

**MA POTTER'S LIMITED**

**REGISTERED NUMBER : 3092239**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 26 NOVEMBER 2000**

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# **MA POTTER'S LIMITED**

## **DIRECTORS AND ADVISORS**

### **DIRECTORS**

M Tousey (Executive director)  
J Gater (Executive director)  
J Rimer FCA (Non-executive director)  
S Damji (Non-executive director)  
M Burgess (Non-executive director)

### **COMPANY SECRETARY**

J Rimer FCA

### **REGISTERED OFFICE**

52/53 Margaret Street  
London  
W1N 7FE

### **AUDITORS**

Menzies Chartered Accountants  
Victoria House  
Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

### **PRINCIPAL BANKER**

Barclays Bank Plc  
99 Hatton Garden  
London  
EC1N 8DN

# MA POTTER'S LIMITED

## CHAIRMAN'S STATEMENT

As anticipated last year, the Company has achieved a most satisfactory result for the financial year 2000. Sales grew by 43% to over £3.8 million with the benefit of a full year's trading at the Reading location and the opening in July 2000 of a new Ma Potter's Chargrill at Star City, Birmingham. This sales increase resulted in a twenty-fold increase in pre-tax profits to £226,939.

Additional equity funds of £150,000 in the form of Preference Shares were introduced in March 2000 which provided further strength to the balance sheet, placing the Company in a sound position to continue its nationwide expansion programme. New locations will be opening during 2001 in Sheffield, Nottingham, Edinburgh and Leeds which will widen the recognition of the Ma Potter's Chargrill brand across the UK. This expansion is expected to continue into 2002 with additional locations currently under consideration in several major cities and towns.

Customer service is a priority in our industry. Company staff training programmes and management incentives are regularly reviewed in order to maintain high standards of service. The Directors appreciate the continued support from the Company's employees.

The coming year offers many opportunities for growth and a further increase in profitability.



M Tousey

17 APRIL 2001

# MA POTTER'S LIMITED

## REPORT OF THE DIRECTORS

### FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements for the year ended 26 November 2000.

### PRINCIPAL ACTIVITY

The company's principal activity during the year comprised of the operation of branded restaurants.

### DIRECTORS

The directors in office at 26 November 2000 are listed on page 2, all of whom served on the Board throughout the year.

### DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 29 November 1999 and at 26 November 2000 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	26 November 2000	29 November 1999
<b>Ordinary shares of £1 each</b>		
M Tousey (Executive director) (beneficial interest)	1,200	1,200
J Gater (Executive director)	1,200	1,200
J Rimer (Non-executive director)	200	200
S Damji (Non-executive director)	1,200	800
M Burgess (Non-executive director)	200	200
	<hr/>	<hr/>
<b>Preference shares of £1 each</b>		
M Tousey	45,000	-
J Gater	45,000	-
J Rimer	7,500	-
S Damji	45,000	-
M Burgess	7,500	-
	<hr/>	<hr/>

On 21 January 2000, 400 ordinary shares were transferred from N Patel to S Damji, a Director listed above.

On 13 March 2000, 150,000 redeemable £1 preference shares were issued at par to raise capital for the funding of future developments.

# MA POTTER'S LIMITED

## REPORT OF THE DIRECTORS

### 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 the affairs of the company and of the profit of the company for that year. In preparing those financial statements the directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements.
- d) 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 also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. The directors 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.


### AUDITORS

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective March 2000).

By Order of the Board

J Rimer  
Secretary



Date: 17 April 2001.

# REPORT OF THE AUDITORS TO THE MEMBERS OF

## MA POTTER'S LIMITED

We have audited the financial statements on pages 7 to 17 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) under the historical cost convention and the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the company's financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 the company's affairs as at 26 November 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

6.6.01

Victoria House  
Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

*Menzies*  
Menzies  
Chartered Accountants  
and Registered Auditors

**MA POTTER'S LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 26 NOVEMBER 2000**

		2000	1999
	Note	£	£
<b>TURNOVER</b>	2	3,876,902	2,703,848
Cost of sales		1,024,480	741,705
<b>GROSS PROFIT</b>		2,852,422	1,962,143
Administrative and other operating costs		2,591,146	1,923,469
<b>OPERATING PROFIT</b>		261,276	38,674
Interest receivable		1,585	1,781
		262,861	40,455
Interest payable		35,922	29,517
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	226,939	10,938
Tax on profit on ordinary activities	3	69,133	(17,597)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		157,806	28,535
Dividend		9,007	6,000
<b>RETAINED PROFIT TRANSFERRED TO RESERVES</b>	14	148,799	22,535

*The notes on pages 9 to 17 form part of these financial statements.*

# MA POTTER'S LIMITED

## BALANCE SHEET

26 NOVEMBER 2000

		2000	1999
	Note	£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	4	1,754,858	1,216,234
Investments	5	6	2
		<u>1,754,864</u>	<u>1,216,236</u>
<b>CURRENT ASSETS</b>			
Stock		25,140	19,337
Debtors	6	122,520	141,715
Cash at bank and in hand		52,286	22,376
		<u>199,946</u>	<u>183,428</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>915,548</u>	<u>797,059</u>
<b>NET CURRENT (LIABILITIES)</b>		<u>(715,602)</u>	<u>(613,631)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,039,262</u>	<u>602,605</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8	161,908	87,383
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	11	<u>76,690</u>	<u>13,357</u>
		<u>800,664</u>	<u>501,865</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	154,000	4,000
Share premium account	13	398,550	398,550
Profit and loss account	14	248,114	99,315
		<u>800,664</u>	<u>501,865</u>

The financial statements have been prepared on the basis of the special exemptions applicable to small companies, conferred by Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board of Directors on 14 April 2001.

DIRECTORS  M. Tousey

 J. Gater

The notes on pages 9 to 17 form part of these financial statements.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### 1 ACCOUNTING POLICIES

The principal accounting policies of the company have remained substantially unchanged from the previous year with the exception of preliminary expenses and are set out below.

#### Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and under the historical cost convention.

#### Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

#### Consolidation

The company has taken advantage of the statutory exemption not to prepare group accounts, by virtue of its size, as permitted by Section 248 of the Companies Act 1985.

#### Depreciation

Depreciation is charged on the following bases to reduce the cost of the company's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Leasehold land and buildings	Over the length of the lease
Motor vehicles	25% reducing balance
Fixtures, fittings, furniture and equipment	10% - 15% reducing balance

#### Leasehold land and buildings

The cost of leasehold land and buildings included in tangible fixed assets relates to costs directly attributable to the commissioning of new restaurants up to the date a restaurant is opened. These expenses are depreciated over the period from when the restaurant opens to the end of the lease term.

#### Stock

Stock is stated at the lower of cost and net realisable value. In the case of raw materials and consumable stores, cost means purchase price calculated on a first in, first out basis. Net realisable value means the estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

#### Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### ACCOUNTING POLICIES (continued)

#### Preliminary expenses

Due to UITF abstract 24 the company has changed its accounting policy in respect of preliminary expenses. In previous years these have been included in debtors until a decision to open a restaurant had been made, at which point they were transferred to leasehold land and buildings (refer to policy above).

To comply with UITF abstract 24 the company now includes these expenses as fixed assets where they are directly attributable to the commissioning of new restaurants, otherwise they are written off to the profit and loss account. As in previous years if a decision is made not to proceed with a new restaurant the costs are immediately written off to the profit and loss account. As the change in policy does not affect the profit or loss of the company or materially affect the true and fair view given by the accounts it was not considered appropriate to account for the change in policy as a prior year adjustment, preliminary expenses included in debtors in last years financial statements were £30,059.

#### Lease commitments and hire purchase contracts

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives.

Finance charges and interest in connection with finance leases and hire purchase contracts are charged to the profit and loss account on the sum of the digits or actuarial basis.

## 2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the company.

The profit is stated after charging:

	2000	1999
	£	£
Depreciation	140,171	85,756
(Profit)/Loss on disposal of tangible fixed assets	(623)	20,897
Auditors' remuneration	6,500	5,000
Directors' emoluments	164,655	134,574
Property rent	516,240	440,656

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
U.K. corporation tax at 10-20% (1999 - 21%)	5,800	-
Corporation tax recoverable by utilisation of losses	-	(6,125)
Deferred tax charge	63,333	-
	69,133	(6,125)
Prior year adjustments - corporation tax	-	(11,472)
	69,133	(17,597)

### 4 TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings	Fixtures, Fittings etc.	Total
	£	£	£
<b>COST</b>			
At 29 November 1999	575,825	818,351	1,394,176
Additions	195,717	496,820	692,537
Disposals	-	(32,342)	(32,342)
At 26 November 2000	771,542	1,282,829	2,054,371
<b>DEPRECIATION</b>			
At 29 November 1999	52,061	125,881	177,942
Charge for the year	40,860	99,311	140,171
Released on disposals	-	(18,600)	(18,600)
At 26 November 2000	92,921	206,592	299,513
<b>NET BOOK VALUE</b>			
At 28 November 1999	523,764	692,470	1,216,234
At 26 November 2000	678,621	1,076,237	1,754,858

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### Financing

Details of tangible fixed assets held under finance leases and hire purchase contracts which are included above, are as follows:

	2000	1999
	£	£
Net book value at 26 November 2000	235,680	170,011
Depreciation charge for the year	25,730	14,156

### 5 INVESTMENTS

	Shares in group under- taking	Total
	£	£
COST AND NET BOOK VALUE		
At 29 November 1999	2	2
Additions	4	4
At 26 November 2000	6	6

### Basis of exemption from preparing group accounts

The financial statements present information about Ma Potter's Limited as an individual undertaking and do not include the results of its subsidiary undertaking:

	Country of incorporation	Class of share held	Percentage held by Ma Potter's Limited
Chargrill Limited	England	Ordinary	100%
Espresso Limited	England	Ordinary	100%
Espresso UK Limited	England	Ordinary	100%

The company has taken advantage of Section 248(1) of the Companies Act 1985 which permits a parent undertaking not to prepare group accounts where the group in question satisfied two or more of the criteria set out in Section 249(3) of the Companies Act 1985 and so qualifies as a small or medium sized group.

Accordingly, no group accounts have been prepared.

All of the above companies have an issued share capital of £2 and have net assets of £2. They hold various leases but have not traded since incorporation.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### 6 DEBTORS

	2000	1999
	£	£
Preliminary expenses (refer to note 1)	-	30,059
Prepayments and Others	122,520	111,656
	<u>122,520</u>	<u>141,715</u>

### 7 CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Bank loan	60,640	17,093
Trade creditors	251,776	236,078
Amounts owed to group undertakings	6	2
Social security and other taxes	165,475	25,779
Others	437,651	518,107
	<u>915,548</u>	<u>797,059</u>

The bank loans are secured by fixed and floating charges over the assets of the company and an unlimited guarantee from the company's subsidiary, Chargrill Limited. There are also life assurance policies totalling £1,070,338 in respect of the two Executive directors of the company which are held by the bank as security.

### 8 CREDITORS: amounts falling due after more than one year

	2000	1999
	£	£
Bank loan	92,661	17,396
Others	69,247	69,987
	<u>161,908</u>	<u>87,383</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### 9 LEASE COMMITMENTS AND HIRE PURCHASE CONTRACTS

Net obligations under finance leases and hire purchase contracts:

	2000	1999
	£	£
Within one year	84,697	66,163
Between two to five years	69,247	69,987
	<u>153,944</u>	<u>136,150</u>

The obligations under finance leases and hire purchase contracts are repayable by monthly instalments.

### 10 COMMITMENTS UNDER OPERATING LEASES

At 26 November 2000 the company was committed to making the following payments under operating leases over the next twelve months:

	Land and buildings
	£
Between two and five years	8,750
Contracts to expire after five years	494,900
	<u>503,650</u>

The company guarantees four leases held by its 100% owned subsidiary undertaking, Chargrill Limited. The value of these leases amount to £415,500 per annum.

The company also guarantees a lease which is held by its 100% subsidiary undertaking, Espresso Limited. The value of this agreement amounts to £79,400.

The costs in relation to these leases are charged to the operating company, Ma Potter's Limited and are included in the figures above for contracts to the extent they are due to be paid over the next twelve months.

### 11 PROVISION FOR LIABILITIES AND CHARGES

	2000	1999
	£	£
Deferred taxation	76,690	13,357
	<u>76,690</u>	<u>13,357</u>

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### Deferred taxation

Deferred taxation provided in the financial statements and the total potential liability, including the amount provided are set out below:

	Amount Provided		Potential Liability	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	76,690	13,357	87,306	13,357

Movements during the year were as follows:

### Deferred taxation

	2000	1999
	£	£
At 29 November 1999	13,357	13,357
Provided	63,333	-
At 26 November 2000	76,690	13,357

## 12 CALLED UP SHARE CAPITAL

	2000	1999
	£	£
<b>Authorised</b>		
Ordinary shares of £1 each	10,000	10,000
Redeemable Preference shares of £1 each	150,000	-
	160,000	10,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each		
At 29 November 1999	4,000	1,750
Shares issued during the period	-	2,250
At 26 November 2000	4,000	4,000
Redeemable Preference shares of £1 each		
At 29 November 1999	-	-
Shares issued during the period	150,000	-
	154,000	4,000

On 13 March 2000 150,000 redeemable £1 preference shares were issued for cash consideration of £150,000.

**MA POTTER'S LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 26 NOVEMBER 2000****13 SHARE PREMIUM ACCOUNT**

	2000	1999
	£	£
At 29 November 1999	398,550	-
Arising on issue of shares	-	398,550
At 26 November 2000	<u>398,550</u>	<u>398,550</u>

**14 PROFIT AND LOSS ACCOUNT**

	2000	1999
	£	£
At 29 November 1999	99,315	77,580
Profit for the financial year	148,799	22,535
Share movement - bonus issue	-	(800)
At 26 November 2000	<u>248,114</u>	<u>99,315</u>

**15 CAPITAL COMMITMENTS**

At 26 November, the company had committed to £66,000 for Professional Architectural Services in respect of restaurants to be opened in the future.

**16 CONTINGENT LIABILITIES**

There is a potential liability of £38,000 per annum in respect of a lease assigned by the company during the year to 28 November 1999. If the current tenant defaulted the lease obligations would have reverted to the company.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 26 NOVEMBER 2000

### 17 RELATED PARTY TRANSACTIONS

i.) Included in other debtors is an amount £16,166 ( 1999 - £nil ) relating to a payment made by the company on behalf of M Tousey and John Gater, both directors of the company, in respect of two vehicles being purchased privately. These loans are interest free and are due to be repaid within one year.

ii.) The following wholly owned subsidiaries were established during the year:

1. Espresso Limited on 22 December 1999.

2. Espresso UK Limited on 25 August 2000.

Both companies are non-trading subsidiaries and serve to hold leases for the parent company, Ma Potter's Limited.

iii.) During the year, the company was invoiced for £5,000 (1999 : £5,000) in respect of Secretarial and Administrative assistance by JD Rimer & Co. Chartered Accountants, a company owned by J Rimer, who is a non-executive director of Ma Potter's Limited.

iv.) At the beginning of the year the directors made the following loans to the company, which were subsequently converted to redeemable preference shares:

Mark Tousey	£45,000
John Gater	£45,000
Shaffin Damji	£45,000
John Rimer	£7,500
Mark Burgess	£7,500

The interest paid to the directors in respect of their loans up until the date of conversion was as follows:

Mark Tousey	£896
John Gater	£896
Shaffin Damji	£896
John Rimer	£149
Mark Burgess	£149

### 18 ULTIMATE CONTROL

Due to the structure of share ownership, no individual controls the company.