

# **The Restaurantgame.com Limited**

Financial statements

For the period from 1 January 2004 to  
31 August 2004

Grant Thornton 



**Company No. 3887115**

## Company information

<b>Company registration number</b>	3887115
<b>Registered office</b>	1st Floor Royal Liver Building Liverpool L3 1PS
<b>Directors</b>	D Lilley S E Lilley B Hood
<b>Secretary</b>	A R Lovelady
<b>Bankers</b>	Bank of Scotland 117 Foregate Street Chester CH1 2NX
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1st Floor Royal Liver Building Liverpool L3 1PS

## Index

<b>Report of the directors</b>	3 - 4
<b>Report of the independent auditors</b>	5 - 6
<b>Principal accounting policies</b>	7 - 8
<b>Profit and loss account</b>	9
<b>Balance sheet</b>	10
<b>Notes to the financial statements</b>	11 - 15

## Report of the directors

The directors present their report and the financial statements of the company for the period from 1 January 2004 to 31 August 2004.

### 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 period were as follows:

D Lilley  
S E Lilley  
B Hood  
S J Garrity (Retired 29 February 2004)

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

United Kingdom 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 period and of the profit or loss for the period 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

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors 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  
22 June 2005



# 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 period from 1 January 2004 to 31 August 2004 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.

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 report of the directors 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 report of the directors 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.

# Report of the independent auditors to the members of The Restaurantgame.com Limited (continued)

## Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 August 2004 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

  
GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

LIVERPOOL  
22 June 2005

## Principal accounting policies

### Basis of accounting

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

The principal accounting policies of the company are set out below, they remain unchanged from the prior year.

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 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 1996) 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, with the exception of Magazine subscriptions which are deferred and released to turnover over the length of the subscription.

### 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 and fittings	- 25% straight line
Motor vehicles	- 25% straight line
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**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **Software 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

	Note	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Turnover		1,492,408	2,200,233
Cost of sales		1,076,577	1,671,627
Gross profit		415,831	528,606
Other operating charges	1	2,082,065	2,931,254
<b>Operating loss</b>	2	<b>(1,666,234)</b>	<b>(2,402,648)</b>
Interest payable and similar charges	4	31,715	45,907
<b>Loss on ordinary activities before taxation</b>		<b>(1,697,949)</b>	<b>(2,448,555)</b>
Tax on loss on ordinary activities	5	(341,014)	-
<b>Loss for the financial period</b>	16	<b><u>(1,356,935)</u></b>	<b><u>(2,448,555)</u></b>

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 period as set out above.

## Balance sheet

	Note	31 Aug 04 £	31 Dec 03 £
<b>Fixed assets</b>			
Tangible assets	6	<u>109,518</u>	<u>157,164</u>
<b>Current assets</b>			
Debtors	7	842,894	468,909
<b>Creditors: amounts falling due within one year</b>	8	<u>1,989,214</u>	<u>1,576,130</u>
<b>Net current liabilities</b>		<u>(1,146,320)</u>	<u>(1,107,221)</u>
<b>Total assets less current liabilities</b>		<u>(1,036,802)</u>	<u>(950,057)</u>
<b>Creditors: amounts falling due after more than one year</b>	9	<u>7,245,685</u>	<u>5,975,495</u>
		<u>(8,282,487)</u>	<u>(6,925,552)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	1,345,300	1,345,300
Profit and loss account	16	<u>(9,627,787)</u>	<u>(8,270,852)</u>
<b>Deficiency</b>	17	<u>(8,282,487)</u>	<u>(6,925,552)</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 22 June 2005 and are signed on their behalf by:

S E Lilley  
 Director



## Notes to the financial statements

### 1 Other operating income and charges

	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Administrative expenses	<u>2,082,065</u>	<u>2,931,254</u>

### 2 Operating loss

Operating loss is stated after charging/(crediting):

	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Staff pension contributions	10,691	28,769
Amortisation	-	264,224
Depreciation of owned fixed assets	54,321	85,105
Depreciation of assets held under finance leases and hire purchase agreements	9,117	4,558
Profit on disposal of fixed assets	-	(6,501)
Auditors' fees	11,000	11,000
Spitalfields costs	<u>-</u>	<u>213,600</u>

### 3 Directors

Remuneration in respect of directors was as follows:

	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Emoluments	52,500	110,000
Value of company pension contributions to money purchase schemes	-	1,365
	<u>52,500</u>	<u>111,365</u>

### 4 Interest payable and similar charges

	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Finance charges	355	2,734
Other interest and similar charges	31,360	43,173
	<u>31,715</u>	<u>45,907</u>

**5 Taxation on ordinary activities**

(a) Analysis of charge in the period

	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Current tax:		
UK Corporation tax based on the results for the period at 30% (2003 - 30%)	-	-
Adjustments to tax charge in respect of previous periods	(341,014)	-
Total current tax	<u>(341,014)</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	8 months to 31 Aug 04 £	Year to 31 Dec 03 £
Loss on ordinary activities before taxation	<u>(1,697,949)</u>	<u>(2,448,555)</u>
Profit/(loss) on ord actvs by rate of tax	(509,385)	(734,587)
Expenses not deductible for tax purposes	-	7,330
Capital allowances for period in excess of depreciation	-	16,544
Unrelieved tax losses	509,385	778,730
Adjustments to tax charge in respect of previous periods	(341,014)	-
R&D claim uplift	-	(68,017)
Total current tax (note 5(a))	<u>(341,014)</u>	<u>-</u>

**6 Tangible fixed assets**

	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 January 2004	59,885	53,680	248,520	362,085
Additions	-	-	15,792	15,792
At 31 August 2004	<u>59,885</u>	<u>53,680</u>	<u>264,312</u>	<u>377,877</u>
Depreciation				
At 1 January 2004	45,118	14,923	144,880	204,921
Charge for the period	9,220	13,599	40,619	63,438
At 31 August 2004	<u>54,338</u>	<u>28,522</u>	<u>185,499</u>	<u>268,359</u>
Net book value				
At 31 August 2004	<u>5,547</u>	<u>25,158</u>	<u>78,813</u>	<u>109,518</u>
At 31 December 2003	<u>14,767</u>	<u>38,757</u>	<u>103,640</u>	<u>157,164</u>

**6 Tangible fixed assets (continued)**

Included within the net book value of £109,518 is £18,232 (2003 - £22,792) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £9,117 (2003 - £4,558).

**7 Debtors**

	31 Aug 04 £	31 Dec 03 £
Trade debtors	321,119	411,750
Taxation recoverable on research and development	341,014	-
Other debtors	180,761	57,159
	<u>842,894</u>	<u>468,909</u>

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

	31 Aug 04 £	31 Dec 03 £
Bank loans and overdrafts	565,108	353,379
Trade creditors	404,127	385,391
Other taxation and social security	574,235	331,688
Amounts due under finance leases and hire purchase agreements	9,497	6,272
Other creditors	436,247	499,400
	<u>1,989,214</u>	<u>1,576,130</u>

The amounts shown above for bank overdraft is secured by a debenture from all group companies. D & SE Lilley who are directors, have also personally guaranteed this overdraft.

**9 Creditors: amounts falling due after more than one year**

	31 Aug 04 £	31 Dec 03 £
Amounts owed to group undertakings	6,623,315	5,185,785
Amounts due under finance leases and hire purchase agreements	-	7,406
Other creditors	622,370	782,304
	<u>7,245,685</u>	<u>5,975,495</u>

**10 Commitments under finance leases and hire purchase agreements**

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

	31 Aug 04 £	31 Dec 03 £
Amounts payable within 1 year	9,497	6,272
Amounts payable between 2 to 5 years	-	7,406
	<u>9,497</u>	<u>13,678</u>

# **11 Leasing commitments**

At 31 August 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	<b>31 Aug 04</b>	<b>31 Dec 03</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 1 year	7,125	38,000
Within 2 to 5 years	-	29,477
	<u>7,125</u>	<u>67,477</u>

# **12 Capital commitments**

The company had no capital commitments at 31 August 2004 and 31 December 2003.

# **13 Contingent liability**

The company had no contingent liabilities at 31 August 2004.

# **14 Related party transactions**

Included within other creditors in Note 9 is £158,573 (2003: £365,469) owing to D Lilley and S E Lilley, directors of the company. In addition the company owed £6,623,315 (2003: £3,975,915) to its parent undertaking, The Restaurant Game Plc.

# **15 Share capital**

Authorised share capital:

	<b>31 Aug 04</b>	<b>31 Dec 03</b>
	<b>£</b>	<b>£</b>
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:

	<b>31 Aug 04</b>		<b>31 Dec 03</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
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>

# **16 Profit and loss account**

	<b>8 months to 31 Aug 04</b>	<b>Year to 31 Dec 03</b>
	<b>£</b>	<b>£</b>
Balance brought forward	(8,270,852)	(5,822,297)
Accumulated loss for the financial period	(1,356,935)	(2,448,555)
Balance carried forward	<u>(9,627,787)</u>	<u>(8,270,852)</u>

**17 Reconciliation of movements in shareholders' funds**

	31 Aug 04 £	31 Dec 03 £
Loss for the financial period	(1,356,935)	(2,448,555)
Opening shareholders' equity deficit	(6,925,552)	(4,476,997)
Closing shareholders' equity deficit	<u>(8,282,487)</u>	<u>(6,925,552)</u>

**18 Post balance sheet events**

In June 2005 the company disposed of a segment of the company.

**19 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 and D Lilley who each control 39.59% of the share capital of the Restaurant Game Plc.