



Financial Statements Stonebeach Limited

For the year ended 30 September 2008

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Company No. 4396961

Company information

Company registration number	4396961
Registered office	146 - 158 Sarehole Road BIRMINGHAM B28 8DT
Directors	V Scalzo C Marsh
Secretary	V Scalzo
Bankers	HSBC 69 Pall Mall LONDON SW1Y 5EY
Auditor	Grant Thornton UK LLP Grant Thornton House Kettering Parkway KETTERING Northants NN15 6XR

Stonebeach Limited
Financial statements for the year ended 30 September 2008

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2008.

Principal activities

The principal activity of the company continued to be that of restaurateur.

Business review and future developments

The profit for the year after taxation amounted to £1,637,541 (2007 - £228,068). The directors cannot recommend payment of a dividend (2007 - £nil).

As at 1 October 2007 various group companies' assets were transferred over at net book value as the trade from these assets goes through Stonebeach Limited.

The directors are encouraged that turnover continues to rise and the company is achieving like for like sales growth and 'gross profit less staff costs' continues to increase due to a reduction in staff costs.

Financial risk management objectives and policies

The company uses various financial instruments, these include loans, cash, equity investments and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities but currently the company is not using these.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The company's long term loan is being repaid monthly.

Credit risk

The company's principal financial assets are mainly cash with very limited trade debtors. The credit risk associated with cash is limited, the principal credit risk arises therefore from its trade debtors. However, very few customers are given accounts and these are reviewed regularly and collections are kept up to date.

Economic environment

In common with other restaurant businesses, the company relies on continuing levels of disposable income within the UK market place and a decline in the UK economy would have an impact on turnover.

Financial risk management objectives and policies (continued)

Competition

The company operates in a highly competitive market putting pressure on margin and turnover growth.

Legislation

The licensed venue market is regulated and the company continues to monitor legislation to ensure it complies to the current rules and regulations.

Key performance indicators

The company is monitored in line with a number of key performance indicators. These are formulated at weekly and monthly Board meetings and are reviewed at both operating and Board level.

Turnover growth

The company is measured against like for like sales growth.

Margin

The company is measured against gross profit less staff and fixed costs with a target of 40%.

Budget

The company is measured against EBITDA.

Internal control

The Board is ultimately responsible for the company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the company's control system are as follows:

- a comprehensive budgeting system with an annual budget approved by the Board
- actual results are compared monthly with budgets and past results, as appropriate
- all significant capital expenditure and organisational changes are reviewed and approved by the Board
- the integrity and competence of personnel is ensured through high recruitment standards and subsequent training
- a clearly defined organisation structure.

Going concern

The directors of Patisserie Holdings Limited have confirmed their continuing support for a period of at least one year from the date of approval of these financial statements.

The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Future developments

It is the directors' intention to continue the company's opening programme.

Disabled employees

The company's policy of employment of disabled persons is to give full consideration to applications for employment having regard to their particular aptitudes and abilities and to encourage training and career developments for all employees, including disabled employees.

Employee involvement

The company has put in place mechanisms to provide information to employees with particular emphasis on operational and health and safety matters. Regular meetings are held between site General Managers and Head Office Operational Management.

Payment policy and practice

It is the company's policy to establish payment terms with suppliers and to adhere to those terms, provided that the goods and services are in accordance with the agreed terms and conditions.

Directors of the company

The present membership of the Board is set out below.

C Marsh
V Scalzo

All directors served throughout the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements 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 year. 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 proper accounting records that 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 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.

In so far as the directors are aware:

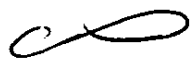
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP offer themselves for re-appointment as auditor in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



C Marsh
Director

19 December 2008



Report of the independent auditor to the members of Stonebeach Limited

We have audited the financial statements of Stonebeach Limited for the year ended 30 September 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with international standards on auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 information in the financial statements.



Report of the independent auditor to the members of Stonebeach Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 30 September 2008.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP".

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Kettering 19 December 2008

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The company's accounting policies are unchanged from the previous year.

Going concern

The financial statements have been prepared on the going concern basis, however the balance sheet at 30 September 2008 shows net current liabilities of £2,499,441 (2007 - £1,775,842). In order that the company may continue to trade and meet its working capital requirements, it is dependent upon the financial support from its ultimate parent company, Patisserie Holdings Limited.

The directors of Patisserie Holdings Limited have confirmed their continuing support for a period of at least one year from the date of approval of these financial statements.

The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Revenue arising from the sale of goods is recognised when significant risks and benefits of ownership of the product has been transferred to the buyer.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	Over the term of the lease
Plant and machinery	-	15 - 25% per annum reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value after provisions are made in respect of obsolete and slow moving items.

Leased assets

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful economic 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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity. There is no effect on the financial statements as a result of this policy.

Profit and loss account

	Note	Year ended 30 September 2008 £	13 months ended 30 September 2007 £
Turnover		9,534,518	3,245,898
Cost of sales		<u>(2,233,522)</u>	<u>(654,682)</u>
Gross profit		7,300,996	2,591,216
Administrative expenses		<u>(5,646,146)</u>	<u>(2,363,148)</u>
Operating profit	1	1,654,850	228,068
Interest payable and similar charges		<u>(17,309)</u>	-
Profit on ordinary activities before taxation		1,637,541	228,068
Tax on profit on ordinary activities	3	<u>-</u>	-
Profit for the year	10	<u>1,637,541</u>	<u>228,068</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the profit for the year as set out above.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	4	4,064,536	1,648,660
Current assets			
Stocks	5	406,411	51,700
Debtors	6	5,373,973	1,396,953
Cash at bank and in hand		9,700	2,800
		<u>5,790,084</u>	<u>1,451,453</u>
Creditors: amounts falling due within one year	7	<u>(8,289,525)</u>	<u>(3,227,295)</u>
Net current liabilities		<u>(2,499,441)</u>	<u>(1,775,842)</u>
Total assets less current liabilities		1,565,095	(127,1820)
Creditors: amounts falling due after more than one year	8	(7,083)	-
Provisions for liabilities and charges		<u>(47,653)</u>	-
		<u>1,510,359</u>	<u>(127,182)</u>
Capital and reserves			
Called up share capital	9	150,100	150,100
Profit and loss account	10	<u>1,360,259</u>	<u>(277,282)</u>
Shareholders' funds/(deficit)	11	<u>1,510,359</u>	<u>(127,182)</u>

These financial statements were approved by the Board of Directors and authorised for issue on *19 December 2008*.
 They were signed on its behalf by:



C Marsh
 Director

Notes to the financial statements

1 Turnover on profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to the one activity as disclosed in the Report of the Directors.

Operating profit is stated after charging:

	Year ended 30 September 2008 £	13 months ended 30 September 2007 £
Depreciation of tangible assets		
- owned	504,637	303,309
- held under finance leases	5,964	-
Operating lease rentals - land and buildings	<u>903,234</u>	<u>371,250</u>

Liability Limitation Agreement with the auditor

The directors propose that the company enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the period ended 30 September 2008. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval at the forthcoming Annual General Meeting on 22 December 2008.

2 Directors and employees

Staff costs during the year were as follows:

	Year ended 30 September 2008 £	13 months ended 30 September 2007 £
Wages and salaries	3,720,624	1,256,967
Social security costs	<u>311,777</u>	<u>105,176</u>
	<u>4,032,401</u>	<u>1,362,143</u>

The average number of employees of the company during the year was 244 (2007 - 78).

There was no remuneration in respect of directors during the year (2007 - nil).

3 Tax on profit on ordinary activities

There was no tax charge for the year (2007 - £nil).

Tax on profit on ordinary activities (continued)

Factors affecting current tax charge

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 29% (2007 - 19.46%). The differences can be explained as follows:

	Year ended 30 September 2008 £	13 months ended 30 September 2007 £
Profit on ordinary activities before tax	<u>1,637,541</u>	<u>228,068</u>
Profit on ordinary activities multiplied by the standard rate of tax	474,887	44,382
Effect of:		
Expenses not deductible for tax purposes	1,865	-
Capital allowances in excess of depreciation	(32,727)	(4,446)
Utilisation of tax losses	<u>(444,025)</u>	<u>(39,936)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

4 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 October 2007	269,776	2,034,072	2,303,848
Additions	702,981	862,006	1,564,987
Intra group transfer	<u>1,384,466</u>	<u>1,123,028</u>	<u>2,507,494</u>
At 30 September 2008	<u>1,193,108</u>	<u>323,343</u>	<u>4,426,221</u>
Depreciation			
At 1 October 2007	66,094	589,094	655,188
Provided in the year	110,807	399,794	510,601
Intra group transfer	<u>360,012</u>	<u>785,992</u>	<u>491,573</u>
At 30 September 2008	<u>536,913</u>	<u>1,774,880</u>	<u>2,311,793</u>
Net book amount at 30 September 2008	<u>1,820,310</u>	<u>2,244,225</u>	<u>4,064,536</u>
Net book amount at 30 September 2007	<u>203,682</u>	<u>1,444,978</u>	<u>1,648,660</u>

Included in the above is a motor vehicle acquired under finance lease with a net book value of £17,893 (2007 - £nil) and depreciation charged in the year of £5,964 (2007 - £nil).

5 Stocks

	2008 £	2007 £
Raw materials	207,011	-
Work in progress	114,539	-
Finished goods	84,861	51,700
	<u>406,411</u>	<u>51,700</u>

6 Debtors

	2008 £	2007 £
Trade debtors	48,066	4,968
Amounts owed by group undertakings	4,966,969	1,258,423
Other debtors	19,096	-
Prepayments	339,842	133,562
	<u>5,373,973</u>	<u>1,396,953</u>

7 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	4,889,484	2,190,190
Trade creditors	1,038,466	288,645
Amounts owed to group undertakings	2,106,867	456,265
Social security and other taxes	126,298	160,124
Amounts due under finance leases and hire purchase contracts	5,000	-
Accruals	123,410	132,071
	<u>8,289,525</u>	<u>3,227,295</u>

The bank facility is secured by a fixed and floating charge over all the assets of the company. Amounts due under finance leases and hire purchase contracts are secured over the assets to which they relate.

8 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts due under finance leases and hire purchase contracts	<u>7,083</u>	<u>-</u>

9 Share capital

	2008 £	2007 £
Authorised		
Equity shares		
151,000 Ordinary shares of £1 each	<u>151,000</u>	<u>151,000</u>
	2008 £	2007 £
Allotted, called up and fully paid		
Equity shares		
150,100 Ordinary shares of £1 each	<u>150,100</u>	<u>150,100</u>

10 Reserves

	Profit and loss account £
Balance at 1 October 2007	(277,282)
Profit for the year	<u>1,637,541</u>
Balance at 30 September 2008	<u>1,360,259</u>

11 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	1,637,541	228,068
Issue of shares	-	150,000
Net increase in shareholders' funds	1,637,541	378,068
Opening shareholders' deficit	(127,182)	(505,250)
Closing shareholders' funds/(deficit)	<u>1,510,359</u>	<u>(127,182)</u>

12 Leasing commitments

Operating lease payments amounting to £300,000 (2007 - £455,716) are due within one year. The leases to which these relate expire as follows:

	Land and buildings	
	2008 £	2007 £
In more than five years	<u>300,000</u>	<u>455,716</u>

13 Contingent liabilities

The company has a cross company guarantee with its connected companies, namely Patisserie Valerie Limited, Leonardo Limited, Patisserie Valerie Express Limited, Hewmark Limited, La Boheme Limited, Patisserie Valerie Holdings Limited and Patisserie Holdings Limited. This guarantees the Patisserie Holdings Limited bank loan of £18m. If Patisserie Holdings Limited defaults on that loan the company will be required to make good. The directors believe the financial condition of Patisserie Holdings Limited is such that this guarantee will not be called upon.

14 Controlling party

Patisserie Valerie Holdings Limited is the company's controlling related party by virtue of its shareholding. The ultimate controlling related party of the company is Patisserie Holdings Limited as a result of its shareholding in Patisserie Valerie Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Patisserie Holdings Limited, incorporated in England and Wales. Copies of the group accounts can be obtained from Companies House.

15 Related party transactions

The company is a wholly owned subsidiary and is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Patisserie Holdings Limited on the grounds that the consolidated accounts of Patisserie Holdings Limited are publicly available.

16 Capital commitments

The company had no capital commitments at 30 September 2008 or 30 September 2007.