

**Miracle Retail Limited**

**Directors' report and financial  
statements**

Registered number 3184569

28 March 2004



## Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of Miracle Retail Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

## Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 28 March 2004.

### Principal activities and review of the business

The principal activity of the company in the period under review was the operation of sandwich shops.

### Results and dividends

The results for the period are set out on page 4.

### Future developments

There will be further reorganisation of the Company in the coming year with the aim to put the Company on a sound financial footing going forward.

### Directors and directors' interests

The directors who held office during the year were as follows:

SB Heath  
C Mayes  
F Grimbleby (appointed 29 January 2004)


The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 March 2004	31 March 2003
SB Heath	-	-
C Mayes	-	-
F Grimbleby	-	-

### Auditors

KPMG LLP were appointed during the year. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
SB Heath  
Director

9 Taylors Court  
Parkgate  
Rotherham  
South Yorkshire  
S62 6NU

3 November 2004

## **Statement of 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



**KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

**Report of the independent auditors to the members of Miracle Retail Limited**

We have audited the financial statements on pages 4 to 11.

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

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

**Basis of audit opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 March 2004 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

**15** November 2004

## Profit and loss account

for the 52 week period ended 28 March 2004

	Note	2004 £	2003 £
Turnover	2	349,990	419,989
Cost of sales		(79,337)	(101,663)
<b>Gross profit</b>		<b>270,653</b>	<b>318,326</b>
Administrative expenses		(167,108)	(124,959)
<b>Operating profit</b>		<b>103,545</b>	<b>193,367</b>
Other interest receivable and similar income	6	-	5,603
Interest payable and similar charges	7	-	(2,494)
<b>Profit on ordinary activities before taxation</b>	2-7	<b>103,545</b>	<b>196,476</b>
Tax on loss on ordinary activities	8	-	-
<b>Profit on ordinary activities after taxation</b>	14	<b>103,545</b>	<b>196,476</b>

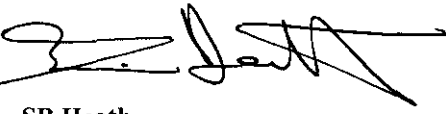
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**Balance sheet**  
 at 28 March 2004

	Note	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		53,040		67,935
<b>Current assets</b>					
Stocks	10	4,900		3,482	
Debtors	11	3,498		61,536	
Cash at bank and in hand		394,641		196,212	
		403,039		261,230	
<b>Creditors:</b> amounts falling due within one year	12	(89,144)		(65,775)	
<b>Net current liabilities</b>			313,895		195,455
<b>Total assets less current liabilities</b>			366,935		263,390
<b>Capital and reserves</b>					
Called up share capital	13	2,079,009		2,079,009	
Share premium account	14	624,962		624,962	
Profit and loss account	14	(2,337,036)		(2,440,581)	
<b>Shareholders' funds</b>	15		366,935		263,390
Equity interests		(633,065)		(736,610)	
Non-equity interests		1,000,000		1,000,000	
		366,935		263,390	

These financial statements were approved by the board of directors on 3 November 2004 and were signed on its behalf by:

  
**SB Heath**  
 Director

  
**C Mayes**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Out of Town Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Out of Town Group Limited, within which this company is included, can be obtained from the address given in note 18.

#### *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	Over life of lease
Plant and machinery	15-20% Straight line
Furniture, fixtures and fittings	10-15% Straight line

#### *Leasing*

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### *Stock*

Stock is stated at the lower of cost and net realisable value.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not revised by the balance sheet date, except as otherwise required by FRS19.

### 2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.



## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2004 £	2003 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	17,190	16,755
Operating lease rentals		
- Plant and machinery	-	96
- Other assets	41,937	63,629
Auditors' remuneration		
Audit	1,000	2,400
	<hr/>	<hr/>

### 4 Remuneration of directors

	2004 £	2003 £
Directors emoluments	-	-
	<hr/>	<hr/>

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2004 Number	2003 Number
Catering	8	10
Management	1	1
	<hr/>	<hr/>
	9	11
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	56,905	77,167
Social security costs	3,012	3,504
	<hr/>	<hr/>
	59,917	80,671
	<hr/>	<hr/>

### 6 Other interest receivable and similar income

	2004 £	2003 £
Other	-	5,603
	<hr/>	<hr/>

**Notes (continued)**

**7 Interest payable**

	2004 £	2003 £
On bank loans and overdrafts	-	2,494

**8 Taxation**

Analysis of charge in period.

	2004 £	2003 £
<b>UK corporation tax</b>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
<b>Current tax charge</b>	-	-

**Factors affecting the tax charge for the period**

The tax charge for the year is lower (2003: *higher*) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	103,545	196,475
Current tax at 30% (2003: 30%)	31,064	58,943
Effects of:		
Expenses not deductible for tax purposes	1,867	3,605
Capital allowances for period in excess of depreciation	(7,409)	(10,863)
Tax losses utilised	(25,522)	(51,685)
<b>Total current tax charge</b>	-	-

The company has a potential deferred tax asset of £564,291 (2003: £594,278) of which £537,066 (2003: £559,682) relates to tax losses and £27,225 (2003: £34,596) relates to accelerated capital allowance. The asset has not been recognised on the grounds that its recovery is uncertain.

**Notes (continued)**

**9 Tangible fixed assets**

	Short Leasehold Land and buildings £	Other Tangible fixed assets £	Total £
<b>Cost</b>			
At beginning of year	74,693	71,890	146,583
Additions	-	2,295	2,295
	<hr/>	<hr/>	<hr/>
At end of year	74,693	74,185	148,878
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	31,668	46,980	78,648
Charge for the period	6,224	10,966	17,190
	<hr/>	<hr/>	<hr/>
At end of year	37,892	57,946	95,838
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 28 March 2004	36,801	16,239	53,040
	<hr/>	<hr/>	<hr/>
At 30 March 2003	43,025	24,910	67,935
	<hr/>	<hr/>	<hr/>

**10 Stocks**

	2004 £	2003 £
Finished goods and goods for resale	4,900	3,482
	<hr/>	<hr/>

**11 Debtors**

	2004 £	2003 £
Trade debtors	-	2
Amounts owed by group undertakings	-	57,205
Other debtors	-	-
Prepayments and accrued income	3,498	4,329
	<hr/>	<hr/>
	3,498	61,536
	<hr/>	<hr/>

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	2004 £	2003 £
Trade creditors	6,110	19,842
Taxation and social security	2,167	2,333
Other creditors	2,344	1,512
Accruals and deferred income	7,777	42,088
Amounts owed to group undertakings	70,746	-
	<u>89,144</u>	<u>65,775</u>

**13 Called up share capital**

	2004 £	2003 £
<i>Authorised</i>		
1,250,000 Ordinary shares of £1 each	1,250,000	1,250,000
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	<u>2,250,000</u>	<u>2,250,000</u>
<i>Allotted, called up and fully paid</i>		
1,079,009 Ordinary shares of £1 each	1,079,009	1,079,009
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	<u>2,079,009</u>	<u>2,079,009</u>

**14 Reserves**

	Share premium account £	Profit and loss account £
At beginning of year	624,962	(2,440,581)
Retained profit for the year	-	103,545
	<u>624,962</u>	<u>2,337,036</u>

## Notes (continued)

### 15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial period	103,545	196,476
New share capital subscribed	-	750,000
Opening shareholders' funds	263,390	(683,086)
Closing shareholders' funds	366,935	263,390

### 16 Contingent liabilities

The company has guaranteed the overdrafts of other group companies; the amount outstanding at the year end was £1,379,477 (2003: £5,014,285). The company is party to a fixed and floating charge securing the Out of Town Group's loan facility. At the year end the amount owing on the facility totalled £12,882,305 (2003: £11,602,305).

### 17 Commitments

a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2004 £	2003 £
Contracted	-	-

b) Annual commitment under non-cancellable operating leases are as follows:

	2004 £	2003 £
Operating leases which expire over five years	17,250	17,250

### 18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Out of Town Group Limited incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Out of Town Group Limited undertaking, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Out of Town Restaurants Group Limited. The consolidated accounts of these groups are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.