

THE FAT DUCK LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD 30TH NOVEMBER 1998 TO
31ST MARCH 2000



Company No. 03676216

THE FAT DUCK LIMITED

COMPANY INFORMATION

Directors

H M Blumenthal
S C Blumenthal
G Dawson
N Sutcliffe

Secretary

S C Blumenthal

Company number

03676216

Registered office

The Fat Duck
High Street, Bray
Maidenhead
Berkshire
SL6 2AQ

Auditors

Wingrave Yeats
65 Duke Street
London
W1M 5DH

THE FAT DUCK LIMITED

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THE FAT DUCK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

The directors present their report and the audited accounts for the company for the period ended 31st March 2000.

Principal activities

The company was incorporated on 30 November 1998 and commenced trading on 1 April 1999.

The company's principal activity is that of restaurant management.

Review of business and future developments

The directors consider both the level of business and the year end position to be satisfactory. The company is currently expanding the business by increasing the size and capacity of the restaurant and the directors therefore expect an increase in trade in the near future.

Results and dividends

The results for the period are set out in the profit and loss account on page 4.

Dividends

The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the period were:

Name of director

H M Blumenthal
S C Blumenthal
G Dawson
N Sutcliffe

The directors did not hold any disclosable interests in the company or any other group companies throughout the period.

The first directors of the company were Waterlow Nominees Limited. This company resigned from the board on 30 November 1998, on that same date H M Blumenthal, S C Blumenthal, G D Dawson and N S Sutcliffe were appointed as directors.

Issue of shares

On 30 November 1998 2 "A" ordinary shares were issued at par in order to provide initial formation capital. On 1 April 1999 a further 898 "A" ordinary shares were issued at par in order to acquire the restaurant business and 50 "A" ordinary shares were issued for cash.

THE FAT DUCK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

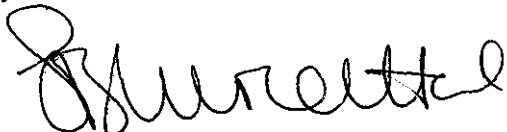
Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Wingrave Yeats were appointed as the first auditors of the company by the directors. A resolution to re-appoint Wingrave Yeats Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board



S C Blumenthal, Secretary

Date: 27.03.01.

The Fat Duck
High Street, Bray
Maidenhead
Berkshire
SL6 2AQ

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE FAT DUCK LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 31st March 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Wingrave Yeats

Wingrave Yeats
Chartered Accountants and Registered Auditors
65 Duke Street
London
W1M 5DH

Date: *29th March 2001*

THE FAT DUCK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

	Notes	2000 £
Turnover	2	775,420
Cost of sales		<u>(300,904)</u>
Gross profit		474,516
Administrative expenses		<u>(431,922)</u>
Operating profit	3	42,594
Interest payable and similar charges	4	<u>(13,658)</u>
Profit on ordinary activities before taxation		28,936
Tax on profit on ordinary activities	6	<u>(6,407)</u>
Profit for the financial period		<u><u>22,529</u></u>

All amounts relate to operations acquired during the period.

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

THE FAT DUCK LIMITED

BALANCE SHEET

AS AT 31ST MARCH 2000

	Notes	£	2000 £
Fixed assets			
Intangible assets	7		11,640
Tangible assets	8		<u>79,658</u>
			91,298
Current assets			
Stocks	9	73,404	
Debtors	10	19,679	
Cash at bank and in hand		<u>15,628</u>	
		108,711	
Creditors: amounts falling due within one year	11	<u>(122,854)</u>	
Net current liabilities			<u>(14,143)</u>
Total assets less current liabilities			77,155
Creditors: amounts falling due after more than one year	12		<u>(53,676)</u>
			<u>23,479</u>
Capital and reserves			
Share capital	14		950
Profit and loss account			<u>22,529</u>
Shareholders' funds	15		<u>23,479</u>

These accounts were approved by the board on 27.03.01. and signed on its behalf by:


H M Blumenthal
Director

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

1 Accounting policies

Basis of accounting

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

Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Leasehold properties	Over the lease term
Plant and machinery	25% straight line
Furniture and equipment	20% straight line
Fixtures and fittings	20% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

Acquisitions

On acquisition of a business, all the assets and liabilities of the business which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of a business acquired during the period are included in the profit and loss account from the day of acquisition. Goodwill, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is stated after charging or crediting:

	2000
	£
Depreciation of tangible fixed assets:	
-owned assets	8,142
Amortisation of intangible fixed assets	2,910
Operating leases:	
-plant and equipment	8,797
-land and buildings	40,000
Auditors' remuneration	6,000
	<u>66,851</u>

4 Interest payable and similar charges

	2000
	£
Interest payable on bank loans and overdrafts	13,658
	<u>13,658</u>

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

5 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2000
	£
Wages and salaries	240,875
Social security costs	19,909
	<u>260,784</u>

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

	2000
	Number
Management	4
Operations	12
	<u>16</u>

Directors' emoluments

	2000
	£
Aggregate emoluments	<u>136,486</u>

6 Taxation

	2000
	£
Based on the profit for the period: UK corporation tax at 20%	<u>6,407</u>

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

7 Intangible fixed assets

	Goodwill £	Total £
Cost		
Additions	14,550	14,550
At 31st March 2000	<u>14,550</u>	<u>14,550</u>
Amortisation		
Provided during the period	2,910	2,910
At 31st March 2000	<u>2,910</u>	<u>2,910</u>
Net book value		
At 31st March 2000	<u>11,640</u>	<u>11,640</u>

The goodwill above arose from the acquisition on 1 April 1999 of The Fat Duck Restaurant from The Fat Duck Group Limited, which, on the same day, had acquired the business from a partnership, as detailed in note 17. This goodwill is being written off over five years.

8 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Office furniture & equipment £	Fixtures and fittings £	Total £
Cost					
Additions	58,544	24,951	1,366	2,939	87,800
At 31st March 2000	<u>58,544</u>	<u>24,951</u>	<u>1,366</u>	<u>2,939</u>	<u>87,800</u>
Depreciation					
Charge for the period	965	6,238	351	588	8,142
At 31st March 2000	<u>965</u>	<u>6,238</u>	<u>351</u>	<u>588</u>	<u>8,142</u>
Net book value					
At 31st March 2000	<u>57,579</u>	<u>18,713</u>	<u>1,015</u>	<u>2,351</u>	<u>79,658</u>

9	Stocks	2000
	Consumables	£ <u>73,404</u>

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

10	Debtors	2000
		£
	Trade debtors	9,196
	Amounts owed by parent undertaking	50
	Other debtors (note 18)	1,515
	Prepayments and accrued income	8,918
		<u>19,679</u>
11	Creditors: amounts falling due within one year	2000
		£
	Bank loans (Note 13)	2,188
	Trade creditors	75,068
	Corporation tax	6,407
	Other taxes and social security	21,583
	Other creditors	4,393
	Accruals and deferred income	7,500
	Directors' current accounts	5,715
		<u>122,854</u>
12	Creditors: amounts falling due after more than one year	2000
		£
	Bank loans (Note 13)	<u>53,676</u>
13	Loans and borrowings	2000
		£
	Analysis of loans	
	Bank loans	<u>55,864</u>
	Maturity of debt	
	In one year or less, or on demand	2,188
	In more than one year, but not more than two years	4,771
	In more than two years, but not more than five years	14,314
	In more than five years	34,591
		<u>55,864</u>

The company has two loans with Bank of Scotland PLC. The first loan is repayable by instalments over ten years and is due to be repaid in February 2010. Interest is being charged at 1½% over the Bank's Base Rate. Security is a first legal charge over all the company's assets and undertakings and the lives of H M Blumenthal and S C Blumenthal.

The second is repayable in instalments over 14 years and is due to be repaid in February 2015. Interest is being charged at 2½% above the Bank's Base Rate. Security is a first legal charge over all the company's assets and undertakings and personal undertakings by H M Blumenthal and S C Blumenthal over the restaurant premises.

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

14	Share capital	2000
		£
	Authorised	
	Equity shares	
	950 "A" ordinary shares of £1.00 each	950
	50 "B" ordinary shares of £1.00 each	50
		<u>1,000</u>
	Allotted	
	Equity shares	
	950 Allotted, called up and fully paid "A" ordinary shares of £1.00 each	<u>950</u>

On 30 November 1998 2 "A" ordinary shares were issued at par in order to provide formation capital. On 1 April 1999 a further 898 "A" ordinary shares were issued at par in order to acquire the restaurant business and 50 shares for cash.

The "A" ordinary shares and "B" ordinary shares have the same rights and privileges and shall rank pari passu in all respects, save for pre-emption rights where the "B" ordinary shares can only be purchased by the "A" shareholders.

15	Reconciliation of movement in shareholders' funds	2000
		£
	Profit for the financial period	22,529
	Issue of share capital	950
		<u>23,479</u>
	Increase in the shareholders' funds	23,479
	Opening shareholders' funds	-
		<u>23,479</u>
	Closing shareholders' funds	<u>23,479</u>

16 Operating lease commitments

At 31st March 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Other
	2000	2000
	£	£
Operating leases which expire:		
Within one year	-	7,372
Between two and five years	-	2,069
After five years	39,600	-
	<u>39,600</u>	<u>9,441</u>

THE FAT DUCK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 30TH NOVEMBER 1998 TO 31ST MARCH 2000

17 Acquisitions

On 1 April 1999 the company acquired the assets and liabilities of a business known as The Fat Duck Restaurant from The Fat Duck Group Limited, which, on the same day, had acquired the business from a partnership owned by H M Blumenthal and S C Blumenthal. Goodwill arising on the acquisition has been capitalised. The purchase has been accounted for by the acquisition method of accounting.

The net profit of The Fat Duck Restaurant for the year ended 31 March 1999 was £59,712.

The assets and liabilities acquired from The Fat Duck Restaurant were as follows:-

	2000 £ Book and fair value
Fixed assets	10,000
Stock	39,292
Debtors	2,581
Bank and cash	1,160
Total assets	<hr/> 53,033
Trade creditors	49,301
Other creditors	15,207
Accruals	2,175
Total liabilities	<hr/> 66,683
Net liabilities	<hr/> (13,650)
Purchased goodwill	14,550
Net assets	<hr/> <hr/> 900

The above purchase was satisfied by the issue of £1 shares at par.

18 Transactions with directors

H M Blumenthal and S C Blumenthal have provided Term Assurance over their lives in respect of security on one of the bank loans and have also provide a freehold property as security for the second loan.

Included in other debtors (note 10) is a loan due from a director, N Sutcliffe of £1,515 which was repaid after the period end. This loan was interest free and £1,515 was the maximum amount owed by the director during this period.

19 Ultimate holding company

The company's immediate parent undertaking and controlling related party is The Fat Duck Group Limited, by virtue of its 100% shareholding in the company.

The company's ultimate controlling related party are Mr & Mrs H M Blumenthal by virtue of their majority shareholding in The Fat Duck Group Limited.
