

4278268

Pan European Restaurants Limited

Report and Financial Statements

31 December 2006

WEDNESDAY



A52 *ANBPRTVC* 17/10/2007 692
COMPANIES HOUSE

Pan European Restaurants Limited

Registered No 4278268

Directors

Z Godik
C McLean

Secretary

C McLean

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers

Royal Bank of Scotland
62 - 63 Threadneedle Street
London
EC2R 8LA

Registered Office

335 and 337 Fulham Road
Chelsea
London
SW10 9TW

Directors' report

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities and review of the business

The principal activity of the company during the year was that of an intermediate holding company and provider of services to its subsidiaries

Results and dividends

The company did not trade in the year

Directors

The following directors have held office since during the year

Z Godik
C McLean (appointed 15 December 2005)
S Coulthard (resigned 28 February 2006)

Directors and their interests

None of the directors had any interest in the ordinary share capital of the company at 31 December 2006 date or on appointment

The interests of the directors in the shares of the ultimate parent undertaking, Gaucho Group Limited, are disclosed in the company's financial statements

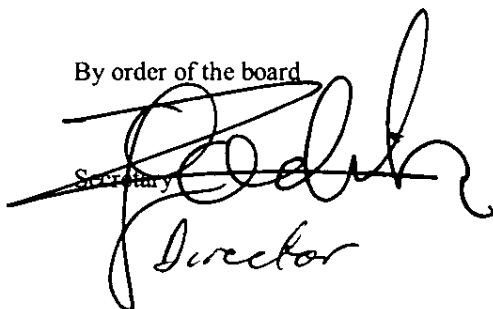
Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish the company's auditors are aware of that information

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

By order of the board


Secretary
Director

15 October 2007

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Pan European Restaurants Limited

We have audited the financial statements Pan European Restaurants Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 group'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Registered Auditor
Belfast

Ernst & Young LLP
15 October 2007

Profit and loss account

For the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2	-	49,275
Administrative expenses		-	(47,203)
Operating Profit		-	2,072
Fundamental reorganisation	5	-	1,329,575
Profit on ordinary activities before interest		-	1,331,647
Interest receivable	4	482,044	5,056
Profit on ordinary activities before taxation		482,044	1,326,591
Tax on profit on ordinary activities	7	(144,613)	-
Profit on ordinary activities after taxation	13	337,431	1,326,591

Statement of total recognised gains and losses

There are no recognised gains or losses for the period other than the profit attributable to the shareholders of £337,431 (2005 – £1,326,591)

Balance sheet

As at 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	8	13,186,419	13,186,419
Current assets			
Debtors	9	-	221,007
Creditors: amounts falling due within one year	10	(12,444,185)	(6,006,104)
Net current liabilities		(12,444,185)	(5,785,097)
Total assets less current liabilities		886,847	7,401,322
Creditors. amounts falling due after more than one year	11	-	(7,996,519)
		742,234	(595,197)
Capital and reserves			
Called up share capital	12	1,065,403	65,403
Profit and loss account	13	(323,169)	(660,600)
Shareholders funds	14	742,234	(595,197)



15-10-07

Notes to the financial statements

For the year ended 31 December 2006

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts, on the grounds that the company itself a subsidiary undertaking and the results are included in the consolidated accounts of the ultimate parent undertaking, Gaucho Group Limited. The accounts present information about the company as an individual undertaking and not as a group

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that its parent company prepares consolidated financial statements

Turnover

Turnover comprises admission charges and revenues from management services provided to its subsidiaries during the period

Deferred taxation

FRS 19 (Deferred Taxation) has been adopted for these accounts. In accordance with the standard full provision is made, at the rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on a non-discounted basis

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3. Operating profit

	2006	2005
	£	£
Operating profit is stated after charging		
Auditors' remuneration	-	16,182

Notes to the financial statements

For the year ended 31 December 2006

4. Interest receivable

	2006 £	2005 £
On bank loans and overdrafts	482,044	5,056
	<u>482,044</u>	<u>5,056</u>

5. Fundamental reorganisation

As part of the group restructuring, in 2005 a loan was written off which was due payable to Gaucho Grill Limited of £1,223,760 plus the interest unpaid on the loan of £105,815

6. Directors' emoluments

The serving directors are remunerated via the parent company, Gaucho Group Limited, for services to the company

7. Taxation

	2006 £	2005 £
Analysis of tax charge for the period		
Based on the assessable profit for the year		
UK corporation tax at 30% (2005 30%)	144,613	-
Deferred tax	-	-
	<u>144,613</u>	<u>-</u>

Factors affecting the tax charge

The tax charge for the period differs to the standard rate of corporation tax in the UK (30%) as explained below

Profit on ordinary activities before tax	482,044	1,326,561
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	144,613	397,968
Effects of		
Capital allowances in excess of depreciation	-	17,412
Permanent differences	-	(55,416)
In respect of prior years	-	(359,964)
	<u>144,613</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2006

8. Fixed asset investments

		<i>Shares in subsidiary undertakings £</i>
Cost		
At 1 January 2006 and 31 December 2006		13,186,419

	<i>Country of registration & of operation</i>	<i>Holding</i>	<i>Proportion of voting rights & shares held</i>	<i>Nature of business</i>
Gauche Grill Limited	England	Ordinary shares	100%	Intermediate holding company

9. Debtors

	<i>2006 £</i>	<i>2005 £</i>
Amounts owed by fellow subsidiary undertakings	-	96,062
Other debtors	-	124,945
	-	221,007

10. Creditors: amounts falling due within one year

	<i>2006 £</i>	<i>2005 £</i>
Amounts owed to parent and fellow subsidiary undertakings	12,257,938	5,483,859
Other creditors	4,978	-
Accruals and deferred income	36,656	522,245
Corporation tax payable	144,613	-
	12,444,185	6,006,104

Notes to the financial statements

For the year ended 31 December 2006

11. Creditors' amounts falling due after more than one year

	2006 £	2006 £
Group loan	-	7,991,676
Unsecured subordinated loan notes	-	4,843
Analysis of loans	-	7,996,519
Wholly repayable within five years	-	7,996,519
Loan maturity analysis		
In more than two years but not more than five years	-	7,996,519

12. Share capital

	2005 No	2005 £
Authorised Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid Ordinary shares of £1 each	65,403	65,403
	2006 No	2006 £
Authorised Ordinary shares of £1 each	1,065,403	1,065,403
Allotted, called up and fully paid Ordinary shares of £1 each	1,065,403	1,065,403

On 2 August 2006 the members of the company passed a resolution to increase the authorised share capital of the company to 1,065,403 ordinary shares of £1 each. At the same date £1,000,000 ordinary shares were issued to the immediate parent undertaking Inhoco 4065 Limited.

13. Statement of movements on profit and loss account

	Profit & loss account £
At 1 January 2006	(660,600)
Profit for the year	337,431
At 31 December 2006	(323,169)

Notes to the financial statements

For the year ended 31 December 2006

14. Reconciliation of movements in shareholders funds

	2006 £	2005 £
Profit for the financial year	337,431	1,326,591
Issued share capital	1,000,000	-
Opening shareholders' funds	(595,197)	(1,921,758)
Closing shareholders' funds	<u>742,234</u>	<u>(595,197)</u>

15. Parent undertaking and controlling party

The ultimate parent company and controlling entity is Gaucho Group Limited, a company incorporated in England and Wales

Copies of the financial statements of Gaucho Group Limited are available from the company's registered office, 335 and 337 Fulham Road, London, SW10 9TW

16. Related party transactions

The company has taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard No 8 not to disclose related party transactions with group companies

17. Guarantees

The company has provided to Anglo Irish Bank Corporation PLC a cross guarantee for the bank loan advanced to Gaucho Acquisitions Limited