

Leon Restaurants Limited

Report And Financial Statements

30 December 2012

Rees Pollock
Chartered Accountants

FRIDAY



L13

L2HS77QP

27/09/2013

#343

COMPANIES HOUSE

COMPANY INFORMATION

Directors	H R M Dimbleby J A Vincent T J Smalley S J B Skinner J Fragis N D Evans B D Blum (appointed 1 January 2012) M B Jones (appointed 9 August 2012)
Company secretary	M B Jones
Registered office	4th Floor St Margarets House 18-20 Southwark Street London SE1 1TJ
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Bank of Scotland 33 Old Broad Street London EC2N 1HW
Registered number	05018441

DIRECTORS' REPORT

For the period ended 30 December 2012

The directors present their report and the financial statements for the period ended 30 December 2012

Principal activities

The principal activity of the group during the period was that of a fast food restaurant chain, trading as 'Leon'. During the year, in association with our new franchise partner HMSHost, new restaurants were opened at Kings Cross Station and Heathrow Terminal 3.

Results and dividends

The loss for the period, after taxation, amounted to £173,373 (2011 - loss £704,589)

The directors have not recommended a dividend (2011 - £Nil)

The directors are pleased to note that Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") improved to £920,554 for the full year, from £361,694 in 2011. EBITDA before pre-opening costs, which is a good measure of the underlying performance of the restaurant portfolio, more than doubled in the year, rising from £441,945 in 2011 to £920,554 in 2012.

Directors

The directors who served during the period were

H R M Dimbleby

J A Vincent

S J B Skinner

S C Drysdale (resigned 31 August 2012)

T J Smalley

J Frags

N D Evans

B D Blum (appointed 1 January 2012)

M B Jones (appointed 9 August 2012)

DIRECTORS' REPORT

For the period ended 30 December 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 group will continue in business

The directors are 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2013 and signed on its behalf


M B Jones
Secretary



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408
www.reespollock.co.uk

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LEON RESTAURANTS LIMITED

We have audited the financial statements of Leon Restaurants Limited for the period ended 30 December 2012, set out on pages 4 to 20. 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 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

As explained more fully in the Directors' responsibilities statement, the directors are 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report 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 group's and the parent company's affairs as at 30 December 2012 and of the group's loss for the period 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 Directors' report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Philip Vipond (Senior statutory auditor)

for and on behalf of

Rees Pollock, Statutory Auditor

27 September 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the period ended 30 December 2012

	Note	2012 £	2011 £
TURNOVER	1,2	12,772,411	12,050,427
Cost of sales		(3,378,101)	(3,403,825)
GROSS PROFIT		9,394,310	8,646,602
Administrative expenses		(9,433,287)	(9,294,527)
OPERATING LOSS	3	(38,977)	(647,925)
Interest receivable and similar income	7	-	4,443
Interest payable and similar charges	8	(134,396)	(61,107)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(173,373)	(704,589)
Tax on loss on ordinary activities	9	-	-
LOSS FOR THE FINANCIAL PERIOD	19	(173,373)	(704,589)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

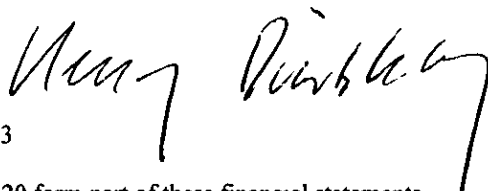
The notes on pages 8 to 20 form part of these financial statements

CONSOLIDATED BALANCE SHEET
As at 30 December 2012

	Note	30 December 2012 £	25 December 2011 £
FIXED ASSETS			
Tangible assets	10	3,298,274	4,063,325
CURRENT ASSETS			
Stocks	12	179,374	162,610
Debtors	13	763,173	623,696
Cash in hand		284,665	444,909
		<u>1,227,212</u>	<u>1,231,215</u>
CREDITORS: amounts falling due within one year	14	<u>(1,531,038)</u>	<u>(1,916,544)</u>
NET CURRENT LIABILITIES		<u>(303,826)</u>	<u>(685,329)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,994,448</u>	<u>3,377,996</u>
CREDITORS: amounts falling due after more than one year	15	<u>(703,027)</u>	<u>(924,502)</u>
NET ASSETS		<u><u>2,291,421</u></u>	<u><u>2,453,494</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	242,473	231,173
Share premium account	19	10,530,769	10,530,769
Profit and loss account	19	<u>(8,481,821)</u>	<u>(8,308,448)</u>
SHAREHOLDERS' FUNDS	20	<u><u>2,291,421</u></u>	<u><u>2,453,494</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

H R M Dimbleby
Director



Date 27 September 2013

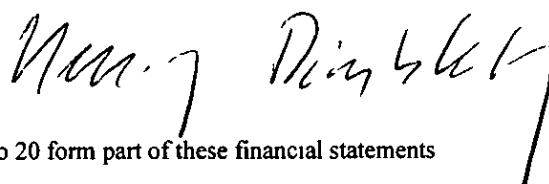
The notes on pages 8 to 20 form part of these financial statements

COMPANY BALANCE SHEET
As at 30 December 2012

		30 December 2012	25 December 2011
	Note	£	£
FIXED ASSETS			
Tangible assets	10	3,298,274	4,063,325
Investments	11	50,100	-
		<u>3,348,374</u>	<u>4,063,325</u>
CURRENT ASSETS			
Stocks	12	179,374	162,610
Debtors	13	637,936	623,696
Cash in hand		284,665	444,909
		<u>1,101,975</u>	<u>1,231,215</u>
CREDITORS: amounts falling due within one year	14	<u>(1,649,211)</u>	<u>(1,916,544)</u>
NET CURRENT LIABILITIES		<u>(547,236)</u>	<u>(685,329)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,801,138</u>	<u>3,377,996</u>
CREDITORS: amounts falling due after more than one year	15	<u>(501,027)</u>	<u>(924,502)</u>
NET ASSETS		<u><u>2,300,111</u></u>	<u><u>2,453,494</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	242,473	231,173
Share premium account	19	10,530,769	10,530,769
Profit and loss account	19	<u>(8,473,131)</u>	<u>(8,308,448)</u>
SHAREHOLDERS' FUNDS	20	<u><u>2,300,111</u></u>	<u><u>2,453,494</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2013

H R M Dimpleby
Director



The notes on pages 8 to 20 form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	21	470,784	370,662
Returns on investments and servicing of finance	22	(134,396)	(56,663)
Capital expenditure and financial investment	22	(194,480)	(1,054,100)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>141,908</u>	<u>(740,101)</u>
Financing	22	(302,152)	777,996
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(160,244)</u>	<u>37,895</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
For the period ended 30 December 2012

	2012 £	2011 £
(Decrease)/Increase in cash in the period	(160,244)	37,895
Cash outflow from decrease in debt and lease financing	<u>313,452</u>	<u>(27,370)</u>
MOVEMENT IN NET DEBT IN THE PERIOD	<u>153,208</u>	<u>10,525</u>
Net debt at 26 December 2011	(1,198,520)	(1,209,045)
NET DEBT AT 30 DECEMBER 2012	<u>(1,045,312)</u>	<u>(1,198,520)</u>

The notes on pages 8 to 20 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The accounts have been drawn up on a going concern basis because the directors are confident that the company will continue to trade as a going concern for the foreseeable future

The directors have prepared detailed cash flow forecasts and believe that, after considering all relevant factors including the strong cash-flows generated from the restaurant portfolio and likely changes in trading performance, the funds are available to and generated by the business will be sufficient to support the Group's operations for the foreseeable future, including the opening of new sites where appropriate. These forecasts include the repayment of the Company's convertible loan note in July 2013

On this basis, the directors believe that the Company will have sufficient funds to meet its financial obligations as they fall due including all committed capital expenditure

1.3 Basis of consolidation

- The financial statements consolidate the accounts of Leon Restaurants Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the period are included from the effective date of incorporation

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Rent premiums	-	Over the remainder of the lease
Property improvements	-	10 years
Restaurant & Kitchen Equipment	-	5 years
Office equipment	-	5 years

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment

1.7 Stocks

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

1. ACCOUNTING POLICIES (continued)

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

The turnover and operating profit for the year was derived from the company's principal continuing activity which was carried out wholly in the UK.

3. OPERATING LOSS

The operating loss is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the group	959,531	997,369
- held under finance leases	-	12,250
Operating lease rentals		
- land and buildings	1,682,296	1,533,478
	<u>1,682,296</u>	<u>1,533,478</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

4. AUDITORS' REMUNERATION

	2012 £	2011 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10,000	10,000
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	2,000	2,000
Other services	4,500	-
	<u>16,500</u>	<u>12,000</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	3,600,417	3,684,122
Social security costs	307,649	303,726
	<u>3,908,066</u>	<u>3,987,848</u>

The average monthly number of employees, including the directors, during the period was as follows

	2012 No.	2011 No.
Management staff	46	41
Kitchen and restaurant staff	194	203
	<u>240</u>	<u>244</u>

6. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	337,284	355,000
	<u>337,284</u>	<u>355,000</u>

The highest paid director received remuneration of £100,134 (2011 £125,000)

7. INTEREST RECEIVABLE

	2012 £	2011 £
Other interest receivable	-	4,443
	<u>-</u>	<u>4,443</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

8. INTEREST PAYABLE

	2012 £	2011 £
Interest payable on bank borrowings	71,489	53,698
Other interest	53,412	-
On finance leases and hire purchase contracts	9,495	7,409
	<u>134,396</u>	<u>61,107</u>

9. TAXATION

	2012 £	2011 £
UK corporation tax charge on loss for the period	-	-

Factors affecting tax charge for the period

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 24% (2011 - 26%)
The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(173,373)</u>	<u>(704,589)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	(41,610)	(183,193)
Effects of:		
Expenses not deductible for tax purposes	-	2,600
Fixed asset differences	35,686	(6,450)
Depreciation and amortisation on assets not qualifying for capital allowances	105,359	119,441
(Decrease)/Increase in tax losses carried forward	(99,435)	67,602
	<u>-</u>	<u>-</u>
Current tax charge for the period (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has not provided for the net deferred tax asset of £1,590,000 (2011 £1,780,000) which would arise in relation to the company's carried forward losses and timing differences on fixed assets, due to the uncertainty over the amount and timing of future profits

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

10. TANGIBLE FIXED ASSETS

Group	Rent premium £	Property improvement £	Restaurant & kitchen equipment £	Office equipment £	Total £
Cost					
At 26 December 2011	695,000	4,556,539	2,243,022	262,459	7,757,020
Additions	-	47,614	90,043	56,823	194,480
At 30 December 2012	695,000	4,604,153	2,333,065	319,282	7,951,500
Depreciation					
At 26 December 2011	341,765	2,088,617	1,089,553	173,760	3,693,695
Charge for the period	60,336	637,971	224,419	36,805	959,531
At 30 December 2012	402,101	2,726,588	1,313,972	210,565	4,653,226
Net book value					
At 30 December 2012	292,899	1,877,565	1,019,093	108,717	3,298,274
At 25 December 2011	353,235	2,467,922	1,153,469	88,699	4,063,325

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	30 December 2012 £	25 December 2011 £
Restaurant and kitchen equipment	76,375	116,375

Company	Rent premium £	Property improvements £	Restaurant & kitchen equipment £	Office equipment £	Total £
Cost					
At 26 December 2011	695,000	4,556,539	2,243,022	262,459	7,757,020
Additions	-	47,614	90,043	56,823	194,480
At 30 December 2012	695,000	4,604,153	2,333,065	319,282	7,951,500
Depreciation					
At 26 December 2011	341,765	2,088,617	1,089,553	173,760	3,693,695
Charge for the period	60,336	637,971	224,419	36,805	959,531
At 30 December 2012	402,101	2,726,588	1,313,972	210,565	4,653,226
Net book value					
At 30 December 2012	292,899	1,877,565	1,019,093	108,717	3,298,274
At 25 December 2011	353,235	2,467,922	1,153,469	88,699	4,063,325

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 December 2012

10. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	30 December 2012 £	25 December 2011 £
Company		
Restaurant and kitchen equipment	76,375	116,375

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Company	
Cost	
Additions	50,100
At 30 December 2012	50,100
Net book value	
At 30 December 2012	50,100
At 25 December 2011	-

12. STOCKS

	Group		Company	
	30 December 2012 £	25 December 2011 £	30 December 2012 £	25 December 2011 £
Finished goods and goods for resale	179,374	162,610	179,374	162,610

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 December 2012

13. DEBTORS

	Group		Company	
	30 December 2012	25 December 2011	30 December 2012	25 December 2011
	£	£	£	£
Due after more than one year				
Other debtors	413,586	418,586	413,586	418,586
Due within one year				
Trade debtors	164,623	5,069	36,182	5,069
Amounts owed by group undertakings	-	-	3,204	-
Prepayments and accrued income	184,964	200,041	184,964	200,041
	<u>763,173</u>	<u>623,696</u>	<u>637,936</u>	<u>623,696</u>

14. CREDITORS:
Amounts falling due within one year

	Group		Company	
	30 December 2012	25 December 2011	30 December 2012	25 December 2011
	£	£	£	£
Bank loans and overdrafts	291,175	387,700	291,175	387,700
Convertible loan notes	300,000	300,000	300,000	300,000
Net obligations under finance leases and hire purchase contracts	35,775	31,227	35,775	31,227
Trade creditors	329,047	316,276	329,047	316,276
Amounts owed to group undertakings	-	-	163,173	-
Social security and other taxes	294,498	463,022	294,498	463,022
Other creditors	28,317	80,621	28,317	80,621
Accruals and deferred income	252,226	337,698	207,226	337,698
	<u>1,531,038</u>	<u>1,916,544</u>	<u>1,649,211</u>	<u>1,916,544</u>

The maturity of the bank loan is 31 December 2014. The loan is secured by an all monies debenture over all the assets of the company.

The convertible loan notes were issued to existing shareholders and are unsecured. The notes are redeemable by the company at any time up to 15 August 2013 and are redeemable or convertible into ordinary shares at the option of the noteholders at any time thereafter.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

15. CREDITORS

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>30 December</u>	<u>25 December</u>	<u>30 December</u>	<u>25 December</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans	484,625	872,325	484,625	872,325
Other debt	202,000	-	-	-
Net obligations under finance leases and hire purchase contracts	16,402	52,177	16,402	52,177
	<u>703,027</u>	<u>924,502</u>	<u>501,027</u>	<u>924,502</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	<u>30 December</u>	<u>25 December</u>	<u>30 December</u>	<u>25 December</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Between one and five years	16,402	52,177	16,402	52,177

Other debt includes bonds repayable in July 2015, carrying an effective interest rate of 11.9%. The bonds are guaranteed by Leon Restaurants Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

16 OPERATING LEASE COMMITMENTS

At 30 December 2012 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	30 December	25 December
	2012	2011
	£	£
Group		
Expiry date:		
Within 1 year	-	25,183
Between 2 and 5 years	411,500	182,500
After more than 5 years	842,713	1,429,380
Total	1,254,213	1,637,063

At 30 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	30 December	25 December
	2012	2011
	£	£
Company		
Expiry date:		
Within 1 year	-	25,183
Between 2 and 5 years	411,500	182,500
After more than 5 years	842,713	1,429,380
Total	1,254,213	1,637,063

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

Amounts payable:

	2012	2011
	£	£
Within 1 year	35,775	31,227
Between 2 and 5 years	16,402	52,177
Total	52,177	83,404

Obligations under hire purchase contracts are secured by a charge over the related assets

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

18. SHARE CAPITAL

	30 December 2012 £	25 December 2011 £
Allotted, called up and fully paid		
230,619 Ordinary shares of £1 each	230,619	230,619
11,854 (2011 - 554) Option shares of £1 each	11,854	554
	<u>242,473</u>	<u>231,173</u>

During the year, the company issued 11,300 Option shares of £1 each for cash at par

The Ordinary shares and Option shares carry equal rights in respect of dividends and capital, but whilst the Ordinary shares carry voting rights the Option shares do not

At the balance sheet date, certain employees and directors held options to subscribe to shares in the company in the future. The directors do not consider these options to be material in the context of the financial statements of the group and the company and consequently no charge has been recognised in the profit and loss account in relation to these

19. RESERVES

Group	Share premium account £	Profit and loss account £
At 26 December 2011	10,530,769	(8,308,448)
Loss for the period	-	(173,373)
	<u>10,530,769</u>	<u>(8,481,821)</u>
At 30 December 2012		

Company	Share premium account £	Profit and loss account £
At 26 December 2011	10,530,769	(8,308,448)
Loss for the period	-	(164,683)
	<u>10,530,769</u>	<u>(8,473,131)</u>
At 30 December 2012		

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 December 2012	25 December 2011
	£	£
Group		
Opening shareholders' funds	2,453,494	2,407,457
Loss for the period	(173,373)	(704,589)
Shares issued during the period	11,300	27,535
Share premium on shares issued (net of expenses)	-	723,091
	<u>2,291,421</u>	<u>2,453,494</u>
Closing shareholders' funds	<u>2,291,421</u>	<u>2,453,494</u>

	30 December 2012	25 December 2011
	£	£
Company		
Opening shareholders' funds	2,453,494	2,407,457
Loss for the period	(164,683)	(704,589)
Shares issued during the period	11,300	27,535
Share premium on shares issued (net of expenses)	-	723,091
	<u>2,300,111</u>	<u>2,453,494</u>
Closing shareholders' funds	<u>2,300,111</u>	<u>2,453,494</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the period dealt with in the accounts of the company was £164,683 (2011 - loss of £704,589)

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012	2011
	£	£
Operating loss	(38,977)	(647,925)
Depreciation of tangible fixed assets	959,531	1,009,619
(Increase) in stocks	(16,764)	(8,652)
(Increase)/decrease in debtors	(139,477)	170,624
Decrease in creditors	(293,529)	(153,004)
	<u>470,784</u>	<u>370,662</u>
Net cash inflow from operating activities	<u>470,784</u>	<u>370,662</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	-	4,443
Interest paid	(124,901)	(53,697)
Hire purchase interest	(9,495)	(7,409)
Net cash outflow from returns on investments and servicing of finance	(134,396)	(56,663)
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(194,480)	(1,054,100)
	2012 £	2011 £
Financing		
Issue of ordinary shares	11,300	750,626
Repayment of loans	(484,225)	(340,575)
Issue of debt	202,000	300,000
(Repayment of)/new finance leases	(31,227)	67,945
Net cash (outflow)/inflow from financing	(302,152)	777,996

23. ANALYSIS OF CHANGES IN NET DEBT

	26 December 2011 £	Cash flow £	Other non-cash changes £	30 December 2012 £
Cash at bank and in hand	444,909	(160,244)	-	284,665
Debt:				
Finance leases	(83,404)	31,227	-	(52,177)
Debts due within one year	(687,700)	282,225	(185,700)	(591,175)
Debts falling due after more than one year	(872,325)	-	185,700	(686,625)
Net debt	(1,198,520)	153,208	-	(1,045,312)

24. CONTROLLING PARTY

In the opinion of the directors there is no ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 2012

25. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Leon Restaurants Franchising Limited	United Kingdom	100%	Franchising restaurants
Leon Naturally Fast Food plc	United Kingdom	100%	Issuer of consumer bond