

Miracle Retail Limited

**Directors' report and financial
statements**

Registered number 3184569

27 March 2005



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COMPANIES HOUSE **30/06/2006**

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 27 March 2005.

Principal activities and review of the business

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

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 (resigned 31 December 2004)
C Mayes
F Grimbleby
GG Hunter (appointed 11 November 2004)

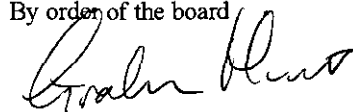
There are no directors' interests requiring disclosure under the Companies Act 1985.

The interests of the directors in the ultimate parent company are disclosed in that companies accounts.

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



GG Hunter
Director

9 Taylors Court
Parkgate
Rotherham
South Yorkshire
S62 6NU

29 June 2006

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

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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 27 March 2005 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

29 June 2006

Profit and loss account
for the 52 week period ended 27 March 2005

	<i>Note</i>	2005 £	2004 £
Turnover	2	351,919	349,990
Cost of sales		(93,889)	(79,337)
Gross profit		258,030	270,653
Administrative expenses		(201,067)	(167,108)
Operating profit		56,963	103,545
		-	-
Profit on ordinary activities before taxation	2-5	56,963	103,545
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation	12	56,963	103,545

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.

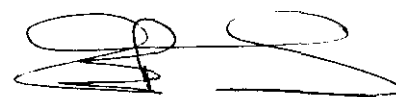
Balance sheet
at 27 March 2005

	<i>Note</i>	2005		2004
		£	£	£
Fixed assets				
Tangible assets	7	49,606		53,040
Current assets				
Stocks	8	6,095		4,900
Debtors	9	1,020		3,498
Cash at bank and in hand		446,022		394,641
		<u>453,137</u>		<u>403,039</u>
Creditors: amounts falling due within one year	10	(78,845)		(89,144)
Net current assets		<u>374,292</u>		<u>313,895</u>
Total assets less current liabilities		<u>423,898</u>		<u>366,935</u>
Capital and reserves				
Called up share capital	11	2,079,009		2,079,009
Share premium account	12	624,962		624,962
Profit and loss account	12	(2,280,073)		(2,337,036)
Shareholders' funds	13	<u>423,898</u>		<u>366,935</u>
Equity interests		(576,102)		(633,065)
Non-equity interests		1,000,000		1,000,000
		<u>423,898</u>		<u>366,935</u>

These financial statements were approved by the board of directors on 29 June 2006 and were signed on its behalf by:



GG Hunter
Director



F Grimbleby
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 16.

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

	2005 £	2004 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	9,314	17,190
Operating lease rentals		
- Plant and machinery	109	-
- Other assets	44,965	41,937
Auditors' remuneration		
Audit	1,000	1,000
	<u> </u>	<u> </u>

4 Remuneration of directors

	2005 £	2004 £
Directors emoluments	-	-
	<u> </u>	<u> </u>

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:

	2005 Number	2004 Number
Catering	7	8
Management	1	1
	<u> </u>	<u> </u>
	8	9
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	63,253	56,905
Social security costs	3,992	3,012
	<u> </u>	<u> </u>
	67,245	59,917
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation

Analysis of charge in period.

	2005 £	2004 £
UK corporation tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the period

The tax charge for the year is lower (2004: lower) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	56,963	103,545
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	17,089	31,064
Effects of:		
Expenses not deductible for tax purposes	1,867	1,867
Capital allowances for period in excess of depreciation	927	(7,409)
Tax losses utilised	(19,883)	(25,522)
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

The company has a potential deferred tax asset of £584,185 (2004: £564,291) of which £545,335 (2004: £537,066) relates to tax losses and £38,850 (2004: £27,225) relates to accelerated capital allowance. The asset has not been recognised on the grounds that its recovery is uncertain.

Notes (continued)

7 Tangible fixed assets

	Short Leasehold Land and buildings £	Other Tangible fixed assets £	Total £
<i>Cost</i>			
At beginning of year	74,693	74,185	148,878
Additions	-	5,880	5,880
	<hr/>	<hr/>	<hr/>
At end of year	74,693	80,066	154,759
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	37,892	57,946	95,838
Charge for the period	6,224	3,090	9,314
	<hr/>	<hr/>	<hr/>
At end of year	44,116	61,036	105,152
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 27 March 2005	30,577	19,029	49,606
	<hr/>	<hr/>	<hr/>
At 30 March 2004	36,801	16,239	53,040
	<hr/>	<hr/>	<hr/>

8 Stocks

	2005 £	2004 £
Finished goods and goods for resale	6,095	4,900
	<hr/>	<hr/>

9 Debtors

	2005 £	2004 £
Trade debtors	20	-
Prepayments and accrued income	1,000	3,498
	<hr/>	<hr/>
	1,020	3,498
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	19,149	6,110
Taxation and social security	3,411	2,167
Other creditors	2,384	2,344
Accruals and deferred income	7,965	7,777
Amounts owed to group undertakings	45,936	70,746
	<u>78,845</u>	<u>89,144</u>

11 Called up share capital

	2005 £	2004 £
<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>

12 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	624,962	(2,337,036)
Retained profit for the year	-	56,963
	<u>624,962</u>	<u>(2,280,073)</u>
At end of year	624,962	(2,280,073)

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial period	56,963	103,545
Opening shareholders' funds	366,935	263,390
	<hr/>	<hr/>
Closing shareholders' funds	423,898	366,935
	<hr/>	<hr/>

14 Contingent liabilities

The company has guaranteed the overdrafts of other group companies; the amount outstanding at the year end was £2,188,195 (2004: £1,379,477). 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 £13,455,320 (2004: £12,882,305).

15 Commitments

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

	2005 £	2004 £
Contracted	-	-
	<hr/>	<hr/>

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

	2005 £	2004 £
Operating leases which expire:		
More than one year and less than five years	17,250	-
More than five years	-	17,250
	<hr/>	<hr/>

16 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 consolidated accounts of this group are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

17 Post balance sheet events

As noted the company is party to the fixed and floating charge securing the Out of Town Group's loan facility. On 31 May 2006 this debt was restructured, resulting in shares being issued in settlement of part of the debt and new facilities being arranged. Further details are given within the Out of Town Group accounts.