Taipan Taverns Limited

Annual report and financial statements

For the 52 week period ended 28 March 2004

Registered number: 2928196

The director presents his annual report on the affairs of the company, together with the audited financial statements and auditors' report, for the 52 week period ended 28 March 2004. Comparatives are shown for the 52 week period ended 30 March 2003.

Principal activities

The principal activity of the company is the operation of bars and restaurants.

The company's subsidiary undertakings are disclosed in note 8 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by section 228 of the Companies Act 1985.

Business review and future developments

Competition has been increasingly tough in the Thai restaurant sector, and the company has spent a great deal of time, effort and resources in qualitative research in to where and how the Jim Thompson brand needs to be developed going forward. As a result, the company has already commenced a programme of refreshing the brand and, even at this early stage, results are encouraging.

After the year end, on 3 May 2005, Noble House Leisure Ltd, the parent of the company agreed a significant refinancing which has strengthened the balance sheet and provided considerable new funds for expansion. The Royal Bank of Scotland, already the sole debt provider to the company, has converted £6.8m of their debt to preference shares and injected new money. This is an excellent result for the company, and confirms the support given by The Royal Bank of Scotland over recent years.

Details of the director's considerations regarding the company's ability to continue as a going concern are set out in note 1 to the financial statements.

Results and dividends

The audited financial statements for the 52 week period ended 28 March 2004 are set out on pages 6 to 18. The operating profit, before provisions for depreciation and impairment of fixed assets and investments, was £273,000 (2003: £605,000). The loss after taxation, which includes depreciation provisions of £1,038,000 (2003: £962,000) and impairment provisions of £820,000 (2003: £180,000), was £1,585,000 (2003: £319,000).

The director does not recommend payment of a dividend (2003 –£nil).

Directors

The directors who served throughout the year, except as noted, were as follows:

Mr. Robert R A Breare
Mr. Christopher G Upton (resigned 12 September 2003)

Mr. Breare, the sole director serving at 28 March 2004, had no interest in the shares of the company during the year. His interests in the shares of Noble House Leisure Limited, the ultimate parent company, and other group companies, are disclosed in the financial statements of Noble House Leisure Limited.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The flow of information to staff has been maintained by regular meetings between management and staff. Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Director's responsibilities

United Kingdom company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution proposing the reappointment of Deloitte & Touche LLP as auditors of the company will be put to shareholders at the annual general meeting.

580 Ipswich Road
Slough
Berkshire
SL4 4EQ

By order of the Board,

R R A Breare
Director
21 June 2005

To the Members of Taipan Taverns Limited

We have audited the financial statements of Taipan Taverns Limited for the 52 week period ended 28 March 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the parent company's ability to trade within its bank facilities. In view of the significance of this, we consider it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 28 March 2004 and of the company's loss for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

~~21~~ 22 June 2005

Taipan Taverns Limited
Profit and loss account
for the 52 week period ended 28 March 2004

	Notes	2004 £ '000	2003 £ '000
Turnover	1 , 2	6,621	7,314
Cost of sales		(2,052)	(2,265)
Gross profit		4,569	5,049
Distribution costs		(4,903)	(4,899)
Administrative expenses		(1,251)	(687)
Operating loss		(1,585)	(537)
Operating profit before charging the following:		273	605
Depreciation		(1,038)	(962)
Impairment of tangible fixed assets		(820)	(180)
Loss on ordinary activities before taxation	3	(1,585)	(537)
Tax credit on loss on ordinary activities	6	-	218
Retained loss for the year	14	(1,585)	(319)

All results are derived from continuing operations.

Taipan Taverns Limited
Statement of total recognised gains and losses
For the 52 week period ended 28 March 2004

	2004	2003
	£ '000	£ '000
Retained loss for the year	(1,585)	(319)
Revaluation of tangible fixed assets	(1,117)	(390)
Total recognised gains and losses for the year	(2,702)	(709)

Note of historical cost profits and losses
For the 52 week period ended 28 March 2004

	2004	2003
	£ '000	£ '000
Reported loss on ordinary activities before taxation	(1,585)	(537)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	198	210
Historical cost loss on ordinary activities before taxation	(1,387)	(327)
Historical cost loss for the year retained after taxation and dividends	(1,387)	(109)

Taipan Taverns Limited
Balance sheet
28 March 2004

	Notes	2004	2003
		£ '000	£ '000
Fixed assets			
Tangible assets	7	4,738	7,536
Investments	8	-	-
		4,738	7,536
Current assets			
Stocks	9	176	207
Debtors			
- due within one year	10	67	259
- due after one year	10	28	28
Cash at bank and in hand		623	685
		894	1,179
Creditors: Amounts falling due within one year	11	(6,609)	(6,990)
Net current liabilities		(5,715)	(5,811)
Total assets less current liabilities		(977)	1,725
Provisions for liabilities and charges	12	-	-
Net (liabilities)/assets		(977)	1,725
Capital and reserves			
Called up share capital	13	11	11
Share premium account	14	633	633
Revaluation reserve	14	2,525	3,840
Profit and loss account	14	(4,146)	(2,759)
Equity shareholders' (deficit) / funds	15	(977)	1,725

The financial statements on pages 6 to 18 were approved by the board of directors on 21 June 2005 and signed on its behalf by:

R R A Breare
Director

1. Statement of accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding period.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

The company's financial year ends on the Sunday nearest to 31 March each year. References to 2004 are to the 52 week period ended 28 March 2004 and references to 2003 are to the 52 week period ended 30 March 2003.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Noble House Leisure Limited ("NHLL") which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

Going concern

The financial statements have been prepared on the going concern basis. The company's fixed assets are pledged as security for NHLL's bank borrowings and accordingly the company's ability to continue as a going concern is dependent on NHLL's ability to continue as a going concern.

NHLL has agreed significant new financing with its bankers for the provision of working capital and facilities for expansion and development ("the new facilities").

The directors have prepared cash flow projections for the group, based on the existing estate and reflecting the growth in earnings which the directors expect to achieve with the benefit of the new facilities. The projections assume that no new sites are developed within the next 12 months, although there are advanced negotiations under way on a number of potential new sites which the directors expect to complete the acquisition of and to generate additional cash flow. The projections also assume proceeds from the disposal of a number of restaurants, the timing and quantum of which are not certain, and careful management of working capital.

The projections indicate that the parent company will continue to trade within the new facilities however the margin of working capital facilities over requirements is not large and inherently there can be no certainty that the group will achieve the projections.

On the basis of this cash flow information and the new facilities agreed with the group's bankers, the directors have formed a judgement at the time of approving the financial statements that it is appropriate to use the going concern basis in preparing the financial statements.

1. Statement of accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and provisions for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold buildings and improvements	Over lower of 50 years or period of the lease
Fixtures and fittings	5 years
Plant and machinery	10 years
Kitchen equipment	10 years
Office equipment	3 years
Motor vehicles	4 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Revaluation of properties

Leasehold properties are revalued every three years. Any surplus or deficit on book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

The costs of acquiring and subsequent revaluations of operating leaseholds and improvements thereon are treated as tangible fixed assets and written off in equal annual amounts over the remaining period of the lease.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

1. Statement of accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided on an undiscounted basis on all timing differences arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements. It is calculated at the rates at which it is estimated that taxation will arise. Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into, and it is unlikely that any gain will be rolled over. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Related party transactions

As a subsidiary undertaking of Noble House Leisure Limited, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose details of transactions with other members of the group headed by Noble House Leisure Limited.

2. Segmental information

The company operates bars and restaurants and provides franchise services to a related party. The company's turnover, which arose wholly within the United Kingdom and related to continuing operations, comprises the following:

	2004	2003
	£ '000	£ '000
Bar and restaurant sales	6,450	7,016
Franchise fees	171	298
	6,621	7,314

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2004	2003
	£ '000	£ '000
Depreciation of tangible fixed assets - owned	1,038	962
Operating lease charge		
- plant and machinery	51	48
- property rental	677	688
Provision for impairment of tangible fixed assets	819	180
Auditors' remuneration for audit services	30	30

4. Staff costs

The average monthly number of employees (including executive directors) was:

	2004	2003
	Number	Number
Sales	201	200
Administration	17	22
	218	222

Their aggregate remuneration comprised:

	£ '000	£ '000
Wages and salaries	2,185	2,200
Social security costs	122	130
Other pension costs	-	5
	2,307	2,335

5. Directors' remuneration

None of the directors received any remuneration from the company during 2004 or 2003, nor did they exercise any share options under long-term incentive schemes, and the company made no contributions to their pensions.

Directors' remuneration is borne by other group companies and related parties.

6. Tax on loss on ordinary activities

Taxation credit for the year:

	2004	2003
	£ '000	£ '000
UK corporation tax	-	-
Deferred tax:		
Adjustments to the estimated recoverable amounts of deferred tax assets		
arising in previous periods	-	218
	-	218

The tax assessed for the year differs from the standard rate of corporation tax. The differences are explained below:

	2004	2003
	£ '000	£ '000
Loss on ordinary activities before taxation	(1,585)	(537)
Taxation at the standard rate of corporation tax (30%)	476	161
Effect of:		
Expenses not deductible for tax purposes	(281)	(142)
Depreciation in excess of capital allowances	(274)	(223)
Group relief received and not paid for	78	204
Movement in short term timing differences	1	-
UK corporation tax	-	-

7. Tangible fixed assets

	Leasehold buildings and improve-ments	Fixtures and fittings	Kitchen equipment	Plant and machinery	Office equipment	Motor vehicles	Total
	£'000	£ '000	£ '000	£'000	£'000	£ '000	£'000
Cost or valuation							
At 31 March 2003	7,797	2,479	138	-	107	8	10,529
Reclassification	138	(592)	257	197	-	-	-
Additions	69	75	28	-	5	-	177
Revaluation downwards	(1,117)	-	-	-	-	-	(1,117)
Disposals	-	(125)	-	-	(29)	-	(154)
At 28 March 2004	6,887	1,837	423	197	83	8	9,435
Depreciation							
At 31 March 2003	1,623	1,277	38	-	54	1	2,993
Reclassification	34	(196)	115	47	-	-	-
Charge for the year	413	543	39	19	22	2	1,038
Disposals	-	(125)	-	-	(29)	-	(154)
Impairment	820	-	-	-	-	-	820
At 28 March 2004	2,890	1,499	192	66	47	3	4,697
Net book value							
At 28 March 2004	3,997	338	231	131	36	5	4,738
At 31 March 2003	6,174	1,202	100	-	53	7	7,536

Leasehold buildings and improvements were professionally valued by a firm of chartered surveyors on an open market value basis on 31 July 2002. The revalued and historical cost net book values of the leasehold buildings and improvements was as follows at 28 March 2004:

	£ '000
Valuation	3,997
Cost	(1,472)
Revaluation surplus	2,525

Tangible fixed assets were subject to an impairment review during the year. As a result of this review, revaluation adjustments and provisions for impairment have been recorded against two of the company's properties, in accordance with the policy disclosed in note 1.

8. Investments

The company's investments represent 74.8% of the issued ordinary share capital and 100% of the issued "A" preference share capital of Whirlwind Restaurants Limited, a company which operates bars and restaurants, and 100% of the issued ordinary share capital of Green Belt Inns Limited, a dormant company. Both companies are incorporated and have their principal business address in Great Britain. The company's voting rights in each of these companies mirrors its shareholding.

	£'000
At 31 March 2003 and 28 March 2004:	
Cost	1,716
Less: provisions for impairment	(1,716)
Net book value	-

9. Stocks

Stocks held comprise finished goods held for resale. There is no material difference between the balance sheet value of stocks and their replacement cost.

10. Debtors

	2004	*2003*
	£ '000	£ '000
Amounts falling due within one year:		
Amounts owed by group undertakings	-	17
Other debtors	6	33
Prepayments and accrued income	61	209
	67	259
Amounts falling due after one year:		
Other debtors	28	28
	95	287

11. Creditors: Amounts falling due within one year

	2004	2003
	£ '000	£ '000
Trade creditors	540	607
Amounts owed to group undertakings	5,569	5,551
Other taxation and social security	200	136
Other creditors	54	54
Accruals and deferred income	246	642
	6,609	6,990

12. Provisions for liabilities and charges

The company has no deferred taxation liabilities at 28 March 2004 or at 30 March 2003.

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these *circumstances is £600,000 (2003: £1,050,000).*

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £300,000 (£200,000). The asset would be recovered if the company generated sufficient suitable taxable profits in the future.

13. Called-up share capital

	2004	2003
	£ '000	£ '000
Authorised		
10,000,000 (2003: 10,000,000) ordinary shares of 1p each	100	100
10,000,000 (2003: 10,000,000) ordinary A shares of 1p each	100	100
	200	200
Allotted, called up and fully-paid		
1,085,983 (2003: 1,085,983) ordinary shares of 1p each	11	11
Ordinary A shares of 1p each	-	-
	11	11

Holders of the ordinary A shares are subject to certain restricted rights to dividends on the distributable reserves of the company and in the event of a winding-up of the company. They are also subject to restricted voting rights relative to holders of the ordinary shares.

14. Reserves

	Share premium account	Revaluation reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 31 March 2003	633	3,840	(2,759)	1,714
Transfer of amount equivalent to additional depreciation on revalued assets	-	(198)	198	-
Revaluation adjustment	-	(1,117)	-	(1,117)
Retained loss for the year	-	-	(1,585)	(1,585)
At 28 March 2004	633	2,525	(4,146)	(988)

The revaluation adjustment arose as a result of an impairment review of the company's fixed assets, and reflects the director's assessment of the realisable value of one of the company's properties (see note 7).

15. Reconciliation of movements in equity shareholders' funds

	2004	2003
	£ '000	£ '000
Loss for the year	(1,585)	(319)
Revaluation adjustment (note 14)	(1,117)	(390)
Net reduction to equity shareholders' funds	(2,702)	(709)
Opening equity shareholders' funds	1,725	2,434
Closing equity shareholders' funds	(977)	1,725

16. *Financial commitments*

At 28 March 2004 the company had no capital commitments contracted for, but not provided for (2003: £nil).

Annual commitments under non-cancellable operating leases expire as follows:

	28 March 2004		30 March 2003	
	Land and buildings	Other	Land and buildings	Other
	£ '000	£ '000	£ '000	£ '000
- within one year	23	39	23	-
- between two and five years	80	-	-	39
- after five years	633	-	690	-
	736	39	713	39

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

17. Contingent liability

The company's leasehold properties are provided as security in respect of Noble House Leisure Limited's bank loans and overdrafts of £15,250,000 at 28 March 2004 and shareholder loans of £15,821,000 at 28 March 2004.

18. Related party transactions

The company has earned franchise fees from Noble House Pub Company Limited ("NHPC"), a company whose controlling shareholders also own a controlling interest in the company, in respect of restaurants owned by NHPC. The total income recorded in the year was £171,000 (2003: £298,000), all of which was outstanding at 28 March 2004 (2003: £nil).

19. Ultimate parent company and controlling party

Noble House Leisure Limited, a company incorporated in Great Britain, is the immediate parent company and is also the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 580 Ipswich Road, Slough, Berkshire SL4 4EQ.

Botts & Company Limited controlled the company throughout the year as a result of their associate, Botts Nominees (Jersey) Limited, being the holder of approximately 89% of the parent company's ordinary shares.

Subsequent to the year end, on the 3rd May 2005, the ultimate controlling party became Royal Bank of Scotland Plc, as a result of their subsidiary West Register (investments) limited acquiring 78.1% of the parent company ordinary shares.