

# **MA POTTER'S LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the 52 weeks ended 27 May 2012**

Registered number 3092239

THURSDAY



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**COMPANY INFORMATION**

**DIRECTORS**

J Derkach  
M Mansigani

**COMPANY SECRETARY**

M Mansigani

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

**BANKERS**

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

**SOLICITORS**

Ashurst  
Broadwalk House  
5 Appold Street  
London  
EC2A 2AH

**REGISTERED OFFICE**

1st Floor  
163 Eversholt Street  
London  
NW1 1BU

**REGISTERED NUMBER**

3092239

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of Ma Potter's Limited (the Company) for the 52 weeks ended 27 May 2012. The comparatives are for the 52 weeks ended 29 May 2011.

### **Principal activities**

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 £6,988 (2011: profit £405,680). The directors do not propose the payment of a dividend (2011: £nil).

Exceptional costs of £29,509 were incurred by the Company for the 52 weeks ended 27 May 2012 (52 weeks ended 29 May 2011: £265,245 credit). These costs are considered exceptional per the accounting policies set out in Note 1 and related to the impairment of fixed assets and movements in onerous contract provisions.

### **Review of business developments and future prospects**

The Company will continue to operate restaurants for the foreseeable future under the brand of Ma Potter's, with a number of units being converted to Cafe Rouge, Strada or Bella Italia formats. All systems and accounting data have been integrated to the Tragus systems and Tragus accounting policies have been implemented in Ma Potter's Limited.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Tragus Group Limited, which include those of the Company, are disclosed in the Group's annual report which does not form part of this report.

### **Key Performance Indicators**

The Directors of Tragus Group Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Ma Potter's Limited. The development, performance and position of the business of the Group, which includes the Company, is discussed within the Directors' Report of Tragus Group Limited's financial statements which does not form part of this report.

### **Financial risk management**

From the perspective of the Company, the financial risks of the Company are integrated with the financial risks of the Group and are not managed separately. Accordingly, the management of the financial risks of Tragus Group Limited, which include those of the Company, are disclosed in the Group's annual report which does not form part of this report.

### **Going concern**

The directors believe that preparing financial statements on the going concern basis is appropriate due to the continued financial support of Tragus Group Limited. The directors have received confirmation that Tragus Group Limited intend to support the Company for at least one year after these financial statements are signed.

### **Directors**

The directors of the Company during the period and up to the date of signing the financial statements were as follows:

G Turner	Resigned 1st August 2012
J Derkach	Appointed 1st August 2012
M Mansigani	
J Parsons	Resigned 1st August 2012

### **Creditor payment policy**

The policy is to agree the terms of payments with its suppliers as and when a trading relationship is established. The Company ensures that the terms of payment are clear and its policy is to abide by the agreed terms, provided the supplier meets its obligations.

### **Employee involvement**

The Board recognises the importance of employees being fully informed of events which directly affect them and their working conditions. The Company has in place a number of channels of communication including regular team and area meetings, weekly and monthly publications and a company intranet. In addition, the management board carries out two business updates a year with all restaurant managers.

### **Employment of disabled persons**

The Company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retain and assist any individuals disabled during their employment. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

## **DIRECTORS' REPORT**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditors**

Pursuant to section 418 of the Companies Act 2006, each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

In the absence of a notice proposing that their appointment be terminated, the auditors, PricewaterhouseCoopers LLP, will be deemed to be re-appointed for the next financial year.

On behalf of the Board of Directors



John Derkach  
DIRECTOR

19<sup>th</sup> September 2012

1st Floor  
163 Eversholt Street  
LONDON NW1 1BU

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MA POTTER'S LIMITED**

We have audited the financial statements of Ma Potter's Limited for the 52 week period ended 27 May 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 27 May 2012 and of its loss for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

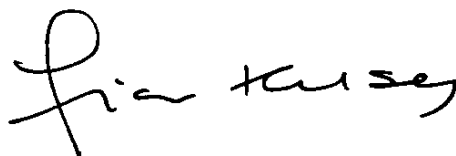
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Fiona Kelsey (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6R11

19 September 2012

MA POTTER'S LIMITED

**PROFIT AND LOSS ACCOUNT**

**52 weeks ended 27 May 2012**

		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	Note	52 weeks ended 27 May 2012	52 weeks ended 27 May 2012 (note 3)	52 weeks ended 27 May 2012	52 weeks ended 29 May 2011	52 weeks ended 29 May 2011 (note 3)	52 weeks ended 29 May 2011
		£	£	£	£	£	£
<b>TURNOVER</b>		6,878,876	-	6,878,876	8 524 651	-	8 524 651
Cost of sales		(6,578,876)		(6,578,876)	(7 844 516)		(7 844,516)
<b>GROSS PROFIT</b>		300,000	-	300,000	680 135	-	680 135
Administrative expenses		(471,026)	(29,509)	(500,535)	(533 677)	265,245	(268 432)
<b>OPERATING (LOSS) / PROFIT</b>	2	(171,026)	(29,509)	(200,535)	146 458	265 245	411 703
Profit / (loss) on disposal of fixed assets		197,460	-	197,460	(4 526)	-	(4 526)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		26,434	(29,509)	(3,075)	141 932	265 245	407 177
Interest payable	5	(3,913)	-	(3,913)	(1 497)	-	(1 497)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		22,521	(29,509)	(6,988)	140 435	265,245	405 680
Tax on (loss) / profit on ordinary activities	6			-			-
<b>(LOSS) / PROFIT FOR THE FINANCIAL PERIOD</b>	13			(6,988)			405 680

All activities are in respect of continuing operations

The Company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the (loss) / profit on ordinary activities before taxation and the (loss) / profit for the financial period stated above and their historic cost equivalent

MA POTTER'S LIMITED

Registered number 3092239

**BALANCE SHEET**

**As at 27 May 2012**

	Note	27 May 2012 £	29 May 2011 £
<b>FIXED ASSETS</b>			
Investments	7	6	6
Tangible assets	8	<u>1,701,319</u>	<u>2 034 489</u>
		1,701,325	2 034 495
<b>CURRENT ASSETS</b>			
Stocks		46,286	57 973
Debtors	9	177,336	193 885
Cash in hand		<u>770</u>	<u>970</u>
		224,392	252 828
<b>CREDITORS - amounts falling due within one year</b>	10	<u>(4,624,693)</u>	<u>(4 757 054)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(4,400,301)</u>	<u>(4 504 226)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2,698,976)	(2 469 731)
<b>PROVISIONS FOR LIABILITIES</b>	11	<u>(131,298)</u>	<u>(353 555)</u>
<b>NET LIABILITIES</b>		<u><u>(2,830,274)</u></u>	<u><u>(2 823 286)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	5,380	5 380
Share premium account	13	820,081	820 081
Other reserves	13	150,350	150 350
Profit and loss account	13	<u>(3,806,085)</u>	<u>(3 799 097)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	14	<u><u>(2,830,274)</u></u>	<u><u>(2 823 286)</u></u>

These financial statements on pages 5 to 12 were approved by the Board of Directors and authorised for issue on 19 September 2012 and signed on its behalf by

*M. Mansigani*

Mohan Mansigani  
Director



## **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 27 May 2012**

### **1 ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (UK GAAP)

The principal accounting policies adopted by the directors and which have been consistently applied across the group and prior periods are described below

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Tragus Group Limited. The Company's ultimate parent undertaking Tragus Group Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other group entities for financial support the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention

#### **Turnover**

Turnover is the value of goods and services sold at restaurants solely within the UK as part of the Company's continuing ordinary activities after deducting sales based taxes. Turnover is recognised on provision of goods and services.

#### **Pension costs**

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs disclosed in note 16 represents contributions payable by the Company to the fund. The Company will continue to contribute to this fund in future accounting periods.

#### **Pre-opening costs**

Property rentals and other pre-opening costs incurred up to the date of opening a new restaurant are all written off to the profit and loss account in the period in which they arise.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase price less accumulated depreciation. Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Leasehold improvements are depreciated to their estimated residual values over their remaining lease periods except where the anticipated renewal or extension of the lease is sufficiently certain that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that in most instances leases are readily extendible by an additional 15 years. The maximum depreciation period for leasehold improvements is 30 years.
- Furniture, fixtures and equipment are depreciated over 4 to 25 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

#### **Exceptional items**

Costs incurred in the year which are classified as exceptional in note 3 and on the face of the profit and loss account are those which are material in nature and derive from events or transactions that fall outside the ordinary activities of the Company and which are individually or in aggregate of such size or incidence to require specific disclosure.

#### **Onerous contract provision**

Onerous contract provisions are made for the future net costs of leasehold properties which are vacant, loss making or sub-let below passing rent. Provisions are based on discounted future net cash outflows. Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **Leases**

Rental payments in respect of operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against operating profit over the period of the lease. Rental income in respect of operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease.

Rent free periods are recognised in the profit and loss account over the period to the first rent review.

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.

**NOTES TO THE FINANCIAL STATEMENTS****52 weeks ended 27 May 2012****1 ACCOUNTING POLICIES (CONTINUED)****Fixed asset investments**

Investments are stated at cost less any provision for impairment in value. Impairment reviews are performed by the directors when there is an indication of impairment.

**Stocks**

Stocks are valued at the lower of cost and net realisable value and on a first in first out basis. No provision for obsolete or slow-moving stocks has been made given the nature of the stocks.

**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**

Cash held within this Company is not cash held at bank, rather represents the cash floats held at restaurant sites. There are no finance charges associated with this cash in the Profit and Loss account.

**Cash flow statement**

The Company is a wholly owned subsidiary undertaking of Tragus Bidco Limited. The cash flows of the Company are included in the consolidated cash flow statement of Tragus Bidco Limited, which is publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) Cash Flow Statements from presenting a cash flow statement.

**2 OPERATING (LOSS) / PROFIT**

	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Operating (loss) / profit is stated after charging		
Depreciation charge for the period		
- Tangible owned fixed assets (note 8)	403,895	527,660
Operating lease charges		
- Land and buildings	1,214,350	1,316,880

The following fees for services provided by the Company's auditor were charged to the Company:

	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Audit services		
Fees payable to Company auditors	4,000	4,000
Non-audit services		
Other services	1,000	1,000
Tax services	2,000	1,500

**3 EXCEPTIONAL ITEMS**

	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Net increase / (decrease) in onerous contract provision	29,509	(293,591)
Impairment of tangible fixed assets	-	28,346
	29,509	(265,245)

The tax effect in the profit and loss account relating to the exceptional items is £7,581 (2011: £81,266).

An impairment review was conducted and highlighted sites which management consider to have onerous fixed cost obligations for which a net provision of £29,509 has been created (2011: £293,591 provided). No fixed assets have also been impaired (2011: £28,346).

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 52 weeks ended 27 May 2012

#### 4 STAFF COSTS

	52 weeks ended 27 May 2012 Number	52 weeks ended 29 May 2011 Number
The average number of persons employed by the Company during the period was		
Directors	3	3
Restaurant staff	185	220
	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Staff costs incurred during the period in respect of these employees were		
Wages and salaries	1,887,427	2,285,505
Social security costs	115,692	155,734
Pension costs (note 16)	2,335	3,693
	2,005,454	2,444,932

None of the directors received any remuneration in respect of their services for the Company during the period (2011: nil)

#### 5 INTEREST PAYABLE

	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Interest payable	3,913	1,497

#### 6 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Current taxation on (loss) / profit for the period		
UK corporation tax at 25.69% (2011: 27.68%)	-	-
Total current taxation charge	-	-
Deferred taxation		
Timing differences	-	-
Effect of change in corporation tax rate	-	-
Prior period adjustment	-	-
Total deferred taxation charge	-	-
Taxation on (loss) / profit on ordinary activities	-	-

The tax assessed for the period is higher (2011: lower) than the standard rate of corporation tax in the UK of 25.69% (2011: 27.68%). The differences are explained below:

	52 weeks ended 27 May 2012 £	52 weeks ended 29 May 2011 £
Factors affecting the tax charge for the period		
(Loss) / profit on ordinary activities before taxation	(6,988)	405,680
Profit on ordinary activities before taxation multiplied by the standard effective rate of corporation tax in the UK of 25.69% (2011: 27.68%)	(1,795)	112,292
Effect of:		
Expenses not deductible for tax purposes	151	100
Depreciation in excess of capital allowances	(3,318)	(310)
Fixed asset impairment	-	7,845
Loss on disposal of assets	-	1,253
Group relief	4,962	(121,180)
Total current taxation charge	-	-

The Company has a deferred taxation asset in respect of fixed assets temporary differences of £296,096 (2011: £396,851) which is not recognised in the balance sheet due to it not being sufficiently probable that it will be fully utilised in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 27 May 2012

## 6 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES (continued)

On 23 March 2011 a number of changes to the UK corporation tax system were announced including a reduction of the main rate of corporation tax from 26% to 24% with effect from 1 April 2012. The reduction in the rate to 24% became substantively enacted on 26 March 2012 under the Provisional Collection of Taxes Act 1968. Deferred tax has therefore been provided for at 24% (2011: 26%) and the pro-rated corporation tax rate for the period is 25.69% (2011: 27.68%).

Further reductions to the main rate are proposed to reduce the rate of corporation tax by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements. If these changes had been enacted at the balance sheet date, the effect of the changes would not have had a material effect on recognised or unrecognised deferred tax balances.

## 7 FIXED ASSET INVESTMENTS

Cost and net book amount

As at 29 May 2011 and 27 May 2012

£

6

The investments shown below are dormant companies

	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 directors believe the carrying value is supported by underlying net assets

## 8 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture, fixtures & equipment £	Total £
<u>Cost</u>			
At 29 May 2011	2,399,665	8,748,371	11,148,036
Additions	-	70,725	70,725
Disposals	(228,586)	(220,366)	(448,952)
At 27 May 2012	2,171,079	8,598,730	10,769,809
<u>Accumulated depreciation</u>			
At 29 May 2011	(1,433,975)	(7,679,572)	(9,113,547)
Charge for the period	(95,673)	(308,222)	(403,895)
Disposals	228,586	220,366	448,952
At 27 May 2012	(1,301,062)	(7,767,428)	(9,068,490)
<u>Net book amount</u>			
At 27 May 2012	870,017	831,302	1,701,319
At 29 May 2011	965,690	1,068,799	2,034,489

## 9 DEBTORS

	27 May 2012 £	29 May 2011 £
Trade debtors	787	149
Prepayments	176,549	193,736
	177,336	193,885

# MA POTTER'S LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 27 May 2012

### 10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 May 2012 £	29 May 2011 £
Amount owed to group undertakings	4,325,152	4 384 108
Other creditors	10,009	10 589
Accruals	289,532	362 357
	<u>4,624,693</u>	<u>4 757 054</u>

Amounts owed to group undertakings have no fixed repayment date and are interest free and unsecured

### 11 PROVISIONS FOR LIABILITIES

	£
At 29 May 2011	353 555
Charge for the period (note 3)	29 509
Utilised in the period	<u>(251 766)</u>
At 27 May 2012	<u>131,298</u>

Provisions relate primarily to the future cost of vacant leasehold properties which have ceased to be used for trading purposes. They are vacant loss making or sub-let below passing rent. The provision will unwind over the lesser of the date to the termination of the leases or the date of exit if negotiated sooner.

### 12 CALLED UP SHARE CAPITAL

	27 May 2012 £	29 May 2011 £
10 000 (2011 10 000) Ordinary shares of £1 each	10,000	10,000
150 000 (2011 150 000) Redeemable preference shares of £1 each	<u>150,000</u>	<u>150 000</u>
	<u>160,000</u>	<u>160 000</u>
	<u>Authorised</u>	
	27 May 2012 £	29 May 2011 £
5 380 (2011 5,380) Ordinary shares of £1 each	<u>5,380</u>	<u>5 380</u>
	<u>Allotted, called up and fully paid</u>	
	27 May 2012 £	29 May 2011 £

### 13 STATEMENT OF MOVEMENTS IN RESERVES

	Other reserve £	Share premium account £	Profit and loss account £	Total £
At 29 May 2011	150 350	820 081	(3 799 097)	(2 828 666)
Loss for the financial period	-	-	(6 988)	(6 988)
At 27 May 2012	<u>150,350</u>	<u>820,081</u>	<u>(3,806,085)</u>	<u>(2,835,654)</u>

Other reserve is a capital contribution reserve

### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	27 May 2012 £	29 May 2011 £
Shareholders' deficit at beginning of period	(2,823,286)	(3 228 966)
(Loss) / profit for the financial period	<u>(6,988)</u>	<u>405 680</u>
Shareholders' deficit at end of period	<u>(2,830,274)</u>	<u>(2 823 286)</u>

**NOTES TO THE FINANCIAL STATEMENTS****52 weeks ended 27 May 2012****15 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 land and buildings which expire:

	27 May 2012 £	29 May 2011 £
Within two to five years	586,950	468,100
After five years	589,901	944,601
	<u>1,176,851</u>	<u>1,412,701</u>

The financial commitments for operating lease amounts payable calculated as a percentage of turnover have been based on the minimum payment that is required under the terms of the relevant lease. As a result the amounts charged to the profit and loss account are different to the financial commitment at the year-end.

**16 PENSION COSTS**

The group contributes to a stakeholder pension scheme for employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable in respect of the accounting period and amounted to £2,335 (2011: £3,693). There were nil outstanding contributions at the end of the financial period (2011: £nil).

**17 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption given in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other wholly owned group companies on the grounds that it is a wholly owned subsidiary of a group headed by Tragus Group Limited whose financial statements are publicly available.

**18 ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking of the Company is Tragus Cayco Holdco Limited, registered in the Cayman Islands. The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Tragus Bidco Limited, registered in England and Wales, the largest Tragus Group Limited, registered in England and Wales. Copies of these financial statements can be obtained from 1st Floor, 163 Eversholt Street, London NW1 1BU, United Kingdom.

The Company considers The Blackstone Group L.P., a firm listed on the New York Stock Exchange, as the ultimate controlling party by way of its majority shareholding of Tragus Cayco Holdco Limited.