Company No: 2006409

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

FINANCIAL STATEMENTS

FOR THE 79 WEEKS ENDED 2 JANUARY 2011

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GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

COMPANY INFORMATION

FOR THE 79 WEEKS ENDED 2 JANUARY 2011

Number	2006409
Directors	S Smith S Rowe
Registered Office	8-10 Grosvenor Gardens London SW1W 0DH

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the 79 weeks ended 2 January 2011

1. Principal activity, review of business and future developments

The principal activity of the Company during the period was the ownership and management of a restaurant business in the UK under the brand names Chez Gérard, Bertorelli and Livebait

At the end of the period, the Company was trading out of 17 sites (2009 22 sites)

The Company has endured a difficult trading period with consumer spending in decline and significant competition in the market place 4 sites were disposed of during the period, 3 Bertorellis and a poorly performing Chez Gérard plus the lease expired on a Chez Gérard Subsequent to the period end another Chez Gérard has been disposed of The Directors expect that with the remaining estate, which is supported by new menus, brand websites and enhanced service training, the business will be returned to a much firmer footing Whilst the market remains highly competitive, and promotion driven, they are already showing signs of improvement

The Company has recently initiated a major cost reduction programme which will more than halve central overhead costs

The profit and loss is set out on page 8 and shows a turnover for the period of £42,676,000 (2009 £34,857,000) and a loss after tax of £17,034,000 (2009 loss £934,000)

Operating profit excluding exceptional re-organisation costs and onerous lease provisions, fixed asset & goodwill impairment, provisions against parent company loans, depreciation and amortisation was £2,250,000 (2009 £2,731,000)

The directors seek to identify and mitigate risks to the business on an ongoing basis These can be broadly categorised as follows

- Strategic / external – where risks such as the overall adverse economic conditions, or competitive pressures, are mitigated by the regular monitoring of performance and appropriate action plans

- Operational – where potential customer service issues are identified by the use of mystery diners and customer feedback and addressed by focussed training Supply risks are mitigated by having alternate supplier arrangements in place Key staff are secured by way of appropriate incentive schemes

- Financial – key raw material increases are managed by use of longer term pricing agreements wherever possible, which also applies to utilities Financial performance is regularly monitored to ensure banking covenants are met

- Compliance – external advisers are used to identify and address potential health & safety exposures plus ensure compliance with latest legislation

Groupe Chez Gérard Restaurants Limited is a subsidiary of Craftbutton Limited A Directors' Report on the Group activities is included in the accounts of Craftbutton Limited, which in particular refers to the Group's financial restructuring which took place post the balance sheet date

Events since the period end which materially affect the position of the Company are disclosed in note 22, including the £15 5 million increase in the equity base of the Company through the issue of new shares

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

DIRECTORS' REPORT (continued)

2 Results and dividends

The results of the Company are set out in the profit and loss account on page 8 The loss for the period after taxation amounted to £17,034,000 (2009 loss £934,000)

The Directors do not recommend a dividend payment for the period (2009 £nil)

3 Going concern

The Directors believe that the Group has adequate resources to continue to adopt the going concern basis in preparing the accounts This matter is more fully described in note 1 to the financial statements

4. Directors

The Directors of the Company at 2 January 2011 who served during the period and since the period end were

M Phillips	(appointed 2 July 2009, resigned 30 June 2010)
P Hill	(resigned 18 June 2010)
W Rollason	(appointed 14 July 2010, resigned 29 July 2011)
S Rowe	(appointed 3 August 2010)
S Smith	(appointed 29 July 2011)

5. Financial Instruments

The Company does not use complicated financial instruments The company has financial instruments such as debtors, trade creditors and accruals that arise directly from the company's operations The credit risk associated with trade debtors is relatively limited as most of the customers pay by cash or credit card The Company cash flow can vary significantly and the company monitors cashflow as part of its day to day procedures

6. Employees

The Company is committed to the fair treatment and development of all employees Wherever possible, the director aims to promote talent from within by reviewing succession plans and offering development opportunities Through the application of appropriate policies, the directors and their management teams ensure employees are not mistreated or discriminated against on the grounds of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation, religion or part-time employment status The Company reports regularly on employee matters at Board level Employees are provided with regular information regarding the Company's affairs and are consulted on a regular basis wherever feasible and appropriate

7. Disabled employees

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

8. Supplier policy and practice

The Company has a standard code and also agrees terms and conditions with the majority of suppliers Payment is then normally made in accordance with these terms, subject to the supplier's own adherence to the agreed terms and conditions The Company's practice in respect of the period with regard to its payment of suppliers, as defined by the Companies Act 2006, has been 65 days (2009 57 days)

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

DIRECTORS' REPORT (continued)

9. Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint BDO LLP as auditors will be proposed at the next annual general meeting

On behalf of the board

Simon Rowe

S Rowe
Director
5 October 2011

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities for the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

We have audited the financial statements of Groupe Chez Gérard Restaurants Limited for the 79 week period ended 2 January 2011 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 January 2011 and of its loss for the 79 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern The combination of circumstances around meeting the cash flow forecasts and operational performance improvements, achieving certain restaurant disposals and the continuing support of working capital requirements from lenders represent a material uncertainty that may cast a significant doubt upon the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROUPE CHEZ GÉRARD RESTAURANTS LIMITED (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

John Le Poidevin, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

5 October 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

PROFIT AND LOSS ACCOUNT

	Notes	79 weeks ended 2 January 2011 £'000	53 weeks ended 28 June 2009 £'000
Turnover	2	42,676	34,857
Cost of sales		(23,225)	(18,970)
Gross profit		19,451	15,887
Administrative expenses		(36,311)	(16,357)
Operating loss	3	(16,860)	(470)
Loss on disposal of fixed assets		(417)	(569)
Loss on ordinary activities before interest		(17,277)	(1,039)
Interest payable and similar charges		(21)	(20)
Loss on ordinary activities before taxation		(17,298)	(1,059)
Taxation on loss on ordinary activities	5	264	125
Loss for the period	15, 16	(17,034)	(934)

All amounts relate to continuing operations

All recognised gains and losses are included in the profit and loss account

The notes on pages 10 to 18 form part of these financial statements

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

BALANCE SHEET

Company number 2006409	Notes	At 2 January 2011 £'000	At 2 January 2011 £'000	At 28 June 2009 £'000	At 28 June 2009 £'000
Fixed assets					
Intangible assets	6		149		237
Tangible assets	7		4,882		9,123
Investments	8		-		-
			5,031		9,360
Current assets					
Stocks	9	452		545	
Debtors	10	774		8,387	
Cash and cash in transit		8		13	
		1,234		8,945	
Current liabilities					
Creditors: amounts falling due within one year	11	(8,770)		(9,937)	
Net current liabilities			(7,536)		(992)
Total assets less current liabilities			(2,505)		8,368
Creditors: amounts falling due after more than one year	12		(7,592)		-
Provisions	13		(1,630)		(3,061)
Net assets			(11,727)		5,307
Capital and reserves					
Called up share capital	14		492		492
Share premium account	15		100		100
Profit and loss account	15		(12,319)		4,715
Shareholders' funds	16		(11,727)		5,307

The financial statements were approved by the board of directors and authorised for issue on 5 October 2011

S Smith
Director

S Rowe
Director

The notes on pages 10 to 18 form part of these financial statements

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future

The Company is dependent on cash generated from operations, restaurant disposal proceeds, bank loans, overdraft facilities and the ongoing financial support from its Parent company to meet day to day working capital requirements

At 2nd January 2011 the Company was wholly owned, through intermediate holding companies, by Smile Restaurants Limited The Smile Restaurants Limited group of companies owed approximately £64 million under bank loans at 2nd January 2011 which the Company and other fellow subsidiaries had guaranteed

On 22nd September 2011 the Smile Restaurants Limited group completed a financial restructuring under which Craftbutton Limited, an intermediate holding company, became a borrower under the Group's banking facilities and was subsequently acquired by a new holding company, Chez Gérard Restaurants Limited Following completion of the restructuring the new group of companies comprising Chez Gérard Restaurants Limited, Craftbutton Limited, the Company and fellow subsidiaries have outstanding bank loans of £25m, a revolving credit facility of £1m and an overdraft of £1 4m The on-going group has been released from its guarantees over the remaining bank borrowings of the former holding company and its group Further details of the refinancing are set out in Note 22 - Post Balance Sheet Events

The Company and its fellow subsidiaries have traded at a loss for an extended period The directors have undertaken a number of steps to improve operational performance including a major cost reduction programme which is targeted to make the on-going group cash positive in 2012

The directors have prepared cashflow projections for the Group for the period to 31 December 2012 which reflect actions to improve operational performance and also include assumptions that certain restaurant disposals will be achieved and that the lenders will agree to part of these proceeds supporting the working capital requirements of the Group The Group is in advanced negotiations with third parties for the sale of a number of restaurants and the directors are confident that sufficient proceeds will be realised and that the lenders will support the use of part of these proceeds to fund the Group's working capital requirements In reaching this conclusion the directors noted the support of the Group's lenders through the financial restructuring and the previous agreements with the lenders for disposal proceeds to support the Group's cash requirements

The directors of the Company have also been provided with a letter of financial support from Chez Gérard Restaurants Limited, the Parent, undertaking to provide such financial support as the company requires for its continued operations

On the basis of the cash flow projections, the directors consider that the group will be able to operate within its facilities, repayment terms and the covenants agreed The directors have therefore continued to adopt the going concern basis in preparing the financial statements of the company

Although the directors are satisfied that adopting the going concern basis is appropriate, the combination of circumstances around meeting the cash flow forecasts and operational performance improvements, achieving certain restaurant disposals and the continuing support of working capital requirements from lenders represent a material uncertainty that may cast a significant doubt upon the company's ability to continue as a going concern and to meet its liabilities as they fall due

The financial statements do not include any adjustments that would result if the going concern basis were not appropriate

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

1. Accounting policies (continued)

Basis of accounting
These financial statements present information about the Company as an individual undertaking, and not about its Group, as the Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006, as it is a subsidiary of Craftbutton Limited and is included in the consolidated accounts of that company

Goodwill
Goodwill not previously written off on acquisition is amortised over 10 years as, in the opinion of the directors, this represents the period over which the goodwill is effective

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

Pre-opening costs
Costs incurred during the start-up of a new site that cannot be included in the cost of the fixed asset are expensed as incurred

Tangible Fixed Assets
Depreciation is provided on all fixed assets, except construction in progress, at rates calculated to write off the cost less estimated residual value of all fixed assets over their expected useful lives as follows

Leasehold properties and improvements	- equally over the unexpired term of the lease
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years straight line

Impairment of fixed assets and goodwill
The need for any fixed asset or goodwill impairment is assessed annually by comparing the carrying value of the asset against the higher of realisable value and value in use

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

Leases
Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation

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

Pensions
The Company makes contributions to personal pension plans of certain of its permanent employees The pension costs are charged against profit

Onerous leases
Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease

Investments
Fixed asset investments are stated at cost, less any provision for impairment in value

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

1. Accounting policies (continued)

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Gains and losses on disposal of fixed assets
The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount

2. Turnover
The turnover of the Company during the period arose in the United Kingdom and derives from the ownership and management of restaurant businesses

3. Operating loss

This has been arrived at after charging / (crediting)		2011 £'000	2009 £'000
Auditors' remuneration	- audit services	35	25
	- taxation services	23	15
Depreciation of owned assets		2,176	1,402
Amortisation of goodwill		88	72
Impairment of fixed assets		2,235	178
Provisions against amounts due from group companies		12,410	-
Operating lease rentals – equipment		292	134
Operating lease rentals - land and buildings		5,924	4,044
Exceptional re-organisation costs		2,760	369
Exceptional onerous lease (credit) / charge		(559)	1,180

Re-organisation costs in the period, and the comparative year, primarily relate to costs associated with the restructuring of the company's operations

4. Directors and employees

	2011	2009
The average number of persons (including the directors) employed during the period was		
Restaurant staff	566	658
Administration staff	43	45
	609	703

	2011 £'000	2009 £'000
Staff costs during the period, including directors, amounted to		
Wages and salaries	15,528	12,838
Social security costs	1,385	1,143
Pension costs	78	54
	16,991	14,035

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

4. Directors and employees (continued)

	2011 £'000	2009 £'000
An analysis of directors' remuneration is set out below		
Emoluments	568	408
Contributions to personal pension plans	23	12
	591	420

No payments were made to directors in compensation for loss of office in either the current or prior period

	2011 £'000	2009 £'000
Paid to the highest paid director, included in the above, were		
Emoluments	276	273
Contributions to personal pension plans	-	-
	276	273

	2011 Number	2009 Number
The number of directors for whom retirement benefits were paid in respect of qualifying services to the Company was as follows		
Contributions to personal pension plans	2	1

5. Taxation

	2011 £'000	2009 £'000
Current tax:		
UK corporation tax on ordinary activities	-	-
Adjustments in respect of previous periods	(264)	-
Total current tax	(264)	-
Deferred tax:		
Origination and reversal of timing differences (note 13)	-	(125)
Tax on loss for the period	(264)	(125)

	2011 £'000	2009 £'000
Factors affecting tax charge for period		
The tax assessed for the period differs from the standard rate of corporation tax of 28% (2009 28%) as explained below		
Loss on ordinary activities before tax	(17,298)	(1,059)
Loss on ordinary activities multiplied by the standard rate of corporation tax 28% (2009 28%)	(4,843)	(297)
Effects of		
Expenses not deductible for tax purposes	4,617	224
Depreciation in excess of capital allowances	797	474
Adjustment in respect of prior years	(264)	-
Group relief claimed but not paid for	(941)	(401)
Chargeable gains	370	-
Current tax (credit) / charge for the period	(264)	-

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

5. Taxation (continued)

Factors that may affect future tax charges
As at 2 January 2011, the Company had capital losses of approximately £6,297,000 available for carry forward to offset against future capital gains (2009 £6,450,000) No deferred tax asset has been recognised in respect of these losses (see note 13)

6. Intangible Fixed Assets

Intangible fixed assets represent the cost of acquiring and developing restaurant businesses, names and concepts

	Goodwill £'000
Cost	
At 2 January 2011 & 28 June 2009	2,255
Amortisation	
At 28 June 2009	2,018
Charge for the period	88
At 2 January 2011	2,106
Net book value	
At 2 January 2011	149
At 28 June 2009	237

7. Tangible Fixed Assets

	Leasehold properties and improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 28 June 2009	18,368	11,072	29,440
Additions	414	1,496	1,910
Disposals	(1,470)	(689)	(2,159)
At 2 January 2011	17,312	11,879	29,191
Depreciation			
At 28 June 2009	11,179	9,138	20,317
Charge for the period	835	1,341	2,176
Impairment charge in period	1,886	349	2,235
Disposals	(134)	(285)	(419)
At 2 January 2011	13,766	10,543	24,309
Net book value			
At 2 January 2011	3,546	1,336	4,882
At 28 June 2009	7,189	1,934	9,123

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

8. Fixed Asset Investments

	£'000
Cost	
At 2 January 2011 & 28 June 2009	137
Provision	
At 2 January 2011 & 28 June 2009	137
Net Book Value	
At 2 January 2011 & 28 June 2009	-

The Company holds 100% of the equity of three dormant subsidiary undertakings, Chez Gérard Limited, Chez Gérard Restaurants London Limited and Ex-RCC Sub-Co Limited, all of which are registered in England

9. Stock

Stocks	2011 £'000	2009 £'000
Food and beverages for resale	178	198
Serviceware and kitchen utensils	274	347
	452	545

There is no material difference between the replacement cost of stocks and the amounts stated above

10. Debtors

	2011 £'000	2009 £'000
Amounts falling due within one year		
Amounts due from group companies	-	5,982
Trade debtors	153	450
Other debtors	170	175
Prepayments and accrued income	451	1,780
	774	8,387

Provisions of £12,410,000 against Amounts due from group companies were made during the period (2009 £nil)

11 Creditors: amounts falling due within one year

	2011 £'000	2009 £'000
Trade creditors	2,326	2,249
Other taxation and social security costs	1,594	961
Other creditors	431	825
Bank overdraft	2,329	3,726
Accruals and deferred income	2,090	2,176
	8,770	9,937

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

12. Creditors: amounts falling due after more than one year

	2011 £'000	2009 £'000
Amounts owed to group companies	7,592	-

13. Provisions

	Onerous leases £'000
At 28 June 2009	3,061
Charged to the profit & loss account	923
Released to the profit & loss account	(1,482)
Utilised	(872)
At 2 January 2011	1,630

The onerous lease provisions relate to lease obligations for restaurant sites which the Company wishes to exit The provision covers the expected net discounted future obligations under the leases

	Deferred tax 2011 £'000	2009 £'000
Accelerated capital allowances	-	-
	-	-

There are unprovided deferred tax assets of £1,700,000 (2009 £1,806,000) in respect of capital losses, and £962,000 (2009 £347,000) in respect of timing differences on capital allowances The assets have not been recognised because the timing of the obligation is uncertain

14. Share capital

	2011 £'000	2009 £'000
Authorised 8,000,000 ordinary shares of 10p each	800	800
Allotted, issued and fully paid 4,920,000 ordinary shares of 10p each	492	492

15. Reserves

	Share Premium Account £'000	Profit and Loss Account £'000
At 28 June 2009	100	4,715
Loss for the period	-	(17,034)
At 2 January 2011	100	(12,319)

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

16. Reconciliation of movements in shareholders' funds

	2011 £'000	2009 £'000
Loss for the period	(17,034)	(934)
Net reduction to shareholders' funds	(17,034)	(934)
Opening shareholders' funds	5,307	6,241
Closing shareholders' funds	(11,727)	5,307

17. Cash flow statement

The Company has taken advantage of the exemption conferred by FRS 1 in not presenting its own cash flow statement as it is consolidated in the financial statements of Craftbutton Limited

18. Capital commitments

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

	2011 £'000	2009 £'000
Contracted for projects	36	148

19. Operating lease commitments

At 2 January 2011 the Company was committed to making the following payments during the next period in respect of operating leases

	Land and buildings		Other	
	2011 £'000	2009 £'000	2011 £'000	2009 £'000
Leases which expire				
Under 1 year	144	154	41	29
Within 1 to 2 years	-	53	86	-
Within 2 to 5 years	681	654	-	134
After 5 years	2,235	3,041	-	-
	3,060	3,902	127	163

20 Related party disclosures

The Company has taken advantage of the exemptions conferred by FRS 8 with regard to disclosure of transactions with other Group companies within the Group headed by Craftbutton Limited

During the period, the company drew down £1,246,000 from Paramount Acquisitions Limited, an intermediate parent undertaking The company also recharged £385,000 to Paramount Acquisitions Limited in relation to costs it had incurred on behalf of its intermediate parent undertaking

Provisions of £12,410,000 were made against the full amounts due from group and related undertakings at the end of the period (2009 £nil) Those specifically outside the Group headed by Craftbutton Limited were

Paramount Acquisitions Limited, an intermediate parent undertaking	£882,000
Paramount Holdings Limited, an intermediate parent undertaking	£288,000

GROUPE CHEZ GÉRARD RESTAURANTS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011 (continued)

21. Ultimate parent company

At 2 January 2011, the Company was a subsidiary of Smile Restaurants Limited which was the ultimate parent company At the time of signing these financial statements, the Company's ultimate parent company is Chez Gérard Restaurants Limited

The largest and smallest group in which the results of the Company are consolidated is that headed by Craftbutton Limited The consolidated financial statements of this company are available to the public and may be obtained from Companies House No other group accounts include the results of this company

22. Post Balance Sheet Events

At 2nd January 2011 the Company's ultimate parent company was Smile Restaurants Limited and the group had secured bank indebtedness of approximately £64 million

On 22nd September 2011 the Smile Restaurants Limited group of companies completed a financial restructuring under which Craftbutton Limited , an intermediate holding company, became a borrower under the group's banking facilities and was subsequently acquired by a new holding company Chez Gérard Restaurants Limited Craftbutton Limited, the Company and its fellow subsidiaries were released from their guarantees of the former holding company and its group's bank indebtedness reducing their contingent liability by approximately £40 million

Following the restructuring, the Group banking facilities now comprise bank debt of £25m, revolving credit facility £1m and £1 4m overdraft facilities Interest on these loans is Libor plus one percent The loans are repayable on 31 March 2013

On 29th September 2011 the Company's share capital was increased by £15 5 million through the issue of 155 million ordinary shares of £0 10 each to its immediate parent company Paramount Restaurants Limited