

**INSIGNIA RESTAURANTS ONE  
LIMITED  
(Formerly Insignia Restaurants One Plc)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**15 Months Ended 1 June 2003**

Registered number: 03002219



**INSIGNIA RESTAURANTS ONE LTD**  
**(formerly Insignia Restaurants One Plc)**

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**INSIGNIA RESTAURANTS ONE LTD**  
**(formerly Insignia Restaurants One Plc)**

**COMPANY INFORMATION**

**DIRECTORS:** H M C Morley  
G L Williams

**SECRETARY:** H M C Morley

**AUDITORS:** KPMG LLP  
*Arlington Business Park*  
Theale  
Reading  
RG7 4SD

**REGISTERED OFFICE:** 1st Floor  
163 Eversholt Street  
London  
NW1 1BU

**REGISTERED NUMBER:** 03002219

**INSIGNIA RESTAURANTS ONE LTD**  
**(formerly Insignia Restaurants One Plc)**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the 15 month period ended 1 June 2003.

**Principal activity**

The principal activity of the company is that of operating restaurants. There has been no change in this activity during the period.

**Results and dividends**

The loss after tax for the period amounted to £108,782 (2 March 2002 - £401,365). The directors do not recommend the payment of a dividend. On 31 May 2002 the company re-registered from a public to a private company.

**Review of developments and future prospects**

The company will continue to operate restaurants for the foreseeable future.

**Directors and their interests**

The directors of the company during the period were as follows:

H M C Morley (Appointed 31/5/02)  
G L Williams (Appointed 31/5/02)  
M Mansigani (Resigned 31/5/02)  
N P Barbour (Resigned 31/5/02)

None of the directors who held office at the end of the period had any interests in the share capital of the company. The interests of the directors in the shares of the ultimate parent company, Tragus Holdings Limited, were as follows:

	<u>No. shares held at end of period and at date of appointment</u>				
	"A" Ordinary shares	B" Ordinary shares	Ordinary ' Preference shares	Preference shares	Preference shares
H M C Morley	-	-	340,000	-	34,000
G L Williams	-	-	230,000	-	23,000

**Auditors**

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. KPMG LLP, who were appointed by the directors during the period and have indicated their willingness to continue in office, will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under section 386.

On behalf of the Board of Directors

DIRECTOR

18 December 2003

**INSIGNIA RESTAURANTS ONE LTD**  
**(formerly Insignia Restaurants One Plc)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INSIGNIA RESTAURANTS ONE LTD**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**INSIGNIA RESTAURANTS ONE LIMITED (FORMERLY INSIGNIA**  
**RESTAURANTS ONE PLC)**

We have audited the financial statements on pages 5 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

**Basis of audit opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 1 June 2003 and of the loss of the company for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

KPMG LLP  
Registered Auditor  
Reading

*14/12* 2003

**INSIGNIA RESTAURANTS ONE LTD**  
**(formerly Insignia Restaurants One Plc)**

**PROFIT AND LOSS ACCOUNT**

**15 months ended 1 June 2003**

	Notes	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
<b>TURNOVER</b>		520,776	517,480
Cost of sales		(147,371)	(150,266)
<b>GROSS PROFIT</b>		373,405	367,214
Administrative expenses		(473,422)	(843,583)
Operating profit before exceptional items		2,983	22,631
Exceptional items	3	(103,000)	(499,000)
<b>OPERATING LOSS</b>	2	(100,017)	(476,369)
<b>NON-OPERATING ITEMS</b>			
Profit on disposal of fixed assets		-	68,730
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		(100,017)	(407,639)
Interest payable and similar charges		(15,418)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(115,435)	(407,639)
Taxation on ordinary activities	6	6,653	6,274
<b>RETAINED DEFICIT FOR THE PERIOD</b>	12	(108,782)	(401,365)

There were no movements in shareholders' funds for the period and prior year other than those reported above.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**15 months ended 1 June 2003**

	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
<b>LOSS FOR THE FINANCIAL PERIOD</b>	(108,782)	(401,365)
Prior year adjustment arising from the implementation of FRS 19	-	(1,486)
<b>TOTAL RECOGNISED LOSSES SINCE PREVIOUS PERIOD END</b>	(108,782)	(402,851)

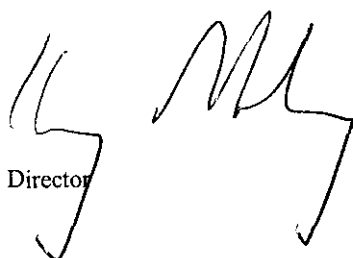
**INSIGNIA RESTAURANTS ONE LTD**  
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**BALANCE SHEET**

**as at 1 June 2003**

	Notes	1 June 2003 £	2 March 2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>22,287</u>	<u>119,375</u>
<b>CURRENT ASSETS</b>			
Stocks - finished goods and goods for resale		5,006	4,441
Debtors	8	167,059	184,184
Cash at bank and in hand		<u>-</u>	<u>6,769</u>
<b>TOTAL ASSETS</b>		<b>172,065</b>	<b>195,394</b>
<b>CREDITORS - amounts falling due within one year</b>	9	<u>(4,936)</u>	<u>(15,007)</u>
<b>NET CURRENT ASSETS</b>		<u>167,129</u>	<u>180,387</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>189,416</b>	<b>299,762</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10	<u>-</u>	<u>(1,564)</u>
<b>NET ASSETS</b>		<u><u>189,416</u></u>	<u><u>298,198</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	371,002	371,002
Share premium account	12	297,640	297,640
Profit and loss account	12	<u>(479,226)</u>	<u>(370,444)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><u>189,416</u></u>	<u><u>298,198</u></u>

These financial statements were approved by the Board of Directors on 18 December 2003.  
Signed on behalf of the Board of Directors.

  
Director



**INSIGNIA RESTAURANTS ONE LTD**  
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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below:

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover is the value of goods and services sold, within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes.

**Leases**

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

**Pension costs**

*The company provides for employee pensions through a group stakeholder pension scheme which is independently managed and the company will continue to contribute to this fund in future accounting periods.*

**Tangible fixed assets**

Tangible fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Leasehold properties are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives and their remaining lease periods.
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.

Any impairment of fixed assets is charged to the profit and loss account.

**Stocks**

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

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred taxation assets and liabilities are calculated using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

**Cash flow**

As permitted by Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts.

**INSIGNIA RESTAURANTS ONE LTD**  
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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**2. OPERATING LOSS**

	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
Operating loss is stated after charging:		
Depreciation of fixed assets	3,394	29,668
Rentals under operating leases:		
Hire of plant and machinery	-	230
Land and buildings	<u>54,375</u>	<u>55,096</u>

Audit fees are borne by the parent undertaking, The Pelican Group Limited.

**3. EXCEPTIONAL ITEMS**

	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
Impairment of leasehold properties and fixtures contained therein	<u>103,000</u>	<u>499,000</u>

At 1 June 2002 and 2 March 2002, the company performed an impairment review under FRS 11 resulting in a provision against the property.

**4. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
On bank loans and overdrafts	<u>15,418</u>	<u>-</u>

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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**5. STAFF COSTS**

	15 months ended 1 June 2003 No.	Year ended 2 March 2002 No.
The average number of persons employed by the company during the period was:		
Restaurant staff	<u>10</u>	<u>8</u>

	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
Staff costs incurred during the period in respect of these employees were:		
Wages and salaries	112,892	150,489
Social security costs	8,391	11,511
Pension costs	<u>1,613</u>	<u>1,025</u>
	<u>122,896</u>	<u>163,025</u>

None of the directors received any remuneration in respect of their services for the company during the period.

**6. TAXATION**

	15 months ended 1 June 2003 £	Year ended 2 March 2002 £
<b>Current taxation on profits for the period</b>		
UK corporation tax	-	13,566
Adjustment to UK corporation tax in respect of prior periods	-	(19,918)
<b>Total current taxation</b>	<u>-</u>	<u>(6,352)</u>
<b>Deferred tax</b>		
Timing differences	(475)	78
Prior year	(6,178)	-
<b>Total deferred taxation</b>	<u>(6,653)</u>	<u>78</u>
<b>Total taxation charge</b>	<u>(6,653)</u>	<u>(6,274)</u>
<b>Factors affecting the tax charge for the period</b>		
Loss before tax	<u>(115,435)</u>	<u>(407,639)</u>
Tax at current UK corporation tax rate of 30% (March 2002: 30%)	(34,631)	(122,292)
Effect of:		
Expenses not deductible for tax purposes	73	7,150
Capital allowances in excess of depreciation	(1,349)	(373)
Impairment of retail property	30,900	149,700
Sale of retail property	-	(20,619)
Adjustments to tax charge in respect of prior periods	-	(19,918)
Losses surrendered for group relief	4,650	-
Unprovided deferred tax	<u>357</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>(6,352)</u>

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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**7. TANGIBLE FIXED ASSETS**

	<b>Land &amp; buildings £</b>	<b>Furniture, fixtures &amp; equipment £</b>	<b>Total £</b>
Cost			
At 2 March 2002	763,017	68,209	831,226
Additions	<u>968</u>	<u>8,338</u>	<u>9,306</u>
<b>At 1 June 2003</b>	<b><u>763,985</u></b>	<b><u>76,547</u></b>	<b><u>840,532</u></b>
Depreciation			
At 2 March 2002	(670,091)	(41,760)	(711,851)
Reclassification	21,343	(21,343)	-
Charge for the period	694	(4,088)	(3,394)
Impairment	<u>(98,595)</u>	<u>(4,405)</u>	<u>(103,000)</u>
<b>At 1 June 2003</b>	<b><u>(746,649)</u></b>	<b><u>(71,596)</u></b>	<b><u>(818,245)</u></b>
<b>Net book value at 1 June 2003</b>	<b><u>17,336</u></b>	<b><u>4,951</u></b>	<b><u>22,287</u></b>
Net book value at 2 March 2002	<u>92,926</u>	<u>26,449</u>	<u>119,375</u>

**INSIGNIA RESTAURANTS ONE LTD**  
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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**8. DEBTORS**

	1 June 2003 £	2 March 2002 £
Amounts owed by group undertakings	155,138	178,564
Prepayments and accrued income	6,831	5,620
Deferred tax debtor	<u>5,089</u>	<u>-</u>
	<u><u>167,058</u></u>	<u><u>184,184</u></u>

The deferred tax debtor includes £2,789 due after more than one year.

Amounts owed by group undertakings have no fixed repayment date.

	<b>Deferred tax £</b>
At 3 March 2002 (see note 10)	(1,564)
Credit for the period	<u>6,653</u>
<b>At 1 June 2003</b>	<u><u>5,089</u></u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	Provided 1 June 2003 £	Unprovided 1 June 2003 £	Provided 2 March 2002 £	Unprovided 2 March 2002 £
Depreciation in excess of capital allowances	4,229	357	(1,564)	-
Tax losses	<u>860</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>5,089</u></u>	<u><u>357</u></u>	<u><u>(1,564)</u></u>	<u><u>-</u></u>

Deferred tax assets have been recognised to the extent that the directors consider it is more likely than not that they will be recovered. In performing this assessment, the directors have considered the period over which the assets are expected to crystallise.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1 June 2003 £	2 March 2002 £
Corporation tax	-	13,566
Other creditors	410	-
Accruals and deferred income	<u>4,526</u>	<u>1,441</u>
	<u><u>4,936</u></u>	<u><u>15,007</u></u>

**INSIGNIA RESTAURANTS ONE LTD**  
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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**10. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred Tax £	Total £
At 3 March 2002	1,564	1,564
Utilised	<u>(1,564)</u>	<u>(1,564)</u>
At 1 June 2003	<u><u>-</u></u>	<u><u>-</u></u>

**11. SHARE CAPITAL**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	1 June 2003 £	2 March 2002 £	1 June 2003 £	2 March 2002 £
Ordinary shares of 50p each	500,001	500,001	371,001	371,001
"A" ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u><u>500,002</u></u>	<u><u>500,002</u></u>	<u><u>371,002</u></u>	<u><u>371,002</u></u>

**12. RECONCILIATION OF SHAREHOLDERS FUNDS**

	1 June 2003 £	2 March 2002 £
Shareholders' funds at beginning of period	298,198	699,563
Loss for the period	<u>(108,782)</u>	<u>(401,365)</u>
Shareholders' funds at end of period	<u><u>189,416</u></u>	<u><u>298,198</u></u>

**13. STATEMENT OF MOVEMENTS ON RESERVES**

	Share premium account £	Profit and loss account £	Total £
At 3 March 2002	297,640	(370,444)	(72,804)
Loss for the period	<u>-</u>	<u>(108,782)</u>	<u>(108,782)</u>
At 1 June 2003	<u><u>297,640</u></u>	<u><u>(479,226)</u></u>	<u><u>(181,586)</u></u>

**14. LEASE COMMITMENTS**

At the period end, the company was committed to making the following payments during the next year in respect of operating leases on properties which expire:

	1 June 2003 £	2 March 2002 £
After five years	<u><u>43,500</u></u>	<u><u>43,500</u></u>

**INSIGNIA RESTAURANTS ONE LTD**  
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**NOTES TO THE ACCOUNTS**

**15 months ended 1 June 2003**

**15. PENSION COSTS**

The company contributes to a stakeholder pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss represents the contributions payable in respect of the accounting period and amounted to £1,613 (2002: £1,025). There were no outstanding contributions at the end of the financial year (2002: £nil).

**16. RELATED PARTIES**

The company is a wholly owned subsidiary of Tragus Holdings Limited and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

**17. PARENT UNDERTAKING**

The ultimate parent undertaking is Tragus Holdings Limited, registered in England and Wales. The smallest and largest group of undertakings for which group accounts are drawn up and of which the company is a member is Tragus Holdings Limited, registered in England and Wales. Copies of group accounts can be obtained from 163 Eversholt Street, London, NW1 1BU.