

**Leon Restaurants Ltd**  
Report And Financial Statements  
*27 December 2009*

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COMPANIES HOUSE

Rees Pollock  
Chartered Accountants

COMPANY INFORMATION

<b>Directors</b>	H R M Dimpleby J A Vincent T J Smalley S J B Skinner S C Drysdale J Fragis N D Evans
<b>Company secretary</b>	S C Drysdale and M H Secretaries Limited
<b>Registered office</b>	Staple Court 11 Staple Inn Buildings London WC1V 7QH
<b>Auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	Bank of Scotland Beauclerc House 3 Queens Road Reading Berkshire RG1 4AR
<b>Company number</b>	5018441

## DIRECTORS' REPORT

For the period ended 27 December 2009

The directors present their report and the financial statements for the period ended 27 December 2009

### Principal activities

The principal activity of the company during the period was that of a casual dining and fast food restaurant chain, trading as 'Leon'. A new restaurant was opened in the Bluewater Shopping Centre in Kent, taking the total number of restaurants operated by the company at year end to 9.

### Results and dividends

The loss for the period, after taxation, amounted to £627,090 (2008 - £1,820,911)

The directors have not recommended a dividend (2008 - £Nil)

### Directors

The directors who served during the period were

H R M Dimbleby  
J A Vincent  
S J B Skinner  
S C Drysdale  
T J Smalley  
J Fragis  
N D Evans

### 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 of the profit or loss of the company 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 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT**

For the period ended 27 December 2009

**Provision of information to auditors**

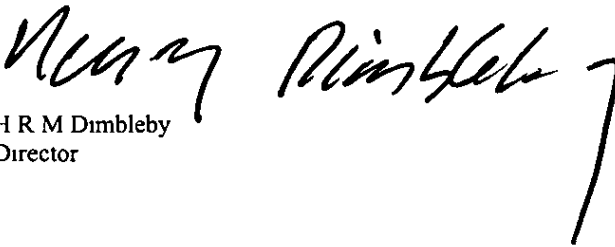
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company'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's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**Auditors**

The auditors, Rees Pollock, have expressed their willingness to continue in office

This report was approved by the board on 20 September 2010 and signed on its behalf



H R M Dimbleby  
Director



## REES POLLOCK

*Chartered Accountants*

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London EC4V 6BW  
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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LEON RESTAURANTS LTD

We have audited the financial statements of Leon Restaurants Ltd for the period ended 27 December 2009, set out on pages 4 to 16. 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 Statement of directors' responsibilities, 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 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 directors, and the overall presentation of the financial statements.

#### **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 27 December 2009 and of its 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, 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 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**

22 September 2010

**PROFIT AND LOSS ACCOUNT**  
For the period ended 27 December 2009

	Note	2009 £	2008 £
<b>TURNOVER</b>	1,2	9,339,696	7,824,881
Cost of sales		(2,970,468)	(2,378,901)
<b>GROSS PROFIT</b>	3	6,369,228	5,445,980
Administrative expenses		(6,936,861)	(6,712,740)
Exceptional administrative expenses		-	(437,876)
Total administrative expenses		(6,936,861)	(7,150,616)
<b>OPERATING LOSS</b>	3	(567,633)	(1,704,636)
Interest receivable	6	315	8,005
Interest payable	7	(59,772)	(124,280)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(627,090)	(1,820,911)
Tax on loss on ordinary activities	8	-	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(627,090)	(1,820,911)

All amounts relate to continuing operations

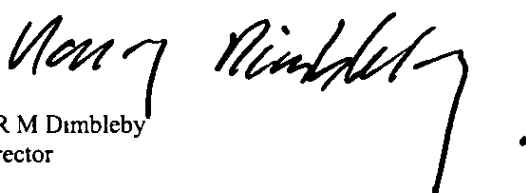
There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

The notes on pages 7 to 16 form part of these financial statements

**BALANCE SHEET**  
As at 27 December 2009

		27 December 2009	28 December 2008
	Note	£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	4,188,076	4,247,235
<b>CURRENT ASSETS</b>			
Stocks	10	91,990	102,264
Debtors	11	791,728	777,850
Cash in hand		485,410	876,246
		<u>1,369,128</u>	<u>1,756,360</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(1,261,211)</u>	<u>(2,583,444)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		107,917	(827,084)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,295,993</u>	<u>3,420,151</u>
<b>CREDITORS: amounts falling due after more than one year</b>		<u>(1,566,259)</u>	<u>(93,085)</u>
<b>NET ASSETS</b>		<u><u>2,729,734</u></u>	<u><u>3,327,066</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	189,036	186,618
Share premium account	17	9,636,380	9,609,040
Profit and loss account	17	<u>(7,095,682)</u>	<u>(6,468,592)</u>
<b>SHAREHOLDERS' FUNDS</b>	18	<u><u>2,729,734</u></u>	<u><u>3,327,066</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 20 September 2010

The notes on pages 7 to 16 form part of these financial statements

# CASH FLOW STATEMENT

For the period ended 27 December 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	19	179,301	(1,781,050)
Returns on investments and servicing of finance	20	(59,457)	(116,275)
Capital expenditure and financial investment	20	(691,341)	(899,396)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(571,497)</b>	<b>(2,796,721)</b>
Financing	20	180,661	3,394,918
<b>(DECREASE)/INCREASE IN CASH IN THE PERIOD</b>		<b>(390,836)</b>	<b>598,197</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT

For the period ended 27 December 2009

	2009 £	2008 £
(Decrease)/Increase in cash in the period	(390,836)	598,197
Cash inflow from increase in debt and lease financing	(150,903)	(396,348)
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>(541,739)</b>	<b>201,849</b>
Net debt at 29 December 2008	(815,936)	(1,017,785)
<b>NET DEBT AT 27 DECEMBER 2009</b>	<b>(1,357,675)</b>	<b>(815,936)</b>

The notes on pages 7 to 16 form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**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 reasonable possible changes in trading performance and the current weakness of the economy in general, the funds available to and generated by the business will be sufficient to support the Company's operations for the foreseeable future, including the opening of new sites where appropriate

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 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax

**1.4 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

**1.5 Stocks**

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

**1.6 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 27 December 2009

### 1 ACCOUNTING POLICIES (continued)

#### 1.7 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

#### 1.8 Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards

### 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

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company	674,523	497,731
- held under finance leases	75,977	71,926
Auditors' remuneration	20,000	20,000
Operating lease rentals		
- other operating leases	1,154,429	1,185,524
Impairment of fixed assets	-	437,876
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	2,829,388	3,014,768
Social security costs	264,795	241,045
	<u>3,094,183</u>	<u>3,255,813</u>

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

	2009 No.	2008 No.
Management staff	33	33
Kitchen and restaurant staff	154	164
	<u>187</u>	<u>197</u>

**5. DIRECTORS' REMUNERATION**

	2009 £	2008 £
Emoluments	<u>203,506</u>	<u>191,100</u>

**6. INTEREST RECEIVABLE**

	2009 £	2008 £
Other interest receivable	<u>315</u>	<u>8,005</u>

**7. INTEREST PAYABLE**

	2009 £	2008 £
Interest payable on bank borrowings	44,394	97,081
On finance leases and hire purchase contracts	15,378	27,199
	<u>59,772</u>	<u>124,280</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**8. TAXATION**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
UK corporation tax charge on loss for the period	-	-

**Factors affecting tax charge for the period**

The tax assessed for the period differs from the standard rate of corporation tax in the UK (28%) The differences are explained below

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(627,090)	(1,820,911)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28%)	(175,585)	(509,855)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	8,400	2,415
Fixed asset differences	(37,627)	(1,815)
Depreciation and amortisation on assets not qualifying for capital allowances	77,713	129,603
Increase in tax losses carried forward	127,099	421,652
Movement on provisions	-	(42,000)
<b>Current tax charge for the period (see note above)</b>	-	-

**Factors that may affect future tax charges**

The company has not provided for the net deferred tax asset of £1,760,770 (2008 £1,671,299) 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 27 December 2009

**9 TANGIBLE FIXED ASSETS**

	<b>Rent premium £</b>	<b>Office equipment £</b>	<b>Restaurant and kitchen equipment £</b>	<b>Property improvements £</b>	<b>Total £</b>
<b>Cost</b>					
At 29 December 2008	635,000	214,592	1,305,406	3,263,217	5,418,215
Additions	-	30,658	336,595	324,088	691,341
At 27 December 2009	635,000	245,250	1,642,001	3,587,305	6,109,556
<b>Depreciation</b>					
At 29 December 2008	158,502	61,484	188,786	762,208	1,170,980
Charge for the period	68,960	25,624	375,421	280,495	750,500
At 27 December 2009	227,462	87,108	564,207	1,042,703	1,921,480
<b>Net book value</b>					
At 27 December 2009	407,538	158,142	1,077,794	2,544,602	4,188,076
At 28 December 2008	476,498	153,108	1,116,620	2,501,009	4,247,235

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

	<b>27 December 2009 £</b>	<b>28 December 2008 £</b>
Property improvements	322,435	375,014
Restaurant and kitchen equipment	35,621	53,520
	<u>358,056</u>	<u>428,534</u>

**10 STOCKS**

	<b>27 December 2009 £</b>	<b>28 December 2008 £</b>
Finished goods and goods for resale	<u>91,990</u>	<u>102,264</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**11. DEBTORS**

	<b>27 December 2009 £</b>	<b>28 December 2008 £</b>
<b>Due after more than one year</b>		
Rental deposits	351,925	300,108
<b>Due within one year</b>		
Trade debtors	18,686	57,847
Other debtors	16,347	7,555
Prepayments and accrued income	404,770	412,340
	<u>791,728</u>	<u>777,850</u>

**12. CREDITORS**

Amounts falling due within one year

	<b>27 December 2009 £</b>	<b>28 December 2008 £</b>
Bank loans and overdrafts	199,200	1,450,000
Net obligations under finance leases and hire purchase contracts	77,626	149,097
Trade creditors	221,452	412,302
Social security and other taxes	203,236	193,155
Other creditors	91,344	54,813
Accruals and deferred income	468,353	324,077
	<u>1,261,211</u>	<u>2,583,444</u>

The maturity of the bank loan is January 2015. The loan is secured by an all monies debenture over all the assets of the company.

Other creditors includes £62,520 (2008: £Nil) received in advance in relation to the issue of new share capital subsequent to the year end.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**13. CREDITORS.**

Amounts falling due after more than one year

	<b>27 December 2009 £</b>	<b>28 December 2008 £</b>
Bank loans	1,550,800	-
Hire purchase agreements	15,459	93,085
	<u>1,566,259</u>	<u>93,085</u>

All creditors falling due after more than one year are payable between two and five years

**14. OPERATING LEASE COMMITMENTS**

At 27 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	<b>27 December 2009 £</b>	<b>Land and buildings 28 December 2008 £</b>
<b>Expiry date:</b>		
Within 1 year	20,182	20,182
Between 2 and 5 years	5,000	5,000
After more than 5 years	1,120,250	1,006,207
Total	<u>1,145,432</u>	<u>1,031,389</u>

**15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows

Amounts payable:

	<b>2009 £</b>	<b>2008 £</b>
Within 1 year	77,626	149,097
Between 2 and 5 years	15,459	93,085
Total	<u>93,085</u>	<u>242,182</u>

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

# NOTES TO THE FINANCIAL STATEMENTS For the period ended 27 December 2009

## 16. SHARE CAPITAL

	27 December 2009 £	28 December 2008 £
<b>Allotted, called up and fully paid</b>		
61,976 (2008 - 61,731) Mint Ordinary shares of £1 each	61,976	61,731
64,599 Thyme Ordinary shares of £1 each	64,599	64,599
62,461 (2008 - 60,288) Sage Ordinary shares of £1 each	62,461	60,288
	<u>189,036</u>	<u>186,618</u>

On a sale of the shares, the first £450,000 of consideration due to the Thyme and Mint Ordinary shareholders is attributable exclusively to the Thyme Ordinary shareholders. Any remaining consideration due to the Thyme and Mint Ordinary shareholders is split pro-rata over these two classes of Ordinary shares.

In all other respects the different classes rank pari passu.

During the year, the company issued of 2,418 ordinary shares, each with a £1 nominal value, for a total consideration of £33,832.

## 17. RESERVES

	Share premium account £	Profit and loss account £
At 29 December 2008	9,609,040	(6,468,592)
Loss for the period		(627,090)
Premium on shares issued during the period (net of expenses)	27,340	
At 27 December 2009	<u>9,636,380</u>	<u>(7,095,682)</u>

The Premium on shares issued consists of consideration of £31,414 and share issue costs of £4,074.

## 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	27 December 2009 £	28 December 2008 £
Opening shareholders' funds	3,327,066	2,149,407
Loss for the period	(627,090)	(1,820,911)
Shares issued during the period	2,418	124,978
Share premium on shares issued (net of expenses)	27,340	2,873,592
Closing shareholders' funds	<u>2,729,734</u>	<u>3,327,066</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating loss	(567,633)	(1,704,636)
Depreciation of tangible fixed assets	750,500	569,657
Impairments of fixed assets	-	437,876
Decrease in stocks	10,274	5,212
Increase in debtors	(13,878)	(115,597)
Increase/(decrease) in creditors	38	(973,562)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>179,301</b>	<b>(1,781,050)</b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	315	8,005
Interest paid	(44,394)	(97,081)
Hire purchase interest	(15,378)	(27,199)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(59,457)</b>	<b>(116,275)</b>

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(691,341)	(1,039,396)
Sale of tangible fixed assets	-	140,000
<b>Net cash outflow from capital expenditure</b>	<b>(691,341)</b>	<b>(899,396)</b>

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Financing</b>		
Issue of ordinary shares	29,758	2,998,570
New secured loans	300,000	400,000
Repayment of finance leases	(149,097)	(3,652)
<b>Net cash inflow from financing</b>	<b>180,661</b>	<b>3,394,918</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 December 2009

**21 ANALYSIS OF CHANGES IN NET DEBT**

	<b>29 December 2008</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>27 December 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	876,246	(390,836)	-	485,410
<b>Debt:</b>				
Finance leases	(242,182)	149,097	-	(93,085)
Debts due within one year	(1,450,000)	(300,000)	1,550,800	(199,200)
Debts falling due after more than one year	-	-	(1,550,800)	(1,550,800)
<b>Net debt</b>	<b>(815,936)</b>	<b>(541,739)</b>	<b>-</b>	<b>(1,357,675)</b>

**22 CONTROLLING PARTY**

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