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DPGS LIMITED

REPORT OF THE DIRECTOR AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

DPGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012

DIRECTOR	S S Kandola
SECRETARY.	Mrs K K Kandola
REGISTERED OFFICE	32 St David's Drive Wentworth Gate Englefield Green Egham Surrey TW20 0BA
REGISTERED NUMBER	02888940 (England and Wales)
SENIOR STATUTORY AUDITOR:	M N Atkinson FCA
AUDITORS:	Lucentum Ltd Statutory Auditors Kensal House 77 Springfield Road Chelmsford Essex CM2 6JG

DPGS LIMITED

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2012

The director presents his report with the financial statements of the company for the year ended 31 March 2012

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the operation of take away outlets

REVIEW OF BUSINESS
The director aims to present a balance and comprehensive review of the developments and performance of the business during the year and its position at the year end This review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties faced by the business

The directors consider that the key financial performance indicators are those that communicate the financial performance and strengths of the company as a whole, these being Turnover and Gross Margin The company has had another successful year increasing its Turnover by 72% However although some of this growth can be attributed to opening new outlets the majority of the increased Turnover arises as direct result of transferring and consolidating all the takeaway food trade from the group's sister companies within this company on 1 November 2010 Despite increased food and energy costs the company managed to maintain its gross profit at 28% The company's Turnover by direct employee increased from £11886 in 2011 to £15,508 in 2012

The directors do not anticipate in the following year that there will be an increase in Turnover due to increased competition It will also be difficult to sustain profit margins within a framework of increasing food and energy costs coupled with increased wage levels and the inability to recruit the staff its needs from within the UK following the cap on visas granted to overseas workers The government's reform of pensions and the automatic enrolment of staff into pensions will also have a significant impact on the profitability of the company from increased administrative burden and costs associated with this

The principal risks the company faces are increased competition from their takeaway outlets and being able to recruit the right staff The cap on work visas to foreign workers has had a detrimental effect on the group's ability to recruit foreign labour with relevant skills to supplement it UK workforce In the year ended 31 March 2012 the company employed over 800 additional staff

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2012

DIRECTOR
S S Kandola held office during the whole of the period from 1 April 2011 to the date of this report

COMPANY'S POLICY ON PAYMENT OF CREDITORS
The company's main supplier is paid within 14 days, All other suppliers are paid according to the terms of the invoices issued

DISABLED EMPLOYEES
The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

EMPLOYEE INVOLVEMENT
During the period, the policy of providing employees with information about the company has continued Employees participate in a discretionary bonus scheme

DPGS LIMITED

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
The director is responsible for preparing the Report of the Director 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) Under company law the director must not approve the financial statements unless he is satisfied that they 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 accounting estimates that are reasonable and prudent,
- state whether applicable 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he 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 that the company's auditors are aware of that information

AUDITORS
The auditors, Lucentum Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

S S Kandola - Director

Date 19/12/12

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DPGS LIMITED

We have audited the financial statements of DPGS Limited for the year ended 31 March 2012 on pages five to sixteen The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 a Report of the Auditors 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 director and auditors
As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

M N Atkinson FCA (Senior Statutory Auditor)
for and on behalf of Lucentum Ltd
Statutory Auditors
Kensal House
77 Springfield Road
Chelmsford
Essex
CM2 6JG

20 December 2012

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- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

M N Atkinson FCA (Senior Statutory Auditor)
for and on behalf of Lucentum Ltd
Statutory Auditors
Kensal House
77 Springfield Road
Chelmsford
Essex
CM2 6JG

Date 20/12/12

DPGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	31 3 12 £	31 3 11 £
TURNOVER		64,189,424	37,180,365
Cost of sales		46,233,902	26,666,974
GROSS PROFIT		17,955,522	10,513,391
Administrative expenses		18,633,999	10,484,679
OPERATING (LOSS)/PROFIT	3	(678,477)	28,712
Intercompany adjustments		886,412	-
		(1,564,889)	28,712
Amounts written off investments	4	42,789	-
		(1,607,678)	28,712
Interest payable and similar charges	5	94,728	14,379
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,702,406)	14,333
Tax on (loss)/profit on ordinary activities	6	(84,826)	44,999
LOSS FOR THE FINANCIAL YEAR		(1,617,580)	(30,666)

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the losses for the current year or previous year

The notes form part of these financial statements

DPGS LIMITED

BALANCE SHEET
31 MARCH 2012

	Notes	31 3 12 £	31 3 12 £	31 3 11 £	31 3 11 £
FIXED ASSETS					
Intangible assets	7		1,778,611		1,332,446
Tangible assets	8		7,632,300		7,170,354
Investments	9		-		42,789
			9,410,911		8,545,589
CURRENT ASSETS					
Stocks	10	312,545		280,912	
Debtors	11	9,055,208		3,309,100	
Cash at bank and in hand		1,889,286		1,477,417	
		11,257,039		5,067,429	
CREDITORS					
Amounts falling due within one year	12	5,757,947		7,113,247	
NET CURRENT ASSETS/(LIABILITIES)			5,499,092		(2,045,818)
TOTAL ASSETS LESS CURRENT LIABILITIES			14,910,003		6,499,771
CREDITORS					
Amounts falling due after more than one year	13		(16,424,984)		(6,323,999)
PROVISIONS FOR LIABILITIES	17		-		(73,173)
NET (LIABILITIES)/ASSETS			(1,514,981)		102,599
CAPITAL AND RESERVES					
Called up share capital	18		75,000		75,000
Profit and loss account	19		(1,589,981)		27,599
SHAREHOLDERS' FUNDS	24		(1,514,981)		102,599

The financial statements were approved by the director on 19/12/12 and were signed by

S S Kandola - Director

The notes form part of these financial statements

DPGS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	31 3 12 £	£	31 3 11 £	£
Net cash inflow from operating activities	1		1,084,759		2,604,553
Returns on investments and servicing of finance	2		(94,728)		(14,379)
Capital expenditure	2		(2,705,279)		(6,552,795)
			(1,715,248)		(3,962,621)
Financing	2		2,127,117		4,757,619
Increase in cash in the period			411,869		794,998

	Notes	31 3 12 £	£	31 3 11 £	£
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		411,869		794,998	
Cash inflow from increase in debt		(11,224,363)		(4,988,999)	
Change in net debt resulting from cash flows			(10,812,494)		(4,194,001)
Movement in net debt in the period			(10,812,494)		(4,194,001)
Net debt at 1 April			(4,846,582)		(652,581)
Net debt at 31 March			(15,659,076)		(4,846,582)

The notes form part of these financial statements

DPGS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 3 12	31 3 11
	£	£
Operating (loss)/profit	(678,477)	28,712
Depreciation charges	1,797,168	839,214
Increase in stocks	(31,633)	(219,334)
Increase in debtors	(695,435)	(945,685)
Increase in creditors	693,136	2,901,646
Net cash inflow from operating activities	1,084,759	2,604,553

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 3 12	31 3 11
	£	£
Returns on investments and servicing of finance		
Interest paid	(94,728)	(14,379)
Net cash outflow for returns on investments and servicing of finance	(94,728)	(14,379)
Capital expenditure		
Purchase of intangible fixed assets	(780,320)	(1,096,095)
Purchase of tangible fixed assets	(1,924,959)	(5,456,700)
Net cash outflow for capital expenditure	(2,705,279)	(6,552,795)
Financing		
New loans in year	11,975,000	4,989,001
Loan repayments in year	(750,637)	-
Movement in related party balances	(9,124,954)	(202,900)
Amount introduced by directors	27,708	-
Amount withdrawn by directors	-	(28,482)
Net cash inflow from financing	2,127,117	4,757,619

The notes form part of these financial statements

DPGS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/11	Cash flow	At 31/3/12
	£	£	£
Net cash			
Cash at bank and in hand	1,477,417	411,869	1,889,286
	1,477,417	411,869	1,889,286
Debt			
Debts falling due within one year	-	(1,123,378)	(1,123,378)
Debts falling due after one year	(6,323,999)	(10,100,985)	(16,424,984)
	(6,323,999)	(11,224,363)	(17,548,362)
Total	(4,846,582)	(10,812,494)	(15,659,076)

The notes form part of these financial statements

1 ACCOUNTING POLICIES

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

Preparation of consolidated financial statements
The financial statements contain information about DPGS Limited as an individual company and do not contain consolidated financial information as the parent of a group The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, DPMK Limited, a company registered in the United Kingdom

Turnover
Turnover represents amounts receivable for the provision of take-away food, excluding value added tax

Turnover is recognised at the point of collection by, or delivery to, the customer

Goodwill
Goodwill represents the excess of the purchase price over the fair value on the acquisition of a store and will be amortised either over 20 years or 10 years, being the estimated useful life

Other intangible asses
Other tangible assets are amortised over the useful life of 10 years

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	- 10% on reducing balance
Plant and machinery	- 25% on reducing balance
Motor vehicles	- 33% on cost

Other tangibles have been fully depreciated with no residual value

Stocks
Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred tax
Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements Deferred tax assets and liabilities are not discounted

Fixed asset investments
Fixed asset investments are stated at historical cost less provision for any diminution in value

Operating leases
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

2 STAFF COSTS

	31 3 12	31 3 11
	£	£
Wages and salaries	18,981,023	11,214,535

continued

2 STAFF COSTS - continued

The average monthly number of employees during the year was as follows

	31 3 12	31 3 11
Production	3,988	3,128
Administration	12	8
	4,000	3,136

3 OPERATING (LOSS)/PROFIT

The operating loss (2011 - operating profit) is stated after charging

	31 3 12	31 3 11
	£	£
Depreciation - owned assets	1,463,013	686,562
Goodwill amortisation	305,509	134,475
Other intangible assets amortisation	28,646	18,179
Auditors' remuneration	8,014	16,723

Director's remuneration	-	-

4 AMOUNTS WRITTEN OFF INVESTMENTS

	31 3 12	31 3 11
	£	£
Amounts w/o invs	42,789	-

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 3 12	31 3 11
	£	£
Loan	94,728	14,379

6 TAXATION

Analysis of the tax (credit)/charge
The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	31 3 12	31 3 11
	£	£
Current tax		
Tax prior year	-	(21,938)
Deferred tax		
Origination and reversal of timing differences	(79,600)	66,937
Effect of change in tax rate on opening liability	(5,226)	-
Total deferred tax	(84,826)	66,937
Tax on (loss)/profit on ordinary activities	(84,826)	44,999

continued

7 INTANGIBLE FIXED ASSETS

	Goodwill £	Other intangible assets £	Totals £
COST			
At 1 April 2011	1,531,236	259,890	1,791,126
Additions	724,070	56,250	780,320
At 31 March 2012	2,255,306	316,140	2,571,446
AMORTISATION			
At 1 April 2011	393,488	65,192	458,680
Amortisation for year	305,509	28,646	334,155
At 31 March 2012	698,997	93,838	792,835
NET BOOK VALUE			
At 31 March 2012	1,556,309	222,302	1,778,611
At 31 March 2011	1,137,748	194,698	1,332,446

8 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Motor vehicles £	Other tangibles £	Totals £
COST					
At 1 April 2011	4,015,817	5,603,932	20,544	43,364	9,683,657
Additions	1,016,386	908,573	-	-	1,924,959
At 31 March 2012	5,032,203	6,512,505	20,544	43,364	11,608,616
DEPRECIATION					
At 1 April 2011	634,613	1,815,042	20,284	43,364	2,513,303
Charge for year	392,850	1,070,163	-	-	1,463,013
At 31 March 2012	1,027,463	2,885,205	20,284	43,364	3,976,316
NET BOOK VALUE					
At 31 March 2012	4,004,740	3,627,300	260	-	7,632,300
At 31 March 2011	3,381,204	3,788,890	260	-	7,170,354

continued

DPGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

9 FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2011 and 31 March 2012	42,789
PROVISIONS	
Impairments	42,789
At 31 March 2012	42,789
NET BOOK VALUE	
At 31 March 2012	-
At 31 March 2011	42,789

The company's investments at the balance sheet date in the share capital of companies include the following

Triple 'A' Pizza (Norwich) Limited
Country of incorporation England and Wales
Nature of business Dormant

Class of shares	% holding
Ordinary	100 00

	31 3 12 £	31 3 11 £
Aggregate capital and reserves	-	42,789

10 STOCKS

	31 3 12 £	31 3 11 £
Stocks	312,545	280,912

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 12 £	31 3 11 £
Trade debtors	698,037	279,996
Amounts owed by group undertakings	7,001,193	1,888,670
Amounts owed by associated undertakings	94,739	140,534
Other debtors	450,383	383,615
Directors' loan accounts	774	28,482
Deferred tax asset		
Accelerated capital allowances	11,653	-
Prepayments and accrued income	798,429	587,803
	9,055,208	3,309,100

continued

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 12	31 3 11
	£	£
Bank loans and overdrafts (see note 14)	1,123,378	-
Trade creditors	1,553,795	866,182
Amounts owed to group undertakings	-	3,237,364
Amounts owed to associated undertakings	65,550	-
Social security and other taxes	255,357	232,990
VAT	1,877,293	2,037,027
Other creditors	668,419	487,247
Accrued expenses	214,155	252,437
	5,757,947	7,113,247

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 3 12	31 3 11
	£	£
Bank loans (see note 14)	4,515,985	-
Other loans (see note 14)	11,908,999	6,323,999
	16,424,984	6,323,999

14 LOANS

An analysis of the maturity of loans is given below

	31 3 12	31 3 11
	£	£
Amounts falling due within one year or on demand		
Bank loans	1,123,378	-
Amounts falling due between one and two years		
Bank loans - 1-2 years	1,123,378	-
Amounts falling due between two and five years		
Bank loans - 2-5 years	2,890,600	-
Amounts falling due in more than five years		
Repayable otherwise than by instalments		
Other loans more 5yrs non-inst	11,908,999	6,323,999
Repayable by instalments		
Bank loans more 5 yr by instal	502,007	-

Other loans are unsecured and repayable in full 10 years from the date of the advance Interest is payable upon repayment at a compound rate of 2% above LIBOR

continued

15 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	31 3 12	31 3 11
	£	£
Expiring		
Within one year	61,044	61,044
Between one and five years	527,500	527,500
In more than five years	709,998	709,998
	1,298,542	1,298,542

16 SECURED DEBTS

The following secured debts are included within creditors

	31 3 12	31 3 11
	£	£
Bank loans	5,639,363	-

Debenture including fixed charge over all present freehold and leasehold property, First fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertakings both present and future dated 16 June 2011

Unlimited multilateral guarantee dated 14 June 2011 given by DPGS Ltd, DPMK Ltd and Maricksons Ltd

17 PROVISIONS FOR LIABILITIES

	31 3 11
	£
Deferred tax	
Accelerated capital allowances	73,173

	Deferred tax
	£
Balance at 1 April 2011	73,173
Movement in timing differences	(79,600)
Change in rate	(5,226)
Balance at 31 March 2012	(11,653)

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 3 12	31 3 11
			£	£
75,000	Ordinary	£1	75,000	75,000

continued

19 RESERVES

	Profit and loss account £
At 1 April 2011	27,599
Deficit for the year	(1,617,580)
At 31 March 2012	(1,589,981)

20 ULTIMATE PARENT COMPANY

The ultimate parent company is DPMK Limited

21 TRANSACTIONS WITH DIRECTOR

The following loan to directors subsisted during the years ended 31 March 2012 and 31 March 2011

	31 3 12 £	31 3 11 £
S S Kandola		
Balance outstanding at start of year	28,482	-
Amounts advanced	774	28,482
Amounts repaid	(28,482)	-
Balance outstanding at end of year	774	28,482

22 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided under FRS 8 not to disclose the transactions between group companies which are wholly owned subsidiaries of a member of the group

23 ULTIMATE CONTROLLING PARTY

DPGS Limited is ultimately controlled by S Kandola

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 12 £	31 3 11 £
Loss for the financial year	(1,617,580)	(30,666)
Funds received from share issues		
Net reduction of shareholders' funds	(1,617,580)	(30,666)
Opening shareholders' funds	102,599	133,265
Closing shareholders' funds	(1,514,981)	102,599

25 GOING CONCERN

Attention is drawn to the fact that the financial statements have been prepared on a going concern basis This may not be appropriate because at the balance sheet date the company shows a deficit of £1,514,981 Should the Company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets