

MA POTTERS LIMITED

REPORT AND FINANCIAL STATEMENTS

7 DECEMBER 1996



Saffery Champness

CHARTERED ACCOUNTANTS

MA POTTERS LIMITED

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COMPANY INFORMATION

DIRECTORS

Gary Caesar	(Appointed 13 September 1995)
Mark Tousey (USA)	(Appointed 13 September 1995)
John Gater	(Appointed 13 September 1995)
Neil MacDonald	(Appointed 5 September 1995, resigned 13 September 1995)
Andrew Cameron	(Appointed 5 September 1995, resigned 13 September 1995)

SECRETARY

John Rimer	(Appointed 13 September 1995)
Neil MacDonald	(Appointed 5 September 1995, resigned 13 September 1995)

REGISTERED OFFICE

52/53 Margaret Street
London
W1N 7FE

REGISTERED NUMBER

3092239

AUDITORS

Saffery Champness
Fairfax House
Fulwood Place
Grays Inn
London
WC1V 6UB

BANKERS

Bank of Scotland
St James's Gate
14-16 Cockspur Street
London
SW1Y 5BL

DIRECTORS' REPORT

The directors submit their report and the financial statements of Ma Potters Limited for the year ended 7 December 1996.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company 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,
- 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 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.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of operating restaurants.

The company was incorporated on 17 August 1995 as Caseinsure Limited. The company changed its name by special resolution on 26 October 1995 to Gater Catering Limited. The company's name was changed to Ma Potter's Limited by special resolution on 4 July 1996. The company commenced trading on 8 December 1995.

DIRECTORS

The directors who have held office since 8 December 1995 are shown on page 1.

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office at 7 December 1996 had the following beneficial interests in the shares of the company:

	Ordinary £1 Shares 7 December 1996	Ordinary £1 Shares 7 December 1995
Gary Caesar	3	1
Mark Tousey	3	1
John Gater	2	-

DIRECTORS' REPORT (continued)

AUDITORS

A resolution to re-appoint Saffery Champness as auditors will be put to the members at the annual general meeting.

SMALL COMPANY EXEMPTIONS

Advantage has been taken, in the preparation of this report, of special exemptions applicable to small companies.

Approved by the board on 6th October 1997
and signed on its behalf by

A handwritten signature in black ink, appearing to be 'J Rimer', written over a horizontal line.

J Rimer
Secretary

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

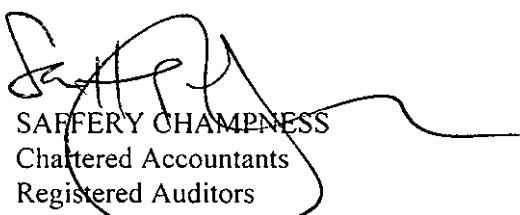
BASIS OF OPINION

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 7 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



SAFFERY CHAMPNESS
Chartered Accountants
Registered Auditors
Fairfax House
Fulwood Place
Gray's Inn
London WC1V 6UB

6 October 1997

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 7 DECEMBER 1996

	Note	1996	1995
TURNOVER		1,996,331	-
Cost of sales		<u>551,214</u>	<u>-</u>
GROSS PROFIT		1,445,117	-
Net operating expenses		<u>1,293,414</u>	<u>-</u>
OPERATING PROFIT		151,703	-
Interest received		1,834	-
Interest payable		<u>22,452</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	131,085	-
Tax on profit on ordinary activities		<u>34,000</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	8	<u>£97,085</u>	<u>£-</u>

The company has no recognised gains or losses other than the profit for the year.

The company's turnover and expenses all relate to continuing operations.

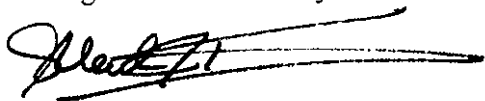
The notes on pages 7 to 10 form part of these financial statements.

BALANCE SHEET
7 DECEMBER 1996

	Note	1996	1995
FIXED ASSETS			
Tangible fixed assets	3	377,972	-
CURRENT ASSETS			
Stocks		12,274	-
Debtors	4	109,135	2
Cash at bank and in hand		<u>41,597</u>	-
		163,006	2
CREDITORS:			
Amounts falling due within one year	5	<u>293,477</u>	-
NET CURRENT LIABILITIES		(130,471)	2
TOTAL ASSETS LESS CURRENT LIABILITIES		247,501	2
CREDITORS:			
Amounts falling due after more than one year	6	150,408	-
		<u>£97,093</u>	<u>£2</u>
CAPITAL AND RESERVES			
Called up share capital	7	8	2
Profit and loss account	8	<u>97,085</u>	-
EQUITY SHAREHOLDER' FUNDS	8	<u>£97,093</u>	<u>£2</u>

These accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on **6 OCTOBER** 1997
and signed on its behalf by



Mark Tousey
Director

The notes on pages 7 to 10 form part of these financial statements.

ACCOUNTING POLICIES

A BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

B ACCOUNTING REFERENCE DATE

The company's accounting reference date is 7 December 1996. However, because of the nature of the company's trade and for convenience, the financial statements have been prepared for the period ended 1 December 1996.

C TURNOVER

Turnover represents the invoiced amounts of goods sold and services provided net of value added tax.

D DEPRECIATION

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 evenly over its useful life, as follows:

Leasehold buildings	-	over 25 years
Equipment, fixtures and fittings	-	over 4 to 5 years
Motor vehicles	-	over 4 years

E STOCKS

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

F DEFERRED TAXATION

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

G LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is an approximation to the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using an approximation to the annuity method.

All other leases are "operating leases", and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7 DECEMBER 1996

1	PROFIT ON ORDINARY ACTIVITITES BEFORE TAXATION	1996	1995		
	The profit on ordinary activities before taxation is stated after charging:				
	Depreciation of owned tangible fixed assets	£31,485	£Nil		
	Depreciation of assets held under finance leases and hire purchase contracts	£4,080	£Nil		
	Auditors' remuneration	£7,000	£Nil		
	Hire of assets - operating leases	£236,495	£Nil		
	Exceptional items - bad debt provision	<u>£50,000</u>	<u>£Nil</u>		
2	DIRECTORS				
	Total remuneration	<u>£82,608</u>	<u>£Nil</u>		
3	TANGIBLE FIXED ASSETS				
		Leasehold properties	Fixtures, fittings and equipment	Motor vehicles	Total
	COST				
	At 8 December 1995	-	-	-	-
	Additions	<u>247,400</u>	<u>148,587</u>	<u>17,550</u>	<u>413,537</u>
	At 7 December 1996	<u>247,400</u>	<u>148,587</u>	<u>17,550</u>	<u>413,537</u>
	DEPRECIATION				
	At 8 December 1996	-	-	-	-
	Charge for year	<u>10,942</u>	<u>20,231</u>	<u>4,392</u>	<u>35,565</u>
	At 7 December 1996	<u>10,942</u>	<u>20,231</u>	<u>4,392</u>	<u>35,565</u>
	Net Book Value				
	7 December 1996	<u>£236,458</u>	<u>£128,356</u>	<u>£13,158</u>	<u>£377,972</u>
	7 December 1995	£Nil	£Nil	£Nil	£Nil

The net book value of motor vehicles includes an amount of £12,225 (1995: £Nil) held under hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7 DECEMBER 1996 (continued)

4	DEBTORS	1996	1995
	Trade debtors	472	-
	Other debtors	58,663	2
	Loan (Note 10)	50,000	-
		<u>£109,135</u>	<u>£2</u>
5	CREDITORS: Amounts falling due within one year		
	Bank loan (secured)	65,004	-
	Trade creditors	90,908	-
	Other creditors	137,565	-
		<u>£293,477</u>	<u>£Nil</u>
6	CREDITORS: Amounts falling due after more than one year		
	Bank loan (secured)	<u>£150,408</u>	<u>£Nil</u>
	The bank loan is repayable as follows:		
	Between one and two years	65,004	-
	Between two and five years	85,404	-
		<u>£150,408</u>	<u>£Nil</u>
7	SHARE CAPITAL		
	Authorised:		
	1,000 Ordinary Shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
	Allotted, issued and fully paid:		
	Equity		
	8 Ordinary Shares of £1 each	<u>£8</u>	<u>£2</u>

On 8 December 1995, 6 ordinary shares of £1 each were issued at par.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7 DECEMBER 1996 (continued)

8 RECONCILIATION OF MOVEMENTS IN EQUITY
SHAREHOLDERS' FUND

	Share Capital	Profit & Loss Account	Total Shareholders' Funds
Balance at 8 December 1995	2	-	2
Profit for the financial year	-	97,085	97,085
Share capital issued	6	-	6
Balance at 7 December 1996	<u>£8</u>	<u>£97,085</u>	<u>£97,093</u>

9 COMMITMENTS UNDER OPERATING LEASES

	Land and Buildings	Other assets
At 7 December the company had minimum annual commitments under non-cancellable operating leases as follows:		
Expiring within one year	16,408	-
Expiring between one and five years inclusive	-	1,440
Expiring in five years or more	<u>72,402</u>	<u>-</u>
	<u>£88,810</u>	<u>£1,440</u>

10 RELATED PARTY TRANSACTIONS

During the year £100,000 was advanced to Hunting Ground Limited, a company in which a director, Gary Caesar, has a material influence. A provision of £50,000 has been charged in these accounts against this loan.