2793130

DAMON'S (DEVELOPMENTS) LIMITED

REPORT AND ACCOUNTS 2000

HEMMING GRAHAM & CO
CHARTERED ACCOUNTANTS

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DAMON'S (DEVELOPMENTS) LIMITED

REPORT AND ACCOUNTS 2000

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DAMON'S (DEVELOPMENTS) LIMITED

REPORT AND ACCOUNTS 2000

COMPANY INFORMATION

DIRECTORS:	J E Foulston K A Boulby G Simonetti K A Gee
SECRETARY:	R Greenop
REGISTERED NUMBER:	2793130 England & Wales
REGISTERED OFFICE:	999 Doddington Road Lincoln LN6 3SE
AUDITORS:	Hemming Graham & Co. Chartered Accountants Homer House Sibthorp Street Lincoln LN5 7SB
BANKERS:	Barclays Bank plc West Lincs & Newark Group Business Centre P O Box 294 City Office Park Tritton Road Lincoln LN6 7YY

DAMON'S (DEVELOPMENTS) LIMITED

REPORT AND ACCOUNTS 2000

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 29th October 2000.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was that of restaurateurs.

REVIEW OF THE BUSINESS

The directors are satisfied with the state of the company's affairs at 29th October 2000 and view the future with confidence.

RESULTS AND DIVIDENDS

The directors proposed payment of a dividend of £40,287 on the A Ordinary share capital. No dividend was proposed on the C or B Ordinary shares.

The directors propose that the retained profit of £169,522 (1999 - loss £61,489) be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial interests in the company's issued share capital were as follows:

	Ordinary shares of £1 each 2000		1999
J E Foulston	-		-
K A Gee	-		-
K A Boulby	56	C shares	56
G Simonetti	40	B shares	40

Damon's (Developments) Limited is a 68% owned subsidiary of Damon's (UK) Limited. The directors who had beneficial interests in the issued share capital of the holding company were as follows:-

	Ordinary shares of £1 each 2000	1999
J E Foulston	870	870
K A Gee	-	-
K A Boulby (held in Trust)	21	21
G Simonetti	15	15

REPORT OF THE DIRECTORS - CONTINUED

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial accounts for each financial year which 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 those financial accounts, the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures being disclosed and explained in the accounts;
- prepare the financial accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial accounts comply with the Companies Act 1985. 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.

AUDITORS

The auditors, Hemming Graham & Co., are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

Signed on behalf of the
board of directors



J E Foulston - Director

Approved by the board on 22/6/01

DAMON'S (DEVELOPMENTS) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF

DAMON'S (DEVELOPMENTS) LIMITED

We have audited the accounts on pages 5 to 15 which have been prepared in accordance with the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3b, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 29th October 2000 and of its profit and cashflows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



HEMMING GRAHAM & Co.
Chartered Accountants and Registered Auditors
Homer House
Sibthorp Street
Lincoln
LN5 7SB

22nd June 2001

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

The accounts have been prepared up to the 29th October 2000 and represent the operations of the company for a 52 week period. The comparative figures are in respect of the 52 weeks trading to 31st October 1999.

2. FIXED ASSETS

Tangible assets

Tangible fixed assets are recorded at cost and depreciation is calculated so as to write down the cost less residual value over their estimated lives. The rates used are as follows:-

Reducing balance:-

Plant and machinery	15% per annum
Fixtures and fittings	10% per annum

No amortisation will be provided on the long leasehold property during the first 100 years of the 125 year lease because the high standard of property maintenance required in the restaurant sector extends the economic life of the property to such an extent that an annual amortisation charge would be immaterial.

The long leasehold cost includes gross interest and attributable overheads incurred during the build period.

Intangible fixed assets

The franchise fee is recorded at cost and is amortised over the 15 year term of the franchise agreement.

3. DEFERRED TAXATION

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

4. STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost comprises purchase price plus the expense of bringing the items to their present location and condition. Net realisable value represents estimated sales proceeds less all further costs of disposal.

ACCOUNTING POLICIES (CONTINUED)

5. OPERATING LEASE RENTALS

Rentals on operating leases are charged to the profit and loss account in the period to which they relate.

6. TURNOVER

Turnover represents the total amount receivable in the ordinary course of business for goods sold and services rendered during the year after the deduction of trade discounts and Value Added tax.

7. DEFERRED EXPENDITURE

Expenditure incurred prior to the commencement of trading was deferrd. This expenditure, which primarily related to training and other set up costs, was charged to the profit and loss account over five years on a straight line basis. The expenditure was charged in full by the year end.

DAMON'S (DEVELOPMENTS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29TH OCTOBER 2000

	Note	2000 £	1999 £
TURNOVER		2,014,356	1,997,269
COST OF SALES		(1,343,037)	(1,440,131)
GROSS PROFIT		671,319	557,138
ADMINISTRATION EXPENSES		(486,231)	(559,870)
		185,088	(2,732)
OTHER OPERATING INCOME	3	23,266	28,724
OPERATING PROFIT	1	208,354	25,992
EXCEPTIONAL ITEMS	4	74,583	-
		282,937	25,992
NET INTEREST PAYABLE	5	(73,128)	(87,490)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		209,809	(61,498)
TAXATION		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		209,809	(61,498)
DIVIDENDS		(40,287)	-
RETAINED PROFIT/(LOSS) FOR THE YEAR		169,522	(61,498)

STATEMENT OF MOVEMENT IN RESERVES

BALANCE BROUGHT FORWARD	(52,857)	8,641
RETAINED PROFIT/(SUSTAINED LOSS)	169,522	(61,498)
BALANCE CARRIED FORWARD	116,665	(52,857)

CONTINUING OPERATIONS

Turnover and operating profit derive wholly from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

DAMON'S (DEVELOPMENTS) LIMITED

BALANCE SHEET
AS AT 29TH OCTOBER 2000

	Note	2000 £	2000 £	1999 £	1999 £
FIXED ASSETS					
Intangible assets	6		8,814		9,686
Tangible assets	7		1,759,911		1,790,359
			1,768,725		1,800,045
CURRENT ASSETS					
Stock	8	17,671		21,112	
Debtors	9	35,105		78,380	
Cash at bank and in hand		143,998		1,533	
		196,774		101,025	
CREDITORS: Amounts falling due within one year	10	456,145		469,602	
NET CURRENT LIABILITIES			259,371		368,577
TOTAL ASSETS LESS CURRENT LIABILITIES			1,509,354		1,431,468
CREDITORS: Amounts falling due after more than one year	11		1,352,129		1,443,765
			£ 157,225		£ (12,297)
CAPITAL AND RESERVES					
Called up share capital	12		1,000		1,000
Share premium account	13		39,560		39,560
Profit and loss account			116,665		(52,857)
SHAREHOLDERS' FUNDS	14		£ 157,225		£ (12,297)

Signed on behalf of the board of directors

.....
J E Foulston - Director

Approved by the board on 22/6/01

DAMON'S (DEVELOPMENTS) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 29TH OCTOBER 2000

	Note	2000 £	1999 £
NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		208,354	25,992
Exceptional items		74,583	-
Loss on disposal of fixed assets		-	11,157
Depreciation charges		35,703	39,743
Amortisation		872	872
Decrease in stocks		3,441	3,369
Decrease in debtors		43,275	53,305
Decrease in creditors		(6,038)	(20,984)
		360,190	113,454
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		108	75
Interest paid		(73,236)	(73,122)
		287,062	40,407
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(5,255)	(153,653)
		281,807	113,246
EQUITY DIVIDENDS PAID		(40,287)	-
		241,520	(113,246)
FINANCING			
Long term loan advance		-	134,000
Repayments of long term loan		(66,636)	(56,593)
Write down of long term loans		(25,000)	-
INCREASE/(DECREASE) IN CASH	A/B	149,884	(35,839)

DAMON'S (DEVELOPMENTS) LIMITED

NOTES TO THE CASHFLOW STATEMENT

FOR THE YEAR ENDED 29TH OCTOBER 2000

A. ANALYSIS OF CHANGES IN NET DEBT

	At start of year £	Cash Flows £	At end of year £
Cash in hand and at bank	(5,886)	149,884	143,998
		149,884	
Debt due within one year	(155,000)	-	(155,000)
Debt due after one year	(1,443,765)	91,636	(1,352,129)
		91,636	
TOTAL	(1,604,651)	241,520	(1,363,131)

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase/(decrease) in cash during the year	149,884	(35,839)
Cash outflow from decrease in debt	91,636	(77,707)
Change in net debt resulting from cash flows	241,520	(113,546)
Net debt at 1st November 1999	(1,604,651)	(1,491,105)
Net debt at 29th October 2000	(1,363,131)	(1,604,651)

DAMON'S (DEVELOPMENTS) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 29TH OCTOBER 2000

1. OPERATING PROFIT

Operating profit is stated after charging:-	2000 £	1999 £
Amortisation of Intangible Assets	872	872
Depreciation of Tangible Assets	35,703	39,742
Audit fees	3,250	3,250
Directors' remuneration	5,500	-

2. EMPLOYEES

	2000 Number	1999 Number
Administration	6	6
Production and sales (hourly paid)	107	112
Full time equivalents:-		
Administration	6	6
Production and sales (hourly paid)	57	60

Employment costs were:-

	2000 £	1999 £
Wages and salaries	521,180	544,965
Social Security costs	27,963	31,457
Holiday pay and SSP	41,041	36,939
	590,184	613,361

3. OTHER OPERATING INCOME

	2000 £	1999 £
Consequential loss claim	4,585	5,110
Payphone income	806	1,009
Discounts received	17,875	22,605
	23,266	28,724

4. EXCEPTIONAL ITEMS

During the year an agreement was reached with the minority investors in respect of the early repayment of their loans to the company shortly after the year end. This resulted in an exceptional gain of £57,166 due to previously accrued loan interest being written off and a further exceptional gain of £25,000 due to part of the loan outstanding being written down. An exceptional loss of £7,583 arose due to the local Council's refusal to pay previously accrued interest on a rates refund received by the company last year. The net impact of these items was a £74,583 exceptional gain during the year.

5. NET INTEREST PAYABLE

	2000 £	1999 £
Bank loan interest	57,306	57,284
Brewery loan interest	7,950	8,217
Lincoln loan interest	7,980	7,980
Investor loan interest	-	14,084
Bank interest receivable	(108)	(75)
	73,128	87,490

6. INTANGIBLE FIXED ASSETS

Franchise fee

	£
COST	
At 31st October 1999 and at 29th October 2000	13,158
AMORTISATION	
At 31st October 1999	3,472
Charge for the year	872
At 29th October 2000	4,344
NET BOOK VALUE	
At 26th October 2000	8,814
At 27th October 1999	9,686

7. TANGIBLE FIXED ASSETS

COST	Plant and Equipment £	Fixtures and Fittings £	Long Leasehold, Land and Buildings £	Total £
31st October 1999	227,725	246,097	1,496,364	1,970,186
Additions	4,008	1,247	-	5,255
29th October 2000	231,733	247,344	1,496,364	1,975,441
DEPRECIATION				
31st October 1999	103,282	76,545	-	179,827
Charge for the Year	18,711	16,992	-	35,703
29th October 2000	121,993	93,537	-	215,530
NET BOOK VALUE				
31st October 2000	109,740	153,807	1,496,364	1,759,911
29th October 1999	124,443	169,552	1,496,364	1,790,359

8. STOCKS

	2000 £	1999 £
Food	9,974	13,193
Liquor	3,197	3,419
Consumables	4,500	4,500
	17,671	21,112

9. DEBTORS

	2000 £	1999 £
Deferred set up costs	-	18,456
Prepayments and accrued income	32,523	37,982
Other debtors	1,722	13,175
Rates refund	-	7,907
Amount due from Damon's (UK) Limited	560	560
Amount due from Asto Builders Limited	300	300
	35,105	78,380

10. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Loans and overdrafts (see below)	155,000	162,419
Trade creditors	128,609	154,900
Accruals and deferred income	43,359	100,143
Value Added tax	91,821	21,692
PAYE and National Insurance	7,726	8,524
Other creditors (note 15)	29,630	21,924
	456,145	469,602

Loans and Overdrafts comprises:

Damon's Restaurants (UK) Ltd loan	76,000	76,000
Investor Loans	24,000	24,000
Bank Loan (secured)	30,000	30,000
Brewery Loan (secured)	25,000	25,000
Overdrafts	-	7,419
	155,000	162,419

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

	2000 £	1999 £
Bank Loan (secured)	615,102	652,265
Brewery loan (secured)	123,027	137,500
Damon's Restaurants (UK) Limited loan	279,000	294,000
Investor loans	335,000	360,000
	1,352,129	1,443,765

Maturity of Debt

Between one and two years	105,000	105,000
Between two and five years	479,000	479,000
In five years or more	768,129	859,765
	1,352,129	1,443,765

Amounts falling due after more than five years

Bank Loan (secured)	387,296	462,265
Brewery loan (secured)	20,833	37,500
Investor loans	360,000	360,000
	768,129	859,765

11. CREDITORS: Amounts falling due after more than one year (continued)

Notes

a) The bank loan is repayable by monthly instalments of capital and interest to repay the facility by January 2011. The interest rate is variable at the prevailing bank base rate plus 2.5%.

The loan is secured by way of a first legal charge over the company's long leasehold property and a floating charge over the remaining assets.

b) The brewery loan is repayable over 10 years by equal monthly instalments excluding interest. Interest is paid quarterly in arrears at a fixed rate of 5% per annum.

The loan is secured by way of a second legal charge over the company's long leasehold property.

c) The Damon's Restaurants (UK) Limited loan is repayable over five years by equal monthly instalments excluding interest, with the exception of £36,000 which is due from first available surplus cash flow. Interest is payable annually in arrears at 4% per annum.

d) Investor loans are not repayable by instalments and unless agreed by the company are not due for repayment until the year 2015, apart from £24,000 which is repayable from first available surplus cash flow. The loans carry an interest rate of 4% per annum which is payable by mutual agreement with the company.

12. SHARE CAPITAL

	2000 £	1999 £
Authorised		
A Ordinary shares of £1 each	680	680
B Ordinary shares of £1 each	160	160
C Ordinary shares of £1 each	160	160
	1,000	1,000
Allotted, issued and fully paid		
A Ordinary shares of £1 each	680	680
B Ordinary shares of £1 each	160	160
C Ordinary shares of £1 each	160	160
	1,000	1,000

12. SHARE CAPITAL (continued)

The A Ordinary shareholders have a dividend entitlement equivalent to 17% of the company's profit before tax and are entitled to appoint two directors of the company including the chairman. They were paid a dividend of £40,287 during the year.

The B Ordinary shareholders have a dividend entitlement equivalent to 4% of the company's profit before tax and are entitled to appoint one director of the company. They waived their rights to dividends during the year.

The C Ordinary shareholders have a dividend entitlement equivalent to 4% of the company's profit before tax and are entitled to appoint one director of the company. They waived their rights to dividends during the year.

13. SHARE PREMIUM ACCOUNT

	2000 £	1999 £
At 31st October 1999 and at 29th October 2000	39,560	39,560

14. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit/(loss) for the financial year after taxation	209,809	(61,498)
Dividends	40,287	
	169,522	(61,498)
Opening shareholders' funds	(12,297)	49,201
Closing shareholders' funds	157,225	(12,297)

15. RELATED PARTY TRANSACTIONS

During the year the company paid management charges of £nil (1999 - £39,945) to Asto Builders Limited, a company of which Mr J E Foulston is a director. Asto Builders Limited also undertook building and general work at the company's restaurant premises amounting to £2,125 (1999 - £38,632). This work was invoiced on a normal commercial basis.

The company purchased food and other trading items from Damon's Restaurants (UK) Limited, a company of which Mr J E Foulston and Mr K A Gee are directors. These items were aquired at cost amounting to £53,299 (1999 - £41,763)

At the end of the year £2,592 (1999 - £9,700) had yet to be paid for and this amount is reflected other creditors (note 10).

16. ULTIMATE HOLDING COMPANY

Damon's Developments Limited is a 68% subsidiary of Damon's (UK) Limited, a company incorporated in England and Wales.

17. DEFERRED TAXATION

	2000		1999	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Accelerated capital allowances	-	28,545	-	27,581

No provision has been made in the accounts for deferred taxation as the directors consider that these liabilities will not crystallise in the foreseeable future. Also at the balance sheet date tax losses sufficient to eliminate the potential charge were available to the company.