

The Restaurantgame.com Limited
Financial statements
For the year ended 31 December 2001

Grant Thornton 



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Company No. 3887115

Company information

Company registration number	3887115
Registered office	St James's Court 30 Brown Street Manchester M2 2JF
Directors	D Lilley S E Lilley S J Garrity B Hood
Secretary	S J Garrity
Bankers	Bank of Scotland 117 Foregate Street Chester CH1 2NX
Auditors	Grant Thornton Chartered Accountants Registered Auditors 1st Floor Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2001.

Principal activities

The principal activity of the company is that of offering services to the restaurant industry.

Directors

The directors who served the company during the year were as follows:

D Lilley
S E Lilley
S J Garrity
B Hood

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent 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 at the end of the year and of the profit or loss for the year then ended. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

S E Lilley

Director

14 May 2004

A handwritten signature in black ink, appearing to read 'S E Lilley', is written over the printed name and date.

Report of the independent auditors to the members of The Restaurantgame.com Limited

We have audited the financial statements of The Restaurantgame.com Limited for the year ended 31 December 2001 on pages 9 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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 auditors' 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' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2001 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LIVERPOOL
14 May 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the prior year and are set out below.

The directors have prepared trading and cash flow forecasts which show that the company can trade within its agreed finance facilities. Therefore the directors are of the opinion that because of this, in conjunction with the continued support of the parent undertaking and its shareholders, it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software licence - 33% Straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 25% straight line
Motor Vehicles - 25% straight line
Computer Equipment - 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Research and development costs

Development costs are capitalised and amortised over the estimated useful life of the asset.

Website development costs

All costs relating to the development of the web site are written off to the profit and loss account as they are incurred.

Profit and loss account

		Year to 31 Dec 01 £	Period from 1 Dec 99 to 31 Dec 00 £
	Note		
Turnover		424,569	10,701
Cost of sales		913,166	139,000
Gross loss		(488,597)	(128,299)
Other operating charges	1	1,674,414	1,525,083
Operating loss	2	(2,163,011)	(1,653,382)
Interest payable	4	7,704	1,779
Loss on ordinary activities before taxation		(2,170,715)	(1,655,161)
Tax on loss on ordinary activities		-	-
Loss for the financial year		(2,170,715)	(1,655,161)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2001 £	2000 £
Fixed assets			
Intangible assets	5	101,970	-
Tangible assets	6	240,938	200,206
		<u>342,908</u>	<u>200,206</u>
Current assets			
Debtors	7	285,615	166,349
Cash at bank and in hand		80	1,167
		<u>285,695</u>	<u>167,516</u>
Creditors: amounts falling due within one year	8	809,902	641,052
Net current liabilities		<u>(524,207)</u>	<u>(473,536)</u>
Total assets less current liabilities		<u>(181,299)</u>	<u>(273,330)</u>
Creditors: amounts falling due after more than one year	9	2,299,277	36,531
		<u>(2,480,576)</u>	<u>(309,861)</u>
Capital and reserves			
Called-up equity share capital	14	1,345,300	1,345,300
Profit and loss account	15	(3,825,876)	(1,655,161)
Deficiency	15	<u>(2,480,576)</u>	<u>(309,861)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 14 May 2004 and are signed on their behalf by:

S E Lilley
Director



Notes to the financial statements

1 Other operating income and charges

	Year to 31 Dec 01 £	Period from 1 Dec 99 to 31 Dec 00 £
Administrative expenses	<u>1,674,414</u>	<u>1,525,083</u>

2 Operating loss

Operating loss is stated after charging:

	Year to 31 Dec 01 £	Period from 1 Dec 99 to 31 Dec 00 £
Directors' emoluments	185,000	40,062
Staff pension contributions	27,410	-
Amortisation	10,243	-
Depreciation of owned fixed assets	41,802	16,945
Depreciation of assets held under finance leases and hire purchase agreements	21,190	5,293
Auditors' fees	<u>10,065</u>	<u>4,000</u>

3 Directors

Remuneration in respect of directors was as follows:

	Year to 31 Dec 01 £	Period from 1 Dec 99 to 31 Dec 00 £
Emoluments	185,000	40,062
Value of company pension contributions to money purchase schemes	7,375	-
	<u>192,375</u>	<u>40,062</u>

4 Interest payable and similar charges

	Year to 31 Dec 01 £	Period from 1 Dec 99 to 31 Dec 00 £
Finance charges	-	1,282
Other interest and similar charges	7,704	497
	<u>7,704</u>	<u>1,779</u>

5 Intangible fixed assets

	Software development £
Cost	
Additions	112,213
At 31 December 2001	<u>112,213</u>
Amortisation	
Charge for the year	10,243
At 31 December 2001	<u>10,243</u>
Net book value	
At 31 December 2001	<u>101,970</u>
At 31 December 2000	<u>-</u>

6 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 January 2001	44,797	92,261	85,386	222,444
Additions	8,154	-	95,570	103,724
At 31 December 2001	<u>52,951</u>	<u>92,261</u>	<u>180,956</u>	<u>326,168</u>
Depreciation				
At 1 January 2001	4,495	8,545	9,198	22,238
Charge for the year	11,556	23,065	28,371	62,992
At 31 December 2001	<u>16,051</u>	<u>31,610</u>	<u>37,569</u>	<u>85,230</u>
Net book value				
At 31 December 2001	<u>36,900</u>	<u>60,651</u>	<u>143,387</u>	<u>240,938</u>
At 31 December 2000	<u>40,302</u>	<u>83,716</u>	<u>76,188</u>	<u>200,206</u>

6 Tangible fixed assets (continued)

Included within the net book value of £240,938 is £58,278 (2000 - £79,468) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,190 (2000 - £5,293).

7 Debtors

	2001 £	2000 £
Trade debtors	97,828	9,643
Other debtors	187,787	156,706
	<u>285,615</u>	<u>166,349</u>

8 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	233,292	-
Trade creditors	303,432	456,813
Other taxation and social security	146,867	93,354
Amounts due under finance leases and hire purchase agreements	21,142	19,907
Other creditors	105,169	70,978
	<u>809,902</u>	<u>641,052</u>

The amounts shown above for bank overdraft are secured.

9 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Amounts owed to group undertakings	2,285,123	-
Amounts due under finance leases and hire purchase agreements	14,154	36,531
	<u>2,299,277</u>	<u>36,531</u>

10 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2001 £	2000 £
Amounts payable within 1 year	21,142	24,497
Amounts payable between 2 to 5 years	14,154	40,278
	<u>35,296</u>	<u>64,775</u>
Less interest and finance charges relating to future periods	-	(8,337)
	<u>35,296</u>	<u>56,438</u>

11 Leasing commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2001	2000
	£	£
Operating leases which expire:		
Within 1 year	83,273	11,600
Within 2 to 5 years	15,535	—
	<u>98,808</u>	<u>11,600</u>

12 Contingent liability

A former supplier is currently entering into litigation against the company, claiming breach of contract. The amount of the claim is expected to be approximately £400,000. This legal action is in its early stages and the directors are of the opinion that the company will be successful in defending the claim.

13 Related party transactions

One of the directors of the holding company, The Restaurant Game Plc, is Chris Sheffield who is also a director of Eunite Limited. Eunite Limited is a supplier to The Restaurantgame.com Limited and during the period goods and services valued at £107,635 (2000: £836,000) (gross) were purchased from Eunite Limited. The amount owing to Eunite Limited at the year end, and included in trade creditors, is £8,604 (2000: £258,000).

14 Share capital

Authorised share capital:

	2001	2000
	£	£
500,000,000 Ordinary shares of £0.01 each	<u>5,000,000</u>	<u>5,000,000</u>

Allotted, called up and fully paid:

	2001		2000	
	No	£	No	£
Ordinary shares of £0.01 each	<u>134,530,000</u>	<u>1,345,300</u>	<u>134,530,000</u>	<u>1,345,300</u>

15 Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
Loss for the period	-	(1,655,161)	(1,655,161)
Other movements			
New equity share capital subscribed	1,345,300	-	1,345,300
At 31 December 2000	1,345,300	(1,655,161)	(309,861)
Loss for the year	-	(2,170,715)	(2,170,715)
At 31 December 2001	<u>1,345,300</u>	<u>(3,825,876)</u>	<u>(2,480,576)</u>

16 Ultimate parent company

The company is a wholly owned subsidiary of The Restaurant Game Plc, a company incorporated in England. The company is deemed to be under the control of S E Lilley, the majority shareholder of The Restaurant Game Plc.