

KRAM RESTAURANTS LIMITED
ABBREVIATED ACCOUNTS
30 NOVEMBER 2007



PENROSE & CO
Chartered Certified Accountants & Registered Auditors
Suite1 Excelsior House
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Ilford
Essex
IG1 4HP

KRAM RESTAURANTS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 NOVEMBER 2007

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KRAM RESTAURANTS LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 30 NOVEMBER 2007

The director presents his report and the financial statements of the company for the year ended 30 November 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of fast food restaurants

As predicted in last year's report, 2007 proved to be a good year for the Business. Sales increased by just over 11% to £4.76 million on the back of strong new product innovation and improved marketing. Almost 8% of the growth came from increased sales in the base 5 stores (same store sales growth), with the remainder coming from the successful opening of a new Drive-Thru Restaurant in Barnstaple, North Devon. Gross margins were also improved by 2% points to 30% due to a combination of leverage on increased sales and selective price increases. Looking forward into 2008 we anticipate another strong year despite the inflationary pressures on input costs (notably food) and utilities. Sales are forecasted to increase by around 25% to just under £6.00 million as we capture the full year benefit of the new store and maintain sales levels in the base stores. This strong sales growth will more than offset the anticipated decline of around 1% point in gross margins. Finally, it is planned to increase retail prices in the last Quarter of the year in order to recover the majority of the forecasted margin losses.

RESULTS AND DIVIDENDS

The loss for the year amounted to £78,729. The director has not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Key Performance Indicators

Turnover and gross margin (defined as gross profit divided by turnover expressed as a percentage) are the key measures of financial performance in the company, and are as follows:

	2007	2006
Turnover	4,761,578	4,286,706
Gross margin	30%	28%

THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 30 November 2007	At 1 December 2006
Mr E M M Hodding	<u>600</u>	<u>600</u>

KRAM RESTAURANTS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2007

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

DONATIONS

During the year the company made the following contributions

	2007	2006
	£	£
Charitable	<u>696</u>	<u>225</u>

KRAM RESTAURANTS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2007

AUDITOR

A resolution to re-appoint Penrose & Co as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
The Willows
Chapel Lane
Bagshot
Surrey
GU19 5DE

Signed by order of the director

x 
MRS H E HODDING
Company Secretary

Approved by the director on 17 July 2008

KRAM RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO KRAM RESTAURANTS
LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts, together with the financial statements of Kram Restaurants Limited for the year ended 30 November 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITOR

The director is responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Suite 1 Excelsior House
3 - 5 Balfour Road
Ilford
Essex
IG1 4HP

21st July 2008

Penrose

PENROSE & CO
Chartered Certified Accountants
& Registered Auditors

KRAM RESTAURANTS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 NOVEMBER 2007

	Note	2007 £	2006 £
GROSS PROFIT		1,468,730	1,227,374
Administrative expenses		<u>1,387,650</u>	<u>1,279,451</u>
OPERATING PROFIT/(LOSS)	2	81,080	(52,077)
Interest receivable		10,025	11,640
Interest payable and similar charges	5	<u>(170,156)</u>	<u>(152,093)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(79,051)	(192,530)
Tax on loss on ordinary activities	6	<u>(322)</u>	<u>(13,232)</u>
LOSS FOR THE FINANCIAL YEAR		(78,729)	(179,298)
Balance brought forward		<u>(285,704)</u>	<u>(106,406)</u>
Balance carried forward		<u>(364,433)</u>	<u>(285,704)</u>

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

The notes on pages 9 to 15 form part of these abbreviated accounts

KRAM RESTAURANTS LIMITED

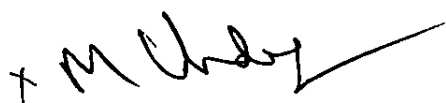
ABBREVIATED BALANCE SHEET

30 NOVEMBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Intangible assets	7	831,936	867,000
Tangible assets	8	2,213,524	1,804,494
		<u>3,045,460</u>	<u>2,671,494</u>
CURRENT ASSETS			
Stocks	9	36,341	34,081
Debtors	10	83,025	80,566
Cash at bank and in hand		75,640	154,324
		<u>195,006</u>	<u>268,971</u>
CREDITORS: Amounts falling due within one year	12	<u>717,314</u>	<u>633,990</u>
NET CURRENT LIABILITIES		<u>(522,308)</u>	<u>(365,019)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,523,152</u>	<u>2,306,475</u>
CREDITORS: Amounts falling due after more than one year	13	<u>2,886,585</u>	<u>2,591,179</u>
		<u>(363,433)</u>	<u>(284,704)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	1,000	1,000
Profit and loss account		<u>(364,433)</u>	<u>(285,704)</u>
DEFICIT	17	<u>(363,433)</u>	<u>(284,704)</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved and signed by the director and authorised for issue on 17 July 2008



MR E M M HODDING
Director

The notes on pages 9 to 15 form part of these abbreviated accounts

KRAM RESTAURANTS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2007

	Note	2007 £	2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		312,661	233,660
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		10,025	11,640
Interest paid		<u>(170,156)</u>	<u>(152,093)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(160,131)	(140,453)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		(20,528)	—
Payments to acquire tangible fixed assets		<u>(597,533)</u>	<u>(123,524)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(618,061)	(123,524)
CASH OUTFLOW BEFORE FINANCING		(465,531)	(30,317)
FINANCING			
Increase in/(repayment of) bank loans		<u>295,406</u>	<u>(200,228)</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		295,406	(200,228)
DECREASE IN CASH		<u>(170,125)</u>	<u>(230,545)</u>
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES			

	2007 £	2006 £
Operating profit/(loss)	81,080	(52,077)
Amortisation	55,592	55,250
Depreciation	188,503	186,584
Increase in stocks	(2,260)	(5,864)
Increase in debtors	(2,137)	(11,674)
(Decrease)/increase in creditors	<u>(8,117)</u>	<u>61,441</u>
Net cash inflow from operating activities	<u>312,661</u>	<u>233,660</u>

The notes on pages 9 to 15 form part of these abbreviated accounts

KRAM RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 NOVEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

KRAM RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 NOVEMBER 2007

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2007	2006
	£	£
Amortisation of leasehold properties	78,631	76,086
Amortisation of intangible assets	55,592	55,250
Depreciation of owned fixed assets	109,872	110,498
Auditor's remuneration		
- as auditor	4,200	4,200
Operating lease costs		
Other	<u>270,237</u>	<u>252,817</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Number of management staff	5	4
Number of other staff	<u>136</u>	<u>128</u>
	<u>141</u>	<u>132</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	1,237,540	1,162,748
Social security costs	97,455	84,453
Other pension costs	8,333	8,169
	<u>1,343,328</u>	<u>1,255,370</u>

4. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Emoluments receivable	<u>181,110</u>	<u>175,676</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable on bank borrowing	82,156	86,930
Other similar charges payable	<u>88,000</u>	<u>65,163</u>
	<u>170,156</u>	<u>152,093</u>

KRAM RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 NOVEMBER 2007

6. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2007 £	2006 £
Deferred tax		
Origination and reversal of timing differences	<u>(322)</u>	<u>(13,232)</u>

7. INTANGIBLE FIXED ASSETS

	Goodwill £	Franchise fees £	Total £
COST			
At 1 December 2006	850,000	127,500	977,500
Additions	–	20,528	20,528
At 30 November 2007	<u>850,000</u>	<u>148,028</u>	<u>998,028</u>
AMORTISATION			
At 1 December 2006	85,000	25,500	110,500
Charge for the year	42,500	13,092	55,592
At 30 November 2007	<u>127,500</u>	<u>38,592</u>	<u>166,092</u>
NET BOOK VALUE			
At 30 November 2007	<u>722,500</u>	<u>109,436</u>	<u>831,936</u>
At 30 November 2006	<u>765,000</u>	<u>102,000</u>	<u>867,000</u>

KRAM RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 NOVEMBER 2007

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Computer Equipment £	Total £
COST				
At 1 December 2006	1,344,375	821,554	8,914	2,174,843
Additions	50,911	546,622	–	597,533
At 30 November 2007	<u>1,395,286</u>	<u>1,368,176</u>	<u>8,914</u>	<u>2,772,376</u>
DEPRECIATION				
At 1 December 2006	152,175	212,231	5,943	370,349
Charge for the year	78,631	106,902	2,970	188,503
At 30 November 2007	<u>230,806</u>	<u>319,133</u>	<u>8,913</u>	<u>558,852</u>
NET BOOK VALUE				
At 30 November 2007	<u>1,164,480</u>	<u>1,049,043</u>	<u>1</u>	<u>2,213,524</u>
At 30 November 2006	<u>1,192,200</u>	<u>609,323</u>	<u>2,971</u>	<u>1,804,494</u>

9. STOCKS

	2007 £	2006 £
Stock	<u>36,341</u>	<u>34,081</u>

10. DEBTORS

	2007 £	2006 £
Prepayments and accrued income	57,732	55,595
Deferred taxation (note 11)	25,293	24,971
	<u>83,025</u>	<u>80,566</u>

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 10)	<u>25,293</u>	<u>24,971</u>

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Balance brought forward	24,971	11,739
Profit and loss account movement arising during the year	322	13,232
Balance carried forward	<u>25,293</u>	<u>24,971</u>

KRAM RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 NOVEMBER 2007

11. DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	(72,642)	(48,314)
Tax losses available	97,935	73,285
	<u>25,293</u>	<u>24,971</u>

12 CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	291,441	200,000
Trade creditors	106,461	39,614
Other creditors including taxation and social security		
Other taxation and social security	66,236	164,909
Other creditors	18,887	9,972
	<u>483,025</u>	<u>414,495</u>
Accruals and deferred income	234,289	219,495
	<u>717,314</u>	<u>633,990</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company's leasehold properties

	2007 £	2006 £
Bank loans and overdrafts	291,441	200,000

13. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdrafts	1,286,585	991,179
Other creditors		
Other creditors	1,600,000	1,600,000
	<u>2,886,585</u>	<u>2,591,179</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company's leasehold properties

	2007 £	2006 £
Bank loans and overdrafts	1,286,585	991,179

KRAM RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 NOVEMBER 2007

14 DERIVATIVES

The company had no derivatives during the year

15. COMMITMENTS UNDER OPERATING LEASES

At 30 November 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	2007	2006
	£	£
Operating leases which expire After more than 5 years	<u>296,615</u>	<u>230,865</u>

16 SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Loss for the financial year	(78,729)	(179,298)
Opening shareholders' deficit	<u>(284,704)</u>	<u>(105,406)</u>
Closing shareholders' deficit	<u>(363,433)</u>	<u>(284,704)</u>