

SMITHS OF SMITHFIELD LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE PERIOD
FROM 29 JANUARY 1999 TO 31 MAY 2000**

REGISTERED NUMBER: 3704349



SMITHS OF SMITHFIELD LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

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SMITHS OF SMITHFIELD LIMITED

COMPANY INFORMATION

DIRECTORS

S Hopson Jones
A Hopson Jones
J Torode
R Munding

SECRETARY

A Hopson Jones

REGISTERED OFFICE

209 Central Market
Smithfield
London
EC1A 9LH

REGISTERED NUMBER

3704349

BUSINESS ADDRESS

67-77 Charterhouse Street
Smithfield
London
EC1M 6HJ

AUDITORS

Cheesman and Partners
4 Aztec Row
Berners Road
London N1 0PW

PRINCIPAL BANKERS

National Westminster Bank Plc
63 Picadilly
London
W1A 2AG

SMITHS OF SMITHFIELD LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the period ended 31 May 2000.

PRINCIPAL ACTIVITIES

The company was incorporated as Pressalter Limited on 29 January 1999 and changed its name to Smiths of Smithfield Limited on 6 April 1999. Shortly thereafter it commenced its planned principal activity, being that of setting up and running a restaurant in the Smithfield area of London.

REVIEW OF THE BUSINESS

As these financial statements cover the preliminary set up phase of the company and the first few days of trading of the restaurant, which opened in May 2000, the directors are satisfied with the results shown. The loss for the period of £511,178 will be carried forward to be set against future profits.

SHARE CAPITAL

On 29 January 1999 the company issued 2 subscriber shares for cash at par value of £1 each.

On 16 July 1999 the company increased its authorised share capital from 1,000 Ordinary Shares of £1 each to 10,000 Ordinary Shares of £1 each and 990,000 8% Cumulative Redeemable Preference Shares of £1 each. On the same day the company allotted a further 5,598 Ordinary Shares of £1 each for cash at par value.

On 13 September 1999 the company allotted 2,460 Ordinary Shares of £1 each and 375,560 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 14 September 1999 the company allotted 200 Ordinary Shares of £1 each and 63,200 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 22 September 1999 the company allotted 65 Ordinary Shares of £1 each and 20,540 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 23 September 1999 the company allotted 16 Ordinary Shares of £1 each and 5,056 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 24 September 1999 the company allotted 50 Ordinary Shares of £1 each and 15,800 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 1 October 1999 the company allotted 620 Ordinary Shares of £1 each and 195,920 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 8 October 1999 the company allotted 16 Ordinary Shares of £1 each and 5,056 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 11 October 1999 the company allotted 320 Ordinary Shares of £1 each and 101,120 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 30 May 2000 a rights issue was made under which the company allotted 228 Ordinary Shares of £1 each and 148,164 8% 2005 Unsecured Redeemable Loan Stock for cash at par value.

All of the above share issues were in respect of the raising of funds for the completion of the restaurant and such working capital as was necessary for the running of the business.

SMITHS OF SMITHFIELD LIMITED

DIRECTORS' REPORT

DIVIDENDS

No dividends were paid during the period and no recommendation is made as to dividends. Provision has, however, been made in respect of the accrued dividends in respect of the 8% Cumulative Redeemable Preference Shares of £1 each although such dividends cannot at present be paid in view of the losses sustained.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors do not consider that the introduction of the Single European Currency has had a significant effect on the operation of the business, because the company did not carry out a significant amount of trade with entities outside the UK.

DIRECTORS AND THEIR INTERESTS

The directors in office in the period and their beneficial interests in the company at the date of appointment and at the balance sheet date were as follows:

		Number of Ordinary Shares	
		2000	On
			appointment
S Hopson Jones	(appointed 16 February 1999)	-	-
A Hopson Jones	(appointed 16 February 1999)	2,300	-
J Torode	(appointed 29 April 1999)	-	-
R Munding	(appointed 10 November 1999)	-	-

Instant Companies Limited was appointed First Director on 29 January 1999 and resigned on 16 February 1999. George Peter Ellis was appointed director on 28 April 1999 and resigned on 24 June 1999.

None of the above directors had any interest in the preference share capital of the company.

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 as at the end of the financial year 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 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; and
- 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 maintaining 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 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the company did not make political contributions or charitable contributions that exceeded £200.

SMITHS OF SMITHFIELD LIMITED

DIRECTORS' REPORT

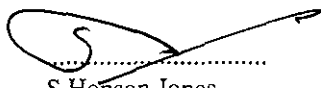
YEAR 2000 ISSUES

The directors have considered the risks and uncertainties affecting the business in respect of year 2000 compliance. A review was made of the integrity of the company's own computer systems and enquiry was made of the company's principal suppliers in this regard. Accordingly the directors are satisfied that there was no material effect on the company and believe that there will be no future cost implications.

AUDITORS

Cheesman and Partners were appointed by the directors as auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be re-appointed.

On behalf of the board:



S Hopson Jones
Director

Date: 22 November 2000

SMITHS OF SMITHFIELD LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

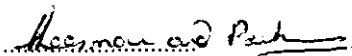
BASIS OF OPINION

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 affairs of the company as at 31 May 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Cheesman and Partners

Registered Auditors

4 Aztec Row
Berners Road
London N1 0PW

Date: 22 November 2000

SMITHS OF SMITHFIELD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

	Notes	2000 £
TURNOVER	1	30,485
Cost of sales		(64,401)
GROSS LOSS		(33,916)
Administrative expenses		(531,144)
		(565,060)
Other operating income		32,832
OPERATING LOSS	2	(532,228)
Investment income and interest receivable	3	23,427
Interest payable and similar charges	4	(2,377)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(511,178)
Tax on loss on ordinary activities	6	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(511,178)
APPROPRIATION		
Preference dividends in arrears		(29,608)
LOSS FOR THE FINANCIAL PERIOD	16	(540,786)

Continuing operations

The company's restaurant opened in May 2000.

Total recognised gains and losses

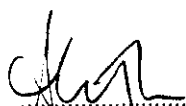
The company has no recognised gains or losses other than the loss for the above financial period.

SMITHS OF SMITHFIELD LIMITED

BALANCE SHEET AT 31 MAY 2000

	Notes	£	2000 £
FIXED ASSETS			
Tangible assets	7		2,562,107
CURRENT ASSETS			
Stocks	8	81,066	
Debtors	9	375,773	
Cash at bank and in hand		100,885	
		557,724	
CREDITORS: amounts falling due within one year	10	(1,752,842)	
NET CURRENT LIABILITIES			(1,195,118)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,366,989
CREDITORS: amounts falling due after more than one year	11		(1,115,948)
NET ASSETS			251,041
CAPITAL AND RESERVES			
Called up share capital	15		791,827
Profit and loss account	16		(540,786)
TOTAL SHAREHOLDERS' FUNDS	17		251,041

Approved by the board of directors on 22 November 2000 and signed on its behalf by:


A Hopson Jones
Director

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of meals and drinks sold during the period.

Sponsorship

Sponsorship income represents support payments negotiated with suppliers and are taken to the profit and loss account in the period to which the agreement relates.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Leasehold improvements	5% straight line
Fixtures, fittings and equipment	20%/33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation only to the extent that it is probable a liability or asset will crystallise.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease at a constant periodic rate on the capital obligation outstanding.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

2. OPERATING LOSS

Operating loss is stated	2000 £
After charging:	
Depreciation of fixed assets	7,272
Auditors' remuneration	10,000
Non-audit service remuneration paid to auditors - fundrasing fees	39,000
Non-audit service remuneration paid to auditors - other fees	1,800
Other fundraising costs	15,812
Operating lease rentals	
Land and buildings	16,146
After crediting:	
Sponsorship income	23,290
Management charges	9,542

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2000 £
Interest received and receivable	
Bank interest	23,427

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £
On bank loans and overdrafts	1,748
On other loans	238
Other interest	391
	2,377

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	2000 £
Staff costs (including Directors' salaries)	
Wages and salaries	296,987
Social security costs	19,065
	316,052

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	2000 £
Directors' emoluments	
Remuneration for management services (including Benefits in Kind)	50,000
Directors fees	2,000
Fees paid to third parties	110,000
	<u>162,000</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no liability to corporation tax in the period because of the losses incurred. At the balance sheet date the company had tax losses of approximately £710,000 available to carry forward to offset future profits of the same trade.

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost:			
Additions	2,067,896	501,483	2,569,379
Depreciation:			
Charge for period	3,677	3,595	7,272
Net book value:			
At 31 May 2000	<u>2,064,219</u>	<u>497,888</u>	<u>2,562,107</u>
			2000 £
Analysis of net book value of land and buildings:			
Long leasehold			<u>2,064,219</u>

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

7. TANGIBLE FIXED ASSETS - (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	2000 £
Net book values:	
Fixtures, fittings and equipment	332,842
Depreciation charge for the period:	
Fixtures, fittings and equipment	2,388

The cost of Leasehold improvements includes interest and arrangement fees relating to loans funding the construction work totalling 84,298.

8. STOCKS

	2000 £
Raw materials and consumables	81,066

9. DEBTORS

	2000 £
Trade debtors	16,077
Called up share capital not paid	2,426
Other debtors	347,728
Prepayments and accrued income	9,542
	375,773

10. CREDITORS: amounts falling due within one year

	2000 £
Bank loans and overdrafts	350,000
Net obligations under finance leases and hire purchase contracts	107,216
Trade creditors	473,889
Other taxes and social security costs	32,618
Other creditors	164,182
Accruals and deferred income	624,937
	1,752,842

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

10. CREDITORS: amounts falling due within one year - (continued)

Bank loans and overdrafts amounting to £350,000 are secured by a fixed and floating charge on all the assets of the company.

11. CREDITORS: amounts falling due after more than one year

	2000 £
Bank loans and overdrafts	850,000
8% 2005 Unsecured Redeemable Loan Stock	148,164
Net obligations under finance leases and hire purchase contracts	117,784
	<u>1,115,948</u>

Bank loans and overdrafts amounting to £850,000 are secured by a fixed and floating charge on all the assets of the company.

12. BORROWINGS

	2000 £
The company's borrowings are repayable as follows	
Up to one year and on demand	350,000
Between two and five years	961,123
After five years	37,041
	<u>1,348,164</u>

Borrowings: amounts due after 5 years

Repayable by instalments, some of which fall due after five years	
8% 2005 Unsecured Redeemable Loan Stock	148,164
	<u>1,100,000</u>
Wholly repayable within five years	
Included in current liabilities	<u>350,000</u>

The 8% 2005 Unsecured Redeemable Loan Stock is repayable in four equal instalments on 31 August 2002, 2003, 2004 and 2005.

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2000 £
The company's obligations are repayable as follows:	
Within one year or on demand	123,508
In one to two years	123,508
Total gross obligations	247,016
Finance charges and interest allocated to future accounting periods	(22,016)
Total net obligations	225,000
Net obligations analysed as follows:	
Included in creditors - amounts falling due within one year	107,216
Included in creditors - amounts falling due after more than one year	117,784
	225,000

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

14. DEFERRED TAXATION

	Full potential provision 2000 £	Provided 2000 £
Deferred tax is calculated at 30% analysed over the following timing differences:		
On the excess of capital allowances over depreciation	(53,500)	(53,500)
On losses for taxation purposes carried forward	213,000	53,500
	159,500	-

Credit has not been taken for the deferred taxation asset as the directors do not consider that it would be prudent to do so.

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

15. SHARE CAPITAL

	2000 £
Authorised:	
Equity interests:	
10,000 Ordinary shares of £1 each	10,000
Non-equity interests:	
990,000 8% Cumulative Redeemable Preference shares of £1 each	990,000
	<u>1,000,000</u>
 Allotted, called up and fully paid:	
Equity interests:	
9,575 Ordinary shares of £1 each	9,575
Non-equity interests:	
782,252 8% Cumulative Redeemable Preference shares of £1 each	782,252
	<u>791,827</u>

On 29 January 1999 the company issued 2 subscriber shares for cash at par value of £1 each.

On 16 July 1999 the company increased its authorised share capital from 1,000 Ordinary Shares of £1 each to 10,000 Ordinary Shares of £1 each and 990,000 8% Cumulative Redeemable Preference Shares of £1 each. On the same day the company allotted a further 5,598 Ordinary Shares of £1 each for cash at par value.

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SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

15. SHARE CAPITAL - (continued)

On 11 October 1999 the company allotted 320 Ordinary Shares of £1 each and 101,120 8% Cumulative Redeemable Preference Shares of £1 each for cash at par value.

On 30 May 2000 a rights issue was made under which the company allotted 228 Ordinary Shares of £1 each and 148,164 8% 2005 Unsecured Redeemable Loan Stock for cash at par value.

All of the above share issues were in respect of the raising of funds for the completion of the restaurant and such working capital as was necessary for the running of the business.

16. PROFIT AND LOSS ACCOUNT

	2000 £
Loss for the period	(540,786)
Accumulated loss at end of period	<u>(540,786)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £
Loss for the period	(511,178)
Dividends	(29,608)
New share capital subscribed	791,827
Net addition to shareholders' funds	<u>251,041</u>
Closing shareholders' funds	<u>251,041</u>
Represented by:-	
Equity interests	(531,211)
Non-equity interests	782,252
	<u>251,041</u>

18. REVENUE COMMITMENTS

At period end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings 2000 £	Other 2000 £
More than five years	235,000	-

SMITHS OF SMITHFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 29 JANUARY 1999 TO 31 MAY 2000

19. RELATED PARTY DISCLOSURES

The company had the following transactions and period end balances with related parties:

Polygon Bar & Grill Limited

Administration charge	9,542
Accrued interest	7,467
Amounts due from the company	140,000

Clapham Junction Limited

Director's consultancy fees payable	50,000
Balance in Trade Creditors	38,268

Marcel Limited

Director's consultancy fees payable	60,000
Balance in Trade Creditors	11,750

A Hopson Jones (director)

Balance in Creditors	25,000
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R Munding (director)

Director's consultancy fees accrued	2,000
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The above balances are interest-free, unsecured and repayable on demand with the exception of the amount due to Polygon Bar & Grill Limited on which interest is charged at 8% per annum.

The administration charge is for the use of the offices and staff of the company by Polygon Bar & Grill Limited and is recharged at cost. The Directors consultancy fees are charges by the above directors or companies for the services of the directors.

S Hopson Jones, a director of the company, is a director of Polygon Bar & Grill Limited and Clapham Junction Limited. He has shareholdings of 50% in Polygon Bar & Grill Limited and 100% in Clapham Junction Limited.

A Hopson Jones, a director of the company, is a director of Polygon Bar & Grill Limited. He has a shareholding of 50% in Polygon Bar & Grill Limited.

J Torode, a director of the company, is a director and 99% shareholder of Marcel Limited.

The directors consider these to be arms length transactions.