value of interest rate swaps as at the balance sheet date were

Group and Company	30 June 2007		1 July 2006	
	Assets £'000	**Liabilities £'000**	Assets £ 000	Liabilities £ 000

Interest rate swaps hedge accounted	1,450	–	–	–
Interest rate swaps non-hedge accounted	–	41	–	442
	1,450	41	–	442
Less non-current portion	1,450	–	–	347
Current portion	–	41	–	95

The full fair value of a financial derivative is classified as a non-current asset and liability if its remaining maturity is more than 12 months and as a current asset and liability if the maturity is less than 12 months

The Group's principal financial instruments, other than interest rate derivatives, comprise bank loans, convertible loan stock, cash and short term deposits The main purpose of these financial instruments is to fund the Group's operations The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations

The Group does not trade outside of the United Kingdom and has no dependency on supplies from overseas and therefore does not have any foreign exchange risk

Credit risks are limited to the non-payment of rents in respect of sub-let properties Total rents receivable in the current year represented 1% (2006 1%) of the Group's total income

Given the cash nature of business income, the main factors affecting liquidity are the seasonality of sales, underlying business performance and the timing of capital investment, payments of interest and corporation tax Forward cash flow projections for periods varying between a financial quarter and a year are updated on a weekly basis and significant debt facilities are maintained to manage short term fluctuations in cash flow

Borrowings and interest rate swaps

The following table sets out the maturity profile for borrowings and interest rate swap liabilities

Group **2007**	**Within 1 year** **£'000**	**1–2 years** **£'000**	**2–3 years** **£'000**	**3–4 years** **£'000**	**4–5 years** **£'000**	**Total** **£'000**
Bank loans	**3,062**	**3,062**	**3,062**	**64,064**	**–**	**73,250**
Loan notes	**5,940**	**–**	**–**	**–**	**–**	**5,940**
Overdrafts	**–**	**–**	**–**	**–**	**–**	**–**
Finance leases	**36**	**44**	**22**	**–**	**–**	**102**
Borrowings	**9,038**	**3,106**	**3,084**	**64,064**	**–**	**79,292**
Interest rate swaps	**41**	**–**	**–**	**–**	**–**	**41**
Total	**9,079**	**3,106**	**3,084**	**64,064**	**–**	**79,333**

2006	Within 1 year £'000	1–2 years £ 000	2–3 years £'000	3–4 years £ 000	4–5 years £'000	Total £ 000
Bank loans	3,000	3,000	3,000	3,000	39,000	51,000
Loan notes	–	5,940	–	–	–	5,940
Overdrafts	10	–	–	–	–	10
Borrowings	3,010	8,940	3,000	3,000	39,000	56,950
Interest rate swaps	95	347	–	–	–	442
Total	3,105	9,287	3,000	3,000	39,000	57,392

Company **2007**	**Within 1 year** **£'000**	**1–2 years** **£'000**	**2–3 years** **£'000**	**3–4 years** **£'000**	**4–5 years** **£'000**	**Total** **£'000**
Bank loans	**3,000**	**3,000**	**3,000**	**64,000**	**–**	**73,000**
Loan notes	**5,940**	**–**	**–**	**–**	**–**	**5,940**
Overdrafts	–	**–**	**–**	**–**	**–**	**–**
Borrowings	**8,940**	**3,000**	**3,000**	**64,000**	**–**	**78,940**
Interest rate swaps	**41**	**–**	**–**	**–**	**–**	**41**

Total	**8,981**	**3,000**	**3,000**	**64,000**	**–**	**78,981**

2006	Within 1 year £000	1–2 years £000	2–3 years £000	3–4 years £000	4–5 years £'000	Total £000
Bank loans	3,000	3,000	3,000	3,000	39,000	51,000
Loan notes	–	5,940	–	–	–	5,940
Overdrafts	10	–	–	–	–	10
Borrowings	3,010	8,940	3,000	3,000	39,000	56,950
Interest rate swaps	95	347	–	–	–	442
Total	3,105	9,287	3,000	3,000	39,000	57,392

Loans

Group	30 June 2007		1 July 2006	
	£'000	**Interest**	£'000	Interest
Loan notes 2007				
Jongleurs unsecured convertible loan notes	**5,940**	**5 6%**	5,940	5 6%
Bank loans 2010				
Sterling – floating	**73,250**		51,010	

Company	30 June 2007		1 July 2006	
	£'000	**Interest**	£'000	Interest
Loan notes 2007				
Jongleurs unsecured convertible loan notes	**5,940**	**5 6%**	5,940	5 6%
Bank loans 2010				
Sterling – floating	**73,000**		51,010	

The Jongleurs unsecured convertible loan notes were issued to finance the acquisition of the Jongleurs business on 7 August 2000 Interest is payable at 5 6% p a The loan notes can be converted into Regent Inns plc ordinary shares at a price of 153p per share at any time at the option of the holder Loan stock not converted will be redeemed at par on 30 November 2007

The bank loans and overdrafts of £73,250,000 (2006 £51,010,000) are secured by a fixed charge over the Group's freehold and long leasehold properties and a floating charge over the remaining assets of the Group The Group's bankers have the right to set off any overdraft balances against cash deposits held

The Group's bank borrowings have financial covenants which if breached, would result in the borrowings becoming repayable immediately The covenants are all cash based, comprising interest cover, fixed cover and net debt to EBITDA

The disclosures below exclude short term debtors and creditors and all are designated in sterling

Interest rate risk	30 June 2007 £'000	1 July 2006 £000
Variable rate borrowings	**11,250**	–
Fixed rate borrowings	**67,940**	56,950
Nil rate liabilities	**4,625**	4,880
Gross borrowings	**83,815**	61,830

Variable rate borrowings relate to bank loans on which interest has not been fixed through interest rate swaps Fixed rate borrowings include loans, which are fixed through interest rate swaps and the Jongleurs convertible loan stock Where interest rates are fixed, interest rate swaps have been used to fix forward interest rates and to manage the Group's exposure to fluctuations in market rates

The nil rate liabilities relate to the onerous lease provision

Variable rate borrowings bear interest based on LIBOR fixed for periods of up to six months

Interest rate swaps in place at the balance sheet date were as follows

Transaction date	Start date	End date	Rate %	30 June 2007 £'000	1 July 2006 £'000
10 December 2001	10 December 2001	10 July 2006	5 29	–	50,000
23 December 1999	23 December 1999	24 September 2007	7 33	**12,000**	12,000
29 June 2006	10 July 2006	10 July 2008	5 15	**10,000**	–
29 June 2006	10 July 2006	10 July 2009	5 20	**10,000**	–
19 September 2006	19 September 2006	18 September 2010	5 25	**10,000**	–
14 September 2006	18 September 2006	18 September 2011	5 15	**10,000**	–
19 September 2006	19 September 2006	18 September 2011	5 22	**10,000**	–
				62,000	62,000

The fixed rate interest profile, after taking account of interest rate swaps, was as follows

	30 June 2007			1 July 2006		
	Principal £'000	**Weighted average rate %**	**Weighted average life Year**	Principal £ 000	Weighted average rate %	Weighted average life Year
Convertible loan stock	**5,940**	**5 60**	**0 4**	5,940	5 60	1 4
Bank loans	**62,000**	**6 74**	**2 4**	51,010	6 75	0 3
Total fixed rate	**67,940**	**6 64**	**2 2**	56,950	6 65	0 4

The interest margin over LIBOR payable on bank loans (included in the weighted average rates above) at the balance sheet date was 1 25% (2006 1 00%)

Fair values

The table below compares, by category, the book value and fair values of the Group's and Company's financial assets and liabilities

Group	30 June 2007		1 July 2006	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £ 000
Financing instruments				
Short term borrowings	**(3,098)**	**(3,098)**	(3,010)	(3,010)
Long term borrowings	**(70,254)**	**(70,254)**	(48,000)	(48,000)
Short term receivables	**8,246**	**8,246**	6,870	6,870
Short term payables	**(22,571)**	**(22,571)**	(15,614)	(15,614)
Convertible loan stock	**(5,940)**	**(5,940)**	(5,940)	(5,940)
Provision for onerous leases	**(4,625)**	**(4,625)**	(4,880)	(4,880)
Cash at bank and in hand	**4,463**	**4,463**	–	–
Derivative instruments				
Interest rate hedges	**1,450**	**1,450**	–	–
Interest rate swaps	**(41)**	**(41)**	(442)	(442)

Company	30 June 2007		1 July 2006	
	Book value £'000	**Fair value £'000**	Book value £ 000	Fair value £ 000
Financing instruments				
Short term borrowings	**(3,000)**	**(3,000)**	(3,010)	(3,010)
Long term borrowings	**(70,000)**	**(70,000)**	(48,000)	(48,000)
Short term receivables	**2,860**	**2,860**	6,870	6,870
Short term payables	**(10,326)**	**(10,326)**	(15,619)	(15,619)
Convertible loan stock	**(5,940)**	**(5,940)**	(5,940)	(5,940)
Provision for onerous leases	**(3,984)**	**(3,984)**	(4,880)	(4,880)
Cash at bank and in hand	**4,385**	**4,385**	–	–
Derivative instruments				

Interest rate hedges	**1,450**	**1,450**	–	–
Interest rate swaps	**(41)**	**(41)**	(442)	(442)

The fair values of the loan notes and the interest rate swaps have been determined using the yield curve prevailing at the balance sheet date

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 30 June 2007 was as follows

	30 June 2007 £'000	1 July 2006 £ 000
In one year or less	**9,038**	3,010
In more than one year but not more than five years		**70,254**
53,940		
	79,292	56,950

Liquidity risk

At 30 June 2007, the Group had undrawn committed borrowing facilities of £30,200,000 (2006 £39,200,000)

25 Provisions

Group	Onerous leases £ 000	Deferred taxation £ 000	Total £ 000
At 1 July 2006	4,880	19,026	23,906
Arising on acquisition of Old Orleans Limited	700	2,762	3,462
New provisions charged to the income statement	2,440	–	2,440
Provisions released to the income statement	(2,085)	(1,069)	(3,154)
Provision arising on gain on hedge accounted derivative financial instrument	–	406	406
Utilised	(1,310)	–	(1,310)
At 30 June 2007	**4,625**	**21,125**	**25,750**

Company	Onerous leases £ 000	Deferred taxation £'000	Total £ 000
At 1 July 2006	4,880	19,057	23,937
Transferred to subsidiary undertakings	–	(18,476)	(18,476)
New provisions charged to the income statement	2,440	–	2,440
Provisions released to the income statement	(2,085)	(36)	(2,121)
Provision arising on gain on hedge accounted derivative financial instrument	–	406	406
Utilised	(1,251)	–	(1,251)
At 30 June 2007	**3,984**	**951**	**4,935**

Within onerous leases, £1,200,000 (2006 £800,000) is due to be utilised within one year within the Group and £964,000 (2006 £800,000) is due to be utilised within one year within the Company

Onerous leases

Provision has been made for future lease commitments in relation to several leasehold properties where the Group has ceased trading and which are now being marketed for disposal or which have been sub-let at rentals below the passing rent The provision comprises estimates of future lease commitments and other outgoings including shortfalls in sub-let rental income Future cash outflows have been discounted at 7 5%, the Group's weighted average cost of capital

With the exception of the £700,000 provision arising on the acquisition of Old Orleans Limited, the entire provision relates to properties that comprise discontinued operations

Deferred taxation

Deferred taxation provided in the accounts is as follows

	Group	Company

	Provided 30 June 2007 £'000	Provided 1 July 2006 £ 000	Provided 30 June 2007 £'000	Provided 1 July 2006 £ 000
Accelerated capital allowances	**17,329**	15,010	**1,171**	15,010
Other timing differences	**352**	(303)	**314**	(272)
Held-over gains	**1,410**	1,511	**28**	1,511
Rolled-over gains/losses	**2,034**	2,808	**(562)**	2,808
	21,125	19,026	**951**	19,057

26 Other non-current liabilities

	Group		Company	
	30 June 2007 £'000	1 July 2006 £ 000	**30 June 2007 £'000**	1 July 2006 £ 000
Lease incentives	**1,991**	2,095	–	2,095

27 Called up share capital

	Group and Company	
	30 June 2007 £'000	1 July 2006 £'000
Authorised		
125,000,000 (2006 125,000,000) ordinary shares of 5p each	**6,250**	6,250
Allotted, called up and fully paid		
113,349,499 (2006 113,303,880) ordinary shares of 5p each	**5,666**	5,664

Movements of share capital were as follows

	Number	£'000
At 1 July 2006	113,303,880	5,664
Issued during the year	45,619	2
At 30 June 2007	**113,349,499**	**5,666**

Each ordinary share carries equal voting rights and is entitled to an equal share of distributable profits and repayment of capital

As at 30 June 2007, share options were outstanding as follows

Number of employees	Exercise price	Share price at date of grant	Date of grant	Date first exercisable	Date of expiry	1992 ESOT Approved Executive Share Option Scheme	1995 Unapproved Executive Share Option Scheme	1996 Approved Executive Share Option Scheme	1998 SAYE Scheme	Restricted Share Scheme	Total
3	182 0p	188 5p	27 04 99	27 04 02	26 12 09	–	–	17,500	–	–	17,500
1	182 0p	188 5p	27 04 99	27 04 02	26 12 09	–	7,500	–	–	–	7,500
1	182 7p	180 1p	22 10 99	22 10 02	21 10 09	–	–	10,000	–	–	10,000
4	125 9p	127 8p	12 04 00	12 04 03	11 04 10	–	–	20,000	–	–	20,000
1	125 9p	127 8p	12 04 00	12 04 03	11 04 10	–	10,000	–	–	–	10,000
12	162 5p	160 3p	14 02 011	14 02 04	13 02 11	–	–	61,905	–	–	61,905
3	162 5p	160 3p	14 02 011	14 02 04	13 02 11	–	32,554	–	–	–	32,554
17	162 4p	161 5p	13 02 021	13 02 05	12 02 12	–	–	94,297	–	–	94,297
7	162 4p	161 5p	13 02 021	13 02 05	12 02 12	–	108,916	–	–	–	108,916
2	159 0p	156 0p	21 02 021	21 02 05	20 02 12	25,952	–	–	–	–	25,952
1	92 8p	102 5p	01 11 02	01 12 07	20 06 08	–	–	–	1,061	–	1,061
6	67 7p	65 5p	12 02 032	12 02 06	11 02 13	–	291,536	–	–	–	291,536
24	67 7p	65 5p	12 02 032	12 02 06	11 02 13	–	–	166,823	–	–	166,823
15	70 2p	72 5p	12 02 042	12 02 07	11 02 14	–	488,453	–	–	–	488,453
34	70 2p	72 5p	12 02 042	12 02 07	11 02 14	–	–	249,165	–	–	249,165
1	43 0p	41 5p	02 11 044	02 11 07	01 11 14	–	–	69,767	–	–	69,767
3	43 0p	41 5p	02 11 044	02 11 07	01 11 14	–	1,830,233	–	–	–	1,830,233

18	35 7p	69 0p 14 12 04	14 01 08	13 07 08	–	–	–	279,888	–	279,888
4	35 7p	69 0p 14 12 04	14 01 10	13 07 10	–	–	–	92,626	–	92,626
1	92 9p	85 3p 17 02 052	17 02 08	16 02 15	–	139,935	–	–	–	139,935
33	92 9p	85 3p 23 02 052	23 02 08	22 02 15	–	–	208,508	–	–	208,508
16	85 5p	84 0p 23 02 052	23 02 08	22 02 15	–	157,492	–	–	–	157,492
1	92 9p	93 5p 14 03 052	14 03 08	13 03 15	–	–	32,310	–	–	32,310
1	92 9p	93 5p 14 03 052	14 03 08	13 03 15	–	59,237	–	–	–	59,237
12	80 3p	95 5p 01 12 05	01 01 09	01 06 09	–	–	–	51,227	–	51,227
3	80 3p	95 5p 01 12 05	01 11 11	01 06 11	–	–	–	26,463	–	26,463
77	Nil	95 5p 20 03 063	20 03 09	19 03 16	–	–	–	–	527,000	527,000
1	Nil	73 3p 03 10 063	03 10 09	02 10 16	–	–	–	–	217,391	217,391
117	Nil	106 5p 19 03 073	19 03 10	18 03 17	–	–	–	–	1,011,445	1,011,445
43	88 64	107 8p 01 05 07	01 05 10	01 11 10	–	–	–	148,813	–	148,813
9	88 64	107 8p 01 05 07	01 05 12	01 11 12	–	–	–	66,722	–	66,722
Total share options outstanding at balance sheet date					**25,952**	**3,125,856**	**930,275**	**666,800**	**1,755,836**	**6,504,719**
Options exercisable at balance sheet date					–	**17,500**	**47,500**	–	–	**65,000**

Summary of performance criteria

1 Minimum growth in earnings per share of RPI + 4% each year p a over a three year period up to year 10
2 Minimum growth in earnings per share of RPI + 4% each year p a over a three year period up to year 5
3 50% of an Award requires EPS growth of between RPI plus 4% p a to RPI plus 9% p a over the three-year period from grant for between 30% and (increasing on a straight line basis) 100% of this part of the award to vest (i e between 15% and 50% of the total award) 50% of an Award requires the Company's Total Shareholder Return ('TSR) measured against the constituents of the FTSE SmallCap at grant to be between median to upper quartile over the three-year period from grant for between 30% and (increasing on a straight-line basis) 100% of this part of the award to vest (i e between 15% and 50% of the total award) up to year 3 only The share price on 19 March 2007 was 107p
4 As part of the recruitment package for the Executive Chairman and Chief Financial Officer Bob Ivell and John Leslie were granted options to subscribe for ordinary shares in the Company under the Company s 1996 Approved and 1995 Unapproved Executive Share Option Schemes at an exercise price of 43p per share Exercise of such options is conditional upon thresholds being achieved for TSR over the three year period ending with the Company's financial year ending on or around 5 July 2007 (or earlier on a change of control of the Company)
For Bob Ivell who was granted 1 050 000 Unapproved options 800 000 options will vest if TSR of 16p per share is achieved and for every 5p achieved above 16p a further 25 000 options will vest (up to the maximum 1 050 000 options in aggregate) For John Leslie who was granted 69 767 Approved options and 780 233 Unapproved options all 69 767 Approved options and 580,233 Unapproved options will vest if TSR of 16p per share is achieved and for every 5p achieved above 16p, 20 000 Unapproved options will vest (up to the maximum 780 233 Unapproved options in aggregate)
On the basis that the actual exercise price of the share options exceeded 35p per share Bob Ivell and John Leslie are both entitled to receive a cash payment of £61 000 each (being £8 000 per 1p increase in such exercise price over 35p up to 40p and £7 000 per 1p increase in such exercise price over 40p up to 45p) Such payment is payable by the Company on 26 October 2007 (provided that the individual is still employed by the Company on such date) or if earlier on a takeover of the Company
The recruitment awards detailed above were one off recruitment awards considered essential to attract these key individuals to the Company

All options are to be settled in equity

Movements during the year in the number of share options were

	Weighted average share price at date of exercise	ESOT Approved Executive Share Option Scheme	1992 1995 Unapproved Executive Share Option Scheme	1996 Approved Executive Share Option Scheme	1998 SAYE Scheme	Restricted Share Scheme	Total
At 1 July 2006		25,952	3,740,727	1,157,300	575,979	765,387	6,265,345
Granted		–	–	–	218,946	1,230,836	1,449,782
Exercised							
18 12 06	85 5p	–	–	–	(12,841)	–	(12,841)
02 01 07	87 8p	–	–	–	(1,978)	–	(1,978)
12 01 07	94 5p	–	–	–	(5,136)	–	(5,136)
12 01 07	94 5p	–	–	–	(8,988)	–	(8,988)
18 01 07	96 0p	–	–	–	(1,540)	–	(1,540)
31 01 07	98 0p	–	–	–	(5,136)	–	(5,136)
02 02 07	99 3p	–	–	(5,000)	–	–	(5,000)
02 02 07	99 3p	–	–	(5,000)	–	–	(5,000)
		–	–	(10,000)	(35,619)	–	(45,619)
Lapsed		–	(614,871)	(217,025)	(92,506)	(240,387)	(1,164,789)
At 30 June 2007		**25,952**	**3,125,856**	**930,275**	**666,800**	**1,755,836**	**6,504,719**

Since 30 June 2007, 69,545 options have lapsed and none have been exercised, no new options have been granted

28 Share-based payments

The fair value of options has been calculated using a Black-Scholes model except where the award includes a market-based performance criteria, for which a stochastic simulation model has been used 85% of the total number of options awarded in the reporting period included a market-based performance criteria (2006 88%)

During the year, options were granted over 1,449,782 shares of which 218,946 were granted at an exercise price of 88 6p per share and 1,230,836 were granted at an exercise price of nil pence per share At the date of grant the share price was 106 5p for 1,013,445 shares, 73 3p for 217,391 shares and 107 8p for 218,946 shares

The weighted average fair value of all options granted in the year was 93 0p per share (2006 76 3p per share)

The main assumptions used within the models during the year were

	52 weeks ended 30 June 2007	52 weeks ended 1 July 2006
Dividend yield	**2 33%**	2 33%
Expected volatility	**42 50%**	42 50%
Historic volatility	**42 50%**	42 50%
Risk-free interest rate	**4 77–5 27%**	4 16–4 33%
Expected life of rights		
– 3 year SAYE	**3 3 years**	3 3 years
– 5 year SAYE	**5 3 years**	5 3 years
– other schemes	**6 5 years**	6 5 years

IFRS 2 requires the dividend yield to be based on the Company's historic dividend yield However, as the Company has not paid a dividend since 2004 and given the sensitivity surrounding the indication of future dividend policy, the directors are of the opinion that the average dividend yield of the FTSE All Share Travel and Leisure sector provides the better basis for the calculation Accordingly, 2 33% has been used in all calculations

Expected volatility is based on historic volatility, but given that various measurement periods returned volatility rates of between 39% and 45%, the directors have determined that 42 5% is an appropriate measure

Risk-free interest rates are based on the yield on UK Government treasury bonds with a maturity date approximating to the vesting date of the option, as published in the Financial Times on the date of grant

The fair values of options calculated by each model has been further adjusted to reflect the lapsing of options as employees leave the business prior to the vesting date The forward lapse rate reflects the historical lapse rate for each specific population except where exceptional circumstances have influenced the historic rate Lapse rate assumptions vary between 0% for grants to directors to 94% for grants under the five year SAYE option scheme

As the charge applies only to options issued from 7 November 2002, the Board believes that analysing the charge by year of grant will enable users of the accounts to better predict future charges

Charges relating to options granted in	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000
2007	**103**	–
2006	**28**	111
2005	**87**	141
2004	**76**	79
2003	**–**	(31)
	294	300

During the year, 45,619 shares subject to a charge under IFRS 2 were exercised The weighted average share price at the date of exercise was 99 3p

29 Statement of changes in equity

The Company has taken advantage of the exemption order under the Companies Act 1985 (s230) not to present its own income statement Of the Group result for the financial year attributable to shareholders, profit of £50,140,000 (2006 £2,323,000) has been dealt with in the financial statements of the parent company

Capital reserve

The investment in own shares relates to shares held under the following two arrangements

Employee Share Ownership Trust
The holding comprises 126,200 (2006 126,200) shares with a market value at 30 June 2007 of £105,377 (2006 £105,693), of which 25,952 (2006 25,952) are held to satisfy options granted by the Company to certain employees (note 27) and 100,248 are to be used for the Restricted Share Scheme The trustees are permitted to acquire shares either by subscription or by acquiring shares in the market The Employee Share Ownership Trust may be financed by loans or contributions from the Company or by the Company guaranteeing external loans

Restricted Share Scheme
The holding comprises 687,500 (2006 437,500) shares, the market value of which at 30 June 2007 was £574,063 (2006 £366,406)

Retained earnings
The Company's retained earnings comprises £9,144,000 (2006 £3,955,000) of distributable earnings and £45,995,000 (2006 £nil) of non-distributable earnings The non-distributable earnings arose on the disposal of property, plant and equipment to subsidiary undertakings

30 Cash generated from operations

	Group		Company	
	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000	**52 weeks ended 30 June 2007 £'000**	52 weeks ended 1 July 2006 £ 000
Continuing operations				
Net profit	**6,792**	4,090	**50,682**	4,674
Adjustments for				
Taxation	**(644)**	887	**431**	893
Depreciation	**10,465**	10,279	**8,654**	10,279
Brand and franchise amortisation	**237**	–	–	–
Impairment provision	–	4,995	–	4,995
Loss/(profit) on disposal of property, plant and equipment	**206**	28	**(45,789)**	(550)
Exceptional items	**1,730**	579	**555**	579
Interest income	**(120)**	(206)	**(120)**	(206)
Gains arising on interest rate swaps	**(401)**	(850)	**(401)**	(850)
Interest expense	**5,859**	5,030	**5,843**	5,030
Share-based payments	**294**	300	**294**	300
Lease premiums	**143**	143	**118**	143
	24,561	25,275	**20,267**	25,287
Changes in working capital				
Increase in inventories	**(119)**	(293)	**(1,770)**	(293)
(Increase)/decrease in trade and other receivables		**(548)**	(1,012)	**3,969**
(1,024)				
Increase in trade and other payables	**3,483**	299	**4,316**	299
Cash generated from continuing operations before exceptional items		**27,377**	24,269	**26,782**
24,269				
Cash outflows resulting from exceptional items	**(1,645)**	(378)	**(676)**	(378)
Cash generated from continuing operations	**25,732**	23,891	**26,106**	23,891
Discontinued operations				
Net loss	**(1,910)**	(2,351)	**(542)**	(2,351)
Adjustments for				
Taxation	**(128)**	(374)	**(128)**	(374)
Impairment provision	**1,368**	–	–	–
Loss on disposal of property, plant and equipment	**242**	367	**242**	367
Onerous lease provisions – new	**2,440**	2,065	**2,440**	2,065
Onerous lease provisions – releases	**(2,085)**	–	**(2,085)**	–
	(73)	(293)	**(73)**	(293)
Changes in working capital				
Decrease in inventories	**1**	2	**1**	2
Decrease in trade and other receivables	**41**	57	**41**	57
Increase/(decrease) in trade and other payables	**2**	(47)	**2**	(47)

Cash outflows from discontinued operations before exceptional items	(281)	**(29)**	(281)	**(29)**
Cash outflows resulting from exceptional items	**(1,264)**	(510)	**(1,264)**	(510)
Cash outflow from discontinued operations	**(1,293)**	(791)	**(1,293)**	(791)
Cash generated from operations	**24,439**	23,100	**24,813**	23,100

31 Reconciliation of net cash flow to movement in net debt

	Group		Company	
	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000	**52 weeks ended 30 June 2007 £'000**	52 weeks ended 1 July 2006 £'000
Increase/(decrease) in cash in the period	**4,473**	(4,664)	**4,395**	(4,664)
Cash (inflow)/outflow from (increase)/decrease in loans	**(22,000)**	12,196	**(22,000)**	12,196
(Increase)/reduction in net debt resulting from cash flows	**(17,527)**	7,532	**(17,605)**	7,532
Loans acquired with subsidiary undertakings	**(250)**	–	**–**	–
Finance leases acquired with subsidiary undertakings	**(134)**	–	**–**	–
Repayment of finance leases during the period	**32**	–	**–**	–
Other non cash changes – amortisation of arrangement fees	**(268)**	873	**(268)**	873
Net debt at 1 July 2006 and 2 July 2005	**(56,137)**	(64,542)	**(56,137)**	(64,542)
Net debt at 30 June 2007 and 1 July 2006	**(74,284)**	(56,137)	**(74,010)**	(56,137)

Prepaid bank loan facility arrangement fees of £605,000 (2006 £873,000) have been set off against the net debt figures

32 Commitments under operating leases

The Group and the Company had commitments under non-cancellable operating leases as follows

Group	**30 June 2007**		1 July 2006	
	Property £'000	**Other £'000**	Property £ 000	Other £'000
Within one year	**15,925**	**180**	12,189	99
In two to five years	**63,862**	**573**	49,143	230
After five years	**263,464**	**–**	227,641	–
	343,251	**753**	288,993	329

Company	**30 June 2007**		1 July 2006	
	Property £'000	**Other £'000**	Property £ 000	Other £ 000
Within one year	**776**	**180**	12,189	99
In two to five years	**3,581**	**573**	49,143	230
After five years	**13,319**	**–**	227,641	–
	17,676	**753**	288,993	329

The Group has 86 trading venues and the Company has four trading venues, which are subject to operating leases The Group has 46 venues which have leases of between 20 and 35 years, whilst the Company has three Other operating leases are for motor vehicles, which are subject to five year leases

33 Related parties

Brandasia Limited

On 14 December 2006, Regent Inns plc lent Brandasia Limited £500,000 under a convertible loan arrangement This amount remained outstanding at 30 June 2007 The convertible loan entitles Regent Inns plc, at any time, to convert the whole or part of the loan into ordinary shares of

Brandasia Limited at the conversion rate of 2 5 ordinary shares of 10p each for each £1 of convertible loan

On 31 March 2007, Russell Scott the Group's Managing Director – Operations, transferred his 92% shareholding in Brandasia Limited to Regent Inns plc for £nil consideration

Corporate restructuring
On 27 April 2007, Regent Inns plc lent £137,466,635 to its wholly owned subsidiary, Regent Inns Finance Limited, which amount remained outstanding as an inter-company balance at 30 June 2007

On 27 April 2007, Regent Inns Finance Limited lent £6,216,635 to Old Orleans Limited (a fellow wholly-owned subsidiary), £112,500,000 to Regent Inns Walkabout Limited (a fellow wholly-owned subsidiary) and £18,750,000 to Regent Inns Bar Risa Limited (a fellow wholly-owned subsidiary) under inter-company convertible loan note arrangements, which amounts remained outstanding as inter-company balances at 30 June 2007

On 27 April 2007, Regent Inns plc sold its Walkabout venues to Regent Inns Walkabout Limited for £150,000,000 and its Jongleurs and Bar Risa venues to Regent Inns Bar Risa Limited for £25,000,000 as well as lending those companies £37,500,000 and £6,250,000 respectively, Regent Inns plc was owed £31,311,991 and £5,770,502 by Regent Inns Walkabout Limited and Regent Inns Bar Risa Limited respectively at 30 June 2007

On 27 April 2007, Old Orleans Limited repaid a loan of £6,216,635 to Regent Inns plc and at 30 June 2007 had an inter-company balance owing to Regent Inns plc of £1,781,770

Key management compensation
Key management personnel, other than executive and non-executive directors, comprises heads of department and operational area managers Their aggregate remuneration amounted to

	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000
Salaries and other short-term benefits	**1,289**	1,016
Pensions	**66**	52
Share-based benefits	**57**	78
	1,412	1,146

Other
Regent Inns plc paid rent to its wholly-owned subsidiary, Swanarch Limited of £nil (2006 £17,319) The inter-company balance owing to Swanarch Limited at 30 June 2007 was £330,307 (2006 £330,307)

34 Capital commitments
Amounts contracted but not provided for in the financial statements of both the Group and Company amounted to £907,000 (2006 £209,000)

35 Post balance sheet events
On 17 August 2007, a discontinued operations asset held for resale with a carrying value at 30 June 2007 of £511,000 was disposed of for a negligible profit

36 EBITDA – before exceptional items
Earnings before interest, tax, depreciation and amortisation ('EBITDA') is derived as follows

	52 weeks ended 30 June 2007 £'000	52 weeks ended 1 July 2006 £ 000
Continuing operations		
Operating profit before exceptional items and brand amortisation	**13,651**	14,553
Depreciation	**10,465**	10,279
Amortisation of franchise fees	**8**	–
EBITDA before exceptionals – continuing operations		**24,124**
24,832		
Discontinued operations		
Operating loss before exceptionals	**(73)**	(293)
Total EBITDA before exceptionals	**24,051**	24,539

Five year summary

	IFRS	IFRS	IFRS	UK GAAP	UK GAAP
	52 weeks 30 June 2007 £'000	52 weeks 1 July 2006 £ 000	52 weeks 2 July 2005 £'000	52 weeks 3 July 2004 £'000	52 weeks 5 July 2003 £ 000
Revenue	**148,927**	127,641	131,272	122,667	110,757
Operating profit*	**13,651**	14,553	16,437	18,301	20,002
Interest payable and similar charges	**(5,859)**	(5,030)	(5,852)	(6,085)	(6,201)
Interest receivable	**521**	1,056	149	79	559
Profit before goodwill amortisation, exceptional items and brand amortisation	**8,313**	10,579	10,734	12,295	14,360
Goodwill amortisation	**–**	–	–	(431)	(431)
Exceptional items					
– Sales of property, plant and equipment	**(206)**	(28)	57	–	1,001
– Fundamental reorganisation	**–**	–	–	(17,174)	–
– Impairment provision	**–**	(4,995)	–	–	–
– Other	**(1,730)**	(579)	(4,291)	–	–
Brand amortisation	**(229)**	–	–	–	–
Taxation	**644**	(887)	(164)	(381)	(4,045)
Profit from continuing operations	**6,792**	4,090	6,336	(5,691)	10,885
Discontinued operations					
Loss on trading activities	**(51)**	(205)	(728)	(1,905)	1,207
Fundamental reorganisation	**–**	–	–	–	(9,870)
Impairment provision	**(1,368)**	–	–	–	–
Onerous leases	**(249)**	(1,779)	–	–	–
Loss on sale of property, plant and equipment	**(242)**	(367)	(160)	–	–
Loss from discontinued operations	**(1,910)**	(2,351)	(888)	(1,905)	(8,663)
Profit/(loss) for the period attributable to equity shareholders	**4,882**	1,739	5,448	(7,596)	2,222
Dividend	**–**	–	–	(2,044)	(4,695)
Profit/(loss) retained for the year	**4,882**	1,739	5,448	(9,640)	(2,473)
Dividend	**–**	–	–	1 82p	5 18p
Dividend cover* (note 1)	**–**	–	–	3 6	2 1
Interest cover* (note 2)	**2 5**	3 6	2 7	2 8	3 4
Earnings per share* (note 3)	**7 5p**	7 5p	7 8p	7 2p	11 0p

* Before goodwill amortisation exceptional items and brand amortisation

Notes

1 Dividend cover is calculated as the number of times the dividend payable is covered by profit after taxation

2 Interest cover is calculated as the number of times net interest payable is covered by total Group operating profit before goodwill amortisation exceptional items and brand amortisation

3 Earnings per share is calculated by dividing total Group retained earnings before goodwill amortisation exceptional items brand amortisation and profit/(loss) on sale of property plant and equipment net of taxation thereon divided by the basic weighted average number of shares in issue during the period

Shareholder information

Further copies of the Annual Report and financial statements are available from the registered office and can be downloaded from the Company's website www regentinns co uk

The Company's share price is quoted in the Financial Times, The Times, The Daily Telegraph, the Daily Mail and the London Evening Standard each day More regularly updated information is available from the Financial Times Cityline premium rate telephone service on 0906 843 2190

A low cost Telephone Share Dealing Service has been arranged with Stocktrade which provides a simple way for buying or selling Regent Inns plc shares Basic commission is 0 5% on sales values up to £10,000, reducing to 0 2% thereafter (subject to a minimum commission of £15) Sales are carried out on a 10 day settlement basis with purchases on a five day basis When purchasing shares, payment must be made by debit card at the time of dealing For further information please call 0845 601 0995 and quote reference Low Co117

A computerised system for settling sales and purchases of shares 'CREST' operated for the Company's shares during the year It is a voluntary system which enables shareholders, if they so choose, to hold and transfer shareholdings electronically rather than in paper form Shareholders wishing to retain their paper certificates continue to be able to do so

	Shareholders		Shareholdings	
Shareholdings as at 30 June 2007	No	%	No	%
By shareholders				
Directors and connected persons	5	0 28	158,193	0 14
Individuals and trustees	1,418	79 53	10,183,836	8 98
Insurance companies, investment trusts, nominees, banks and pension funds	318	17 83	101,831,607	89 84
Limited companies and other institutions	42	2 36	1,175,863	1 04
	1,783	100 00	113,349,499	100 00

	Shareholders		Shareholdings	
Shareholdings as at 30 June 2007	No	%	No	%
By shareholdings				
Up to 500	494	27 71	94,395	0 08
500 to 1,000	251	14 08	197,962	0 18
1,001 to 5,000	510	28 60	1,247,059	1 10
5,001 to 10,000	185	10 37	1,375,151	1 21
10,001 to 50,000	221	12 39	4,411,340	3 89
50,001 to 100,000	39	2 19	2,896,428	2 56
100,001 to 500,000	44	2 47	10,759,966	9 49
500,001 to 1,000,000	11	0 62	8,272,666	7 30
1,000,001 and above	28	1 57	84,094,532	74 19
	1,783	100 00	113,349,499	100 00

Advisors

Registrars
Capita IRG
Northern House
Woodsome Park
Ferry Bridge
Huddersfield
West Yorkshire HD8 0LA

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Financial Advisors
Dawnay Day Corporate Finance Limited
17 Grosvenor Gardens
London SW1W 0BD

Bankers
Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

The Royal Bank of Scotland PLC
280 Bishopsgate
London EC2M 4RB

Bank of Scotland
Bishopsgate Exchange
155 Bishopsgate
London EC2M 3YB

West LB AG
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

Stockbrokers
Panmure Gordon (UK) Limited
Moorgate Hall, 155 Moorgate
London EC2M 6XB

Solicitors
Lawrence Graham LLP
4 More London Riverside
London SE1 2AU

Financial Calendar

Annual General Meeting
3 December 2007

Announcement of 2008 interim results
February 2008

Announcement of 2008 final results
September 2008

Company Information

Secretary and Registered Office
Claire Yarlett FCIS
Rowley House
South Herts Office Campus
Elstree Way
Borehamwood
Herts WD6 1JH

Company Number
1973490

Head Office
Rowley House
South Herts Office Campus
Elstree Way
Borehamwood
Herts WD6 1JH

Tel 020 8327 2540
Fax 020 8327 2541

www regentinns co uk