

# MA POTTER'S LIMITED

FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED

27 NOVEMBER 2005



# MA POTTER'S LIMITED

## FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

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# MA POTTER'S LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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### THE BOARD OF DIRECTORS

G Jillings FCIB - Chairman  
M Tousey  
J Gater  
J Rimer FCA  
S Damji  
T Hope  
R Wilson

### COMPANY SECRETARY

J Rimer FCA

### REGISTERED OFFICE

153 - 155 Regent Street  
London  
W1B 4JE

### AUDITORS

Menzies  
Chartered Accountants  
& Registered Auditors  
Victoria House  
Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

### BANKERS

The Royal Bank of Scotland PLC  
62-63 Threadneedle Street  
PO Box 412  
London  
EC2R 8LA

# MA POTTER'S LIMITED

## CHAIRMAN'S STATEMENT

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005


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We have made further progress over the last 12 months, and it is pleasing that we had only a nominal reduction in pre-tax profits despite a general deterioration in the retail market. We have decided not to declare a dividend this year in order to provide additional working capital to help maintain expansion.

The reduced footfall through many major shopping malls and high streets in the last quarter of the year impacted adversely on turnover throughout the restaurant sector and in these more challenging conditions, it is very pleasing that we again improved our gross operating margin from 76.1% to 76.8%. This is a tribute to the tight operational management and leadership of our two Executive Directors supported by a dedicated central management team, and the Board would like to thank all our staff for their commitment and professionalism.

We opened two new restaurants over the last twelve months and a further restaurant opened in April 2006. We sold our Café Espresso lease in Kingston to the landlord earlier in the year to make way for a redevelopment.

The Board has been highly selective in site selection this past year as in many locations rents and service charges are simply being pitched at levels where we feel the potential returns are inadequate. This is exacerbated when upward only rent reviews are in place in addition to turnover-based rent structures. We also note a trend by developers to offset lower demand for retail space by increasing catering space thus intensifying competition. Nevertheless, our expansion programme continues apace with exciting new sites coming on stream over the next few years. We are also pleased to report that we have agreed a new £3.5 million funding facility with our bankers to support our continued rollout.



Godfrey Jilfings FCIB  
Non-Executive Chairman

# MA POTTER'S LIMITED

## THE DIRECTORS' REPORT

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the period from 29 November 2004 to 27 November 2005.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The expansion of the company, the activities in the year and the review of future prospects are given in the Chairman's Report.

### RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 27 November 2005	At 29 November 2004 or later date of appointment
G Jillings FCIB	-	-
M Tousey	1,200	1,200
J Gater	1,025	1,025
J Rimer FCA	200	200
S Damji	1,025	1,025
J Bocan	-	-
R Wilson	-	-

J Bocan retired as a director on 14 February 2006.

R Wilson was appointed as a director on 1 May 2005.

T Hope was appointed as a director on 14 February 2006.

### 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 or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 that 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. 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.

### DISABLED EMPLOYEES

Disabled employees are given full and fair consideration in all applications for employment. Equal consideration is also given for training, career development and opportunities for promotion.

### EMPLOYEE INVOLVEMENT

The company recognises the importance of good employee relations and communications and this is assisted by regular management visits to all restaurants. Employees are kept informed of and express their views on activities which are of concern to them or which are likely to affect their interests.

# MA POTTER'S LIMITED

## THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

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### 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.

Signed by order of the directors

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

J Rimer FCA  
Company Secretary

Approved by the directors on 15 August 2006

# MA POTTER'S LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MA POTTER'S LIMITED

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

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We have audited the financial statements of Ma Potter's Limited for the period from 29 November 2004 to 27 November 2005 on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

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 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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 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 27 November 2005 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Victoria House  
Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

*E. J. 56*  
.....

*Menzies*  
MENZIES  
Chartered Accountants  
& Registered Auditors

# MA POTTER'S LIMITED

## PROFIT AND LOSS ACCOUNT

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

	Note	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
<b>TURNOVER</b>	<b>2</b>	12,898,566	12,305,349
Cost of sales		2,993,782	2,934,517
<b>GROSS PROFIT</b>		9,904,784	9,370,832
Administrative expenses		9,087,308	8,175,143
<b>OPERATING PROFIT</b>	<b>4</b>	817,476	1,195,689
Profit on disposal of fixed assets	<b>7</b>	340,206	–
		1,157,682	1,195,689
Interest receivable		15,912	16,177
Interest payable and similar charges	<b>8</b>	(194,792)	(204,324)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		978,802	1,007,542
Tax on profit on ordinary activities	<b>9</b>	265,000	383,787
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		713,802	623,755
Dividends	<b>10</b>	–	150,102
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		713,802	473,653

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 11 to 19 form part of these financial statements.



# MA POTTER'S LIMITED

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Profit for the financial period	713,802	623,755
Dividends	—	(150,102)
	<hr/> 713,802	<hr/> 473,653
Opening shareholders' equity funds	1,758,585	1,284,932
Closing shareholders' equity funds	<hr/> 2,472,387	<hr/> 1,758,585

The notes on pages 11 to 19 form part of these financial statements.

# MA POTTER'S LIMITED

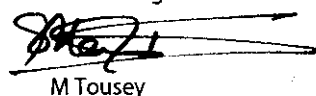
## BALANCE SHEET

27 NOVEMBER 2005

	Note	27 Nov 05 £	£	28 Nov 04 £	£
<b>FIXED ASSETS</b>					
Tangible assets	11		7,023,856		6,499,705
Investments	12		6		6
			<u>7,023,862</u>		<u>6,499,711</u>
<b>CURRENT ASSETS</b>					
Stocks	13	94,331		77,501	
Debtors	14	479,825		655,671	
Cash at bank and in hand		373,794		353,029	
		<u>947,950</u>		<u>1,086,201</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>2,567,454</u>		<u>3,266,805</u>	
<b>NET CURRENT LIABILITIES</b>			(1,619,504)		(2,180,604)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,404,358</u>		<u>4,319,107</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16		<u>2,441,971</u>		<u>2,160,522</u>
			<u>2,962,387</u>		<u>2,158,585</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	18		490,000		400,000
			<u>2,472,387</u>		<u>1,758,585</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	23		5,380		5,380
Share premium account	24		820,081		851,893
Other reserves	25		150,350		150,350
Profit and loss account	26		1,496,576		750,962
<b>SHAREHOLDERS' FUNDS</b>			<u>2,472,387</u>		<u>1,758,585</u>

These financial statements were approved by the directors on the 15 August 2006 and are signed on their behalf by:

  
Gillings FCIB

  
M Tousey

The notes on pages 11 to 19 form part of these financial statements.

# MA POTTER'S LIMITED

## CASH FLOW STATEMENT

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

	Period from 29 Nov 04 to 27 Nov 05 £	£	Period from 1 Dec 03 to 28 Nov 04 £	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		1,367,746		2,015,392
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received	15,912		16,177	
Interest paid	(154,304)		(167,828)	
Interest element of finance leases	(40,488)		(36,496)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(178,880)		(188,147)
<b>TAXATION</b>		(272,431)		(20,780)
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets	(1,320,088)		(1,469,924)	
Receipts from sale of fixed assets	389,604		408,002	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(930,484)		(1,061,922)
<b>EQUITY DIVIDENDS PAID</b>		(150,102)		(56,006)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(164,151)		688,537
<b>FINANCING</b>				
Increase in debenture loans	31,812		31,812	
Increase in/(repayment of) bank loans	166,250		(640,750)	
Capital element of finance leases, net	(13,146)		(72,132)	
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>		184,916		(681,070)
<b>(DECREASE)/INCREASE IN CASH</b>		(20,765)		7,467
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>				
	<b>Period from 29 Nov 04 to 27 Nov 05 £</b>		<b>Period from 1 Dec 03 to 28 Nov 04 £</b>	
Operating profit	817,476		1,195,689	
Depreciation	735,662		680,583	
Loss on disposal of fixed assets	10,877		32,326	
Increase in stocks	(16,830)		(1,965)	
Decrease/(increase) in debtors	175,846		(288,042)	
(Decrease)/increase in creditors	(355,285)		396,801	
<b>Net cash inflow from operating activities</b>	<b>1,367,746</b>		<b>2,015,392</b>	

The notes on pages 11 to 19 form part of these financial statements.

# MA POTTER'S LIMITED

## CASH FLOW STATEMENT *(continued)*

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	27 Nov 05		28 Nov 04	
	£	£	£	£
(Decrease)/increase in cash in the period	(11,047)		7,467	
Net cash (inflow) from debenture loans	(31,812)		(31,812)	
Net cash (inflow) from/outflow from bank loans	(166,250)		640,750	
Cash outflow in respect of finance leases	13,146		72,132	
		(195,963)		688,537
<b>Change in net debt</b>		(195,963)		688,537
<b>Net debt at 29 November 2004</b>		(2,598,529)		(3,287,066)
<b>Net debt at 27 November 2005</b>		(2,762,680)		(2,598,529)

### ANALYSIS OF CHANGES IN NET DEBT

	At 29 Nov 2004 £	Cash flows £	At 27 Nov 2005 £
Net cash:			
Cash in hand and at bank	353,029	20,765	373,794
Debt:			
Debt due within 1 year	(640,750)	109,875	(530,875)
Debt due after 1 year	(2,006,041)	(307,937)	(2,313,978)
Finance lease agreements	(304,767)	13,146	(291,621)
	(2,951,558)	(184,916)	(3,136,474)
<b>Net debt</b>	(2,598,529)	(164,151)	(2,762,680)

The notes on pages 11 to 19 form part of these financial statements.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

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

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax and optional service charges.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Impairment review

The directors undertake an impairment review of fixed assets on an annual basis.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- Over the life of the lease
Fixtures & Fittings and Equipment	- 10%-15% reducing balance monthly
Motor Vehicles	- 25% reducing balance monthly

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Leasing and hire purchase commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

In accordance with UITF 28, rent free periods offered to the company are spread over the period over which the benefit is considered to relate.

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.

#### Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

#### 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.

#### Leasehold land and buildings

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

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

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### 1. ACCOUNTING POLICIES *(continued)*

#### Preliminary expenses

To comply with UITF abstract 24 the company 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.

The capitalised costs will include labour and travel costs where they are considered to relate specifically to the acquisition of new restaurants. If a decision is made not to proceed with a new restaurant the costs are immediately written off to the profit and loss account.

### 2. TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company.

An analysis of turnover is given below:

	<b>Period from 29 Nov 04 to 27 Nov 05 £</b>	<b>Period from 1 Dec 03 to 28 Nov 04 £</b>
United Kingdom	<u>12,898,566</u>	<u>12,305,349</u>

### 3. ADMINISTRATIVE EXPENSES

Administrative expenses are stated net of optional service charges, since these are put towards wages and salaries. These service charges totalled £934,597 (2004: £947,592).

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	<b>Period from 29 Nov 04 to 27 Nov 05 £</b>	<b>Period from 1 Dec 03 to 28 Nov 04 £</b>
Depreciation of owned fixed assets	685,254	590,534
Depreciation of assets held under finance lease agreements	50,408	90,049
Loss on disposal of fixed assets	10,877	32,326
Auditors' remuneration		
- as auditors	14,500	14,500
- for other services	<u>3,500</u>	<u>3,500</u>

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	Period from 29 Nov 04 to 27 Nov 05 No	Period from 1 Dec 03 to 28 Nov 04 No
Number of production staff	422	408
Number of administrative staff	10	13
	<u>432</u>	<u>421</u>

The aggregate payroll costs of the above were:

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Wages and salaries	4,451,804	4,207,940
Social security costs	339,928	316,634
Service charges	(934,597)	(947,592)
	<u>3,857,135</u>	<u>3,576,982</u>

### 6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Emoluments receivable	<u>327,901</u>	<u>363,640</u>

#### Emoluments of highest paid director:

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Total emoluments (excluding pension contributions)	<u>136,250</u>	<u>162,516</u>

### 7. PROFIT ON DISPOSAL OF FIXED ASSETS

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Profit on disposal of fixed assets	<u>340,206</u>	<u>-</u>

This profit resulted from the disposal of the Kingston branch upon the termination of its lease.

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Interest payable on bank borrowing	154,304	167,828
Finance charges	40,488	36,496
	<u>194,792</u>	<u>204,324</u>

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 9. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the period

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2004 - 30%)	264,994	330,000
(Over)/under provision in prior year	(89,994)	-
Total current tax	175,000	330,000
Deferred tax:		
Origination and reversal of timing differences	90,000	53,787
Tax on profit on ordinary activities	265,000	383,787

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Profit on ordinary activities before taxation	978,802	1,007,542
Profit/(loss) on ordinary activities by rate of tax	293,641	302,263
Permanent differences	22,988	1,874
Timing differences	(35,998)	39,689
Marginal relief	(15,637)	(13,826)
Over provision in previous years	(89,994)	-
Total current tax (note 9(a))	175,000	330,000

### 10. DIVIDENDS

No dividend has been recommended for the period from 29 November 2004 to 27 November 2005.



# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 11. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings and equipment £	Motor Vehicles £	Total £
<b>COST</b>				
At 29 November 2004	1,430,429	7,099,434	32,521	8,562,384
Additions	163,727	1,132,586	23,775	1,320,088
Disposals	(41,402)	(66,989)	(17,715)	(126,106)
<b>At 27 November 2005</b>	<b>1,552,754</b>	<b>8,165,031</b>	<b>38,581</b>	<b>9,756,366</b>
<b>DEPRECIATION</b>				
At 29 November 2004	374,019	1,681,957	6,703	2,062,679
Charge for the period	102,575	618,655	14,432	735,662
On disposals	(21,349)	(39,658)	(4,824)	(65,831)
<b>At 27 November 2005</b>	<b>455,245</b>	<b>2,260,954</b>	<b>16,311</b>	<b>2,732,510</b>
<b>NET BOOK VALUE</b>				
<b>At 27 November 2005</b>	<b>1,097,509</b>	<b>5,904,077</b>	<b>22,270</b>	<b>7,023,856</b>
At 28 November 2004	1,056,410	5,417,477	25,818	6,499,705

All properties are held under short leases (less than 50 years).

#### Finance lease agreements

Included within the net book value of £7,023,856 is £312,856 (2004 - £474,243) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £50,408 (2004 - £90,049).

### 12. INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 29 November 2004 and 27 November 2005	6
<b>NET BOOK VALUE</b>	
<b>At 27 November 2005</b>	6
At 28 November 2004	6

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 12. INVESTMENTS *(continued)*

#### 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 undertakings:

	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.

### 13. STOCKS

	27 Nov 05 £	28 Nov 04 £
Stock	94,331	77,501

### 14. DEBTORS

	27 Nov 05 £	28 Nov 04 £
Other debtors	172,793	430,231
Prepayments and accrued income	307,032	225,440
	479,825	655,671

### 15. CREDITORS: Amounts falling due within one year

	27 Nov 05 £	28 Nov 04 £
Bank loans and overdrafts	530,875	640,750
Trade creditors	495,867	605,615
Amounts owed to group undertakings	6	6
Other creditors including taxation and social security:		
Corporation tax	264,994	362,425
Other taxation and social security	540,595	267,873
Finance lease agreements	163,628	150,286
Dividends payable	-	150,102
Other creditors	18,637	151,420
	2,014,602	2,328,477
Accruals and deferred income	552,852	938,328
	2,567,454	3,266,805

The bank loans are secured by fixed and floating charges over the assets of the company and an unlimited guarantee from all the company's subsidiaries. They are due for repayment by instalments with final repayment by March 2009, with interest rates of between 1.25% and 1.5% above LIBOR depending on compliance with various terms. There are also life assurance policies totalling £1,294,216 in respect of the two Executive directors of the company which are held by the bank as security.

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 16. CREDITORS: Amounts falling due after more than one year

	27 Nov 05 £	28 Nov 04 £
Loan stock	1,305,728	1,273,916
Bank loans and overdrafts	1,008,250	732,125
Other creditors:		
Finance lease agreements	127,993	154,481
	<u>2,441,971</u>	<u>2,160,522</u>

The bank loans are secured by fixed and floating charges over the assets of the company and an unlimited guarantee from all the company's subsidiaries. They are due for repayment by instalment with final repayment by March 2009, with interest rates of between 1.25% and 1.5% above LIBOR, depending on compliance with various terms. There are also life assurance policies totalling £1,294,216 in respect of the two Executive directors of the company which are held by the bank as security.

The loan stock comprises three tranches:

	£
Due for repayment 31 July 2008	400,000
Due for repayment 31 July 2009	500,000
Due for repayment 31 July 2010	500,000
	<u>1,400,000</u>
Less: Issue costs	94,272
	<u>1,305,728</u>

Interest is payable at 5% until 31 December 2005, 6% in 2006, 7% in 2007 and 8% in 2008 and until redemption.

The loans are secured against the assets of the company ranking behind the security granted to the bank.

### 17. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	27 Nov 05 £	28 Nov 04 £
Amounts payable within 1 year	163,628	150,286
Amounts payable between 2 to 5 years	127,993	154,481
	<u>291,621</u>	<u>304,767</u>

### 18. DEFERRED TAXATION

The movement in the deferred taxation provision during the period was:

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Provision brought forward	400,000	346,213
Profit and loss account movement arising during the period	90,000	53,787
Provision carried forward	<u>490,000</u>	<u>400,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	27 Nov 05 £	28 Nov 04 £
Excess of taxation allowances over depreciation on fixed assets	490,000	400,000
	<u>490,000</u>	<u>400,000</u>

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 19. COMMITMENTS UNDER OPERATING LEASES

At 27 November 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	<b>27 Nov 05</b>	<b>28 Nov 04</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 2 to 5 years	30,195	30,195
After more than 5 years	1,584,271	1,583,671
	<u>1,614,466</u>	<u>1,613,866</u>

The company guarantees sixteen leases held by its 100% owned subsidiary undertaking, Chargrill Limited. The value of these amount to £1,550,571 per annum.

The company also guarantees one lease which is held by its 100% subsidiary undertaking, Espresso UK Limited. The value of this lease amounts to £33,700 per annum.

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.

### 20. CAPITAL COMMITMENTS

At 27 November 2005, the company had no material capital commitments.

### 21. CONTINGENT LIABILITIES

There are potential liabilities of £90,000 per annum in respect of a lease assigned by the company during 2003.

### 22. RELATED PARTY TRANSACTIONS

During the year, the company was invoiced for £7,500 (2004 : £7,500) in respect of Company Secretarial and administrative assistance by JD Rimer & Co. Chartered Accountants, a business owned by J Rimer, who is a non-executive director of Ma Potter's Limited.

### 23. SHARE CAPITAL

#### Authorised share capital:

	<b>27 Nov 05</b>	<b>28 Nov 04</b>
	<b>£</b>	<b>£</b>
10,000 Ordinary shares of £1 each	10,000	10,000
150,000 Redeemable Preference shares of £1 each	150,000	150,000
	<u>160,000</u>	<u>160,000</u>

#### Allotted, called up and fully paid:

	<b>27 Nov 05</b>		<b>28 Nov 04</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>5,380</u>	<u>5,380</u>	<u>5,380</u>	<u>5,380</u>

### 24. SHARE PREMIUM ACCOUNT

	<b>Period from 29 Nov 04 to 27 Nov 05 £</b>	<b>Period from 1 Dec 03 to 28 Nov 04 £</b>
Balance brought forward	851,893	883,705
Amortisation of loan stock issue costs	(31,812)	(31,812)
Balance carried forward	<u>820,081</u>	<u>851,893</u>

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 NOVEMBER 2004 TO 27 NOVEMBER 2005

### 25. OTHER RESERVES

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Capital redemption reserve	<u>150,350</u>	<u>150,350</u>

### 26. PROFIT AND LOSS ACCOUNT

	Period from 29 Nov 04 to 27 Nov 05 £	Period from 1 Dec 03 to 28 Nov 04 £
Balance brought forward	750,962	245,497
Retained profit for the financial period	713,802	473,653
Amortisation of deal costs	31,812	31,812
Balance carried forward	<u>1,496,576</u>	<u>750,962</u>

### 27. ULTIMATE CONTROL

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

### 28. SUBSEQUENT EVENTS

The company has entered into a £4.7 million seven year loan facility with its bankers to provide £3.5 million to support its expansion programme with the balance to consolidate existing bank loans.