

Casual Dining Limited
Annual report and accounts
for the period ended 30 April 2000

Registered Number 03800190



Casual Dining Limited
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for the period ended 30 April 2000
Contents

Directors and advisors for the period ended 30 April 2000.....	1
Directors' report for the period ended 30 April 2000.....	2
Auditors' report to the members of Casual Dining Limited.....	4
Profit and loss account for the period from incorporation to 30 April 2000.....	5
Balance sheet as at 30 April 2000.....	6
Cash flow statement for the period ended 30 April 2000	7
Notes to the financial statements for the period ended 30 April 2000.....	8

Casual Dining Limited

Directors and advisors for the period ended 30 April 2000

Directors

I S Baker

G M Guthrie

G B McGowan

Hammond Suddards Directors Limited (resigned 15 November 1999)

S W Sim

Secretary

I S Baker

Auditors

PricewaterhouseCoopers

Central Business Exchange

Midsummer Boulevard

Central Milton Keynes

MK9 2DF -

Registered Office

RGB House

High Street

Princes Risborough

Buckinghamshire

HP27 0AX

Registered Number

03800190

Casual Dining Limited

Directors' report for the period ended 30 April 2000

The directors present their report and the audited financial statements of the company for the period from incorporation to 30 April 2000.

Principal activities

The company was incorporated on 2 July 1999 and commenced trading on 26th November 1999. The principal activity of the company is the ownership and management of restaurants.

Review of business and future developments

The period to 30 April 2000 saw the acquisition of the company's first trading premises, namely four leasehold restaurants from the Administrators of the Celebrated Group plc. All four restaurants trade as Chili's Grill & Bar, which is a franchised concept licensed from Brinker International Inc of Dallas, Texas.

The operations had suffered, during the period prior to acquisition, from a lack of investment in both capital and human resources, and was under-strength in branch management. During the period under review, however, very significant progress was made towards the improvement of supplier relationships, the recruitment and training of operational and administration staff, and an action programme to support the quality of customer service.

Also during the period the company entered into an agreement to lease a restaurant at The Oracle Centre, Reading, and commenced the fitting out contract. Since the year end, this unit has opened very successfully, and it is the company's intention to seek further opportunities to expand the number of restaurants under management.

Results and dividends

The company's loss for the financial period is £476,487. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who held office during the period are listed on page 1.

No director had either at the beginning of the period or at the end of the period ended 30 April 2000, any interests in, or rights to subscribe for, shares of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 April 2000 and that applicable accounting standards have been followed.

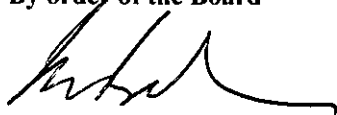
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Casual Dining Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'I S Baker', written over a horizontal line.

I S Baker

Secretary

21 June 2001

Casual Dining Limited

Auditors' report to the members of Casual Dining Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

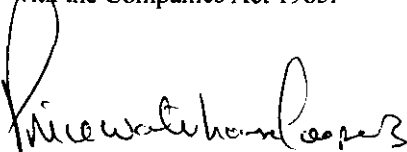
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the future refinancing of the business. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 2000 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Milton Keynes

11 July 2001

Casual Dining Limited

Profit and loss account for the period from incorporation to 30 April 2000

	Note	2000 £
Turnover – continuing operations	2	2,529,942
Cost of sales		(847,015)
Gross profit		1,682,927
Administrative expenses		(2,156,069)
Loss on ordinary activities before interest and taxation		(473,142)
Interest receivable and similar income		5,012
Interest payable and similar charges	6	(8,357)
Loss on ordinary activities before taxation	7	(476,487)
Tax on loss on ordinary activities	8	-
Loss for the financial period	18	(476,487)

All trading results arose from the acquisition of net assets during the period (see note 9).

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

Casual Dining Limited

Balance sheet as at 30 April 2000

	Note	2000 £	2000 £
Fixed assets			
Intangible assets			
- purchased goodwill	9	307,935	
Tangible assets	10	2,866,062	3,173,997
Current assets			
Stock	11	33,891	
Debtors			
- due within one year	12	147,988	
- due after more than one year	12	335,000	
Cash at bank and in hand		108,673	625,552
Creditors: amounts falling due within one year	13		(1,387,321)
Net current liabilities			(761,769)
Total assets less current liabilities			2,412,228
Creditors : amounts falling due after more than one year	14		(2,888,713)
Net liabilities			(476,485)
Capital and reserves			
Called up share capital	17		2
Profit and loss account	18		(476,487)
Equity shareholders' funds	19		(476,485)

The financial statements on pages 5 to 18 were approved by the board of directors on 21 June 2001 and were signed on its behalf by:

B McGowan
Director



Casual Dining Limited

Cash flow statement for the period ended 30 April 2000

	Note	2000 £	2000 £
Net cash outflow from operating activities	20		(5,558)
Returns on investment and servicing of finance			-
Interest element of finance lease payments		(6,964)	
Interest paid		(1,393)	
Net cash outflow from returns on investment and servicing of			(8,357)
Taxation			-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(195,938)	
Net cash outflow for capital expenditure and financial investment			(195,938)
Acquisitions			
Payment to acquire trade or business		(2,500,000)	
Net cash outflow for acquisitions			(2,500,000)
Equity dividends paid			-
Net cash outflow before use of liquid resources and financing			
Management of liquid resources			
Reduction in short term deposits			-
Financing			
Issue of ordinary shares		2	
Increase in loans		2,835,000	
Capital element of finance lease payments		(16,476)	
Net cash inflow from financing			2,818,526
Increase in net cash	21, 22		108,673

Casual Dining Limited

Notes to the financial statements for the period ended 30 April 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The directors have assumed the going concern basis for the preparation of these accounts. This is on the basis that the company is in advanced discussions with the shareholder with a view to refinancing the business. If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce balance sheet values of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors are presently uncertain as to the outcome of the negotiations, they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write-off the cost of tangible fixed assets, less their estimated residual values on a straight-line basis over the estimated useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

		%
Short leasehold improvements	-	over the lease term
Plant and machinery	-	12.5-20
Fixtures and fittings	-	20

Goodwill

Goodwill arising on acquisitions is capitalised and amortised through the profit and loss account on a straight-line basis over 20 years. This period is the period over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is

Casual Dining Limited

charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Pension costs

The company makes contributions on behalf of key staff to personal pension plans. The amount charged to the profit and loss account represents the contributions payable to the plans in respect of the accounting period.

Principal accounting policies *continued*

Stocks

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

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to customers during the year.

2 Turnover

Turnover all relates to the company's principal business activity of the ownership and management of restaurants, which arises wholly within the United Kingdom.

3 Directors' emoluments

	2000 £
Aggregate emoluments	78,443

The above amount excludes amounts payable to money purchase pension schemes in respect of two of the directors, but unpaid as at the period end that totalled £10,626.

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2000
Selling and distribution	198
Administration	8
	206

5 Employee costs

Casual Dining Limited

	2000
	£
Wages and salaries	835,192
Social security costs	73,851
Other pensions costs	10,626
Staff costs	919,669

6 Interest payable and similar items

	2000
	£
Interest payable on bank loans and overdrafts	1,393
Interest payable on finance leases	6,964
Total interest and similar charges payable	8,357

7 Loss on ordinary activities before taxation

	2000
	£
Loss on ordinary activities before tax is stated after charging/(crediting)	
Depreciation of tangible fixed assets	
- owned assets	81,541
- under finance leases	21,647
Amortisation of goodwill	6,552
Hire of machinery and equipment	1,227
Royalty payments	44,769
Other operating lease rentals	2,055
Auditors' fees	20,000

Auditors' fees relating to non-audit services were £2,000.

8 Tax on loss on ordinary activities

There is no tax charge for the period due to tax losses carried forward. At 30 April 2000 the estimated tax losses carried forward are £400,000.

Casual Dining Limited

9 Intangible assets

	Goodwill £
Cost	
At 2 July 1999	-
Acquisitions in period (see below)	314,487
At 30 April 2000	314,487
Amortisation	
At 2 July 1999	-
Charge for the period	6,552
At 30 April 2000	6,552
Net book amount	
At 30 April 2000	307,935
At 2 July 1999	-

The following table sets out the fair values of those identifiable assets and liabilities which were acquired from The Celebrated Group plc on 26 November 1999. Book value information was unavailable.

	Fair value £
Tangible assets	2,260,000
Stocks	10,000
Moveable plant and equipment	29,998
Purchase contracts	1
Licence fee for head office	1
Finance lease obligations	(114,487)
Net assets	2,185,513
Goodwill	314,487
	2,500,000

Satisfied by:

Cash paid	2,500,000
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There is no available information showing the profit and loss account for the assets acquired for the periods prior to acquisition.

Casual Dining Limited

10 Tangible assets

	Short leaseholds	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 2 July 1999	-	-	-	-
Additions	2,142,378	698,091	128,781	2,969,250
At 30 April 2000	2,142,378	698,091	128,781	2,969,250
Accumulated depreciation				
At 2 July 1999	-	-	-	-
Charge for the period	32,541	54,515	16,132	103,188
At 30 April 2000	32,541	54,515	16,132	103,188
Net book amount				
At 30 April 2000	2,109,837	643,576	112,649	2,866,062
At 2 July 1999	-	-	-	-
				2000
				£
Assets held under finance leases				
Cost				114,487
Aggregate depreciation				21,647
Net book amount				92,840

11 Stocks

	2000
	£
Raw materials and consumables	33,891

Casual Dining Limited

12 Debtors

	2000
	£
Debtors due within one year	
Other debtors	38,496
Prepayments and accrued income	109,492
	147,988
Debtors due after more than one year	
Rental deed deposits	335,000
	482,988

13 Creditors – Amounts falling due within one year

	2000
	£
Trade creditors	511,736
Finance leases	44,298
Taxation and social security	309,155
Other creditors	313,334
Accruals and deferred income	208,798
	1,387,321

14 Creditors – Amounts falling due after more than one year

	2000
	£
Debenture loan	2,835,000
Finance leases	53,713
	2,888,713

There are no fixed repayment terms for the Debenture loan and no interest is payable.

The debenture loan is subordinated to a bank loan taken out in May 2000, repayable within 5 years.

Casual Dining Limited

15 Loans and other borrowings

	2000
	£
Debenture loan	2,835,000
Finance leases	98,011
	2,933,011
Maturity of debt	
In one year or less, or on demand	-
In more than one year, but not more than two years	-
In more than two years, but not more than five years	2,835,000
In more than five years	-
	2,835,000
Amount repayable otherwise than by instalments after more than five years	-

Finance leases

Future minimum payments under finance leases are as follows:

	2000
	£
Within one year	44,298
In more than one year, but not more than five years	53,713
After five years	-
	98,011

16 Deferred taxation

	2000
	£
The unprovided amounts of deferred taxation for timing differences are as follows	
Accelerated capital allowances	47,191
Losses	(78,561)
	(31,370)

Casual Dining Limited

17 Called up share capital

	2000
	£
Authorised	
100 ordinary shares of £1 each	100
Allotted and fully paid	
2 ordinary shares of £1 each	2

18 Reserves

	Profit and loss account
	£
At 2 July 1999	-
Loss for the financial period	(476,487)
Deficit at 30 April 2000	(476,487)

19 Reconciliation of movements in shareholders' funds

	2000
	£'000
For the period ended 30 April 2000	
Loss for the financial period	(476,487)
Proceeds of ordinary shares issued for cash	2
Net change in shareholders' funds	(476,485)
Opening shareholders' funds	-
Closing shareholders' funds	(476,485)

Casual Dining Limited

20 Reconciliation of operating loss to net cash flow from operating activities

	2000
	£'000
Continuing operations	
Operating loss	(473,142)
Write-off of moveable plant and equipment	29,998
Amortisation of goodwill	6,552
Depreciation	103,188
Increase in stocks	(23,891)
Increase in debtors	(482,988)
Increase in creditors	834,725
Net cash flow from continuing operations	(5,558)

21 Reconciliation of net cash flow to movement in net debt

	2000	2000
	£'000	£'000
Increase in cash in the period	108,673	
Cash inflow from net increase in debt and lease financing	(2,818,524)	
Change in net debt resulting from cash flows		(2,709,851)
Other non cash items:		
New finance leases		(114,487)
Movement in net debt in the period		(2,824,338)
Net debt at 2 July 1999		-
Net debt at 30 April 2000		(2,824,338)

Casual Dining Limited

22 Analysis of changes in net debt

	At 2 July 1999 £'000	Cash flow £'000	Other non cash changes £'000	At 30 April 2000 £'000
Cash at bank and in hand	-	108,673	-	108,673
Debt due after 1 year	-	(2,835,000)	-	(2,835,000)
Finance leases	-	16,476	(114,487)	(98,011)
Total	-	(2,709,851)	(114,487)	(2,824,338)

23 Other related party disclosures

Kevin Leech, owner of 100% of the company's share capital is considered by the Directors to have a controlling influence over Envo-Tech Integrated Systems (Envo-Tech), Bygone Times International Limited (BTI) and Gala Consultancy Limited (Gala). During the period, Envo-Tech completed work in connection with the installation of fire/intruder alarms, sound system, telephone system, and cabling works at Chili's Grill & Bar, Reading and Cambridge. The cost of the work amounted to £28,522 (£24,274 net of VAT). This amount is included in creditors due within one year at the period-end. During the period, BTI completed fit-out works to Chili's Grill & Bar, Reading. The cost of the works amounted to £470,000 (£400,000 net of VAT), of which, £156,000 was outstanding at the period-end. Also included in the balance sheet is a provision of £38,000 payable to BTI relating to contractual variations. During the period, Gala paid BTI £156,000 on the company's behalf in relation to the Reading restaurant fit-out works, as above. This amount is included in creditors at the period-end.

During the period, Kevin Leech provided a loan of £2,835,000 to the company. This amount is included in creditors due after more than one year at the period-end.

24 Contingent liabilities

The company had no contingent liabilities as at 30 April 2000.

25 Capital and other commitments

The company had no capital commitments as at 30 April 2000.

Casual Dining Limited

26 Financial commitments

At 30 April 2000 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Property	Vehicles
	£	£
Annual commitments under non-cancellable operating leases expiring:		
Within one year	-	-
Within two to five years	-	8,219
After five years	657,419	-
	657,419	8,219

27 Controlling party

In the opinion of the directors, the controlling party is K Leech Esq on the basis of his 100% holding of the ordinary share capital.