

THE FAT DUCK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002



Company Registration Number 03676216

WINGRAVE YEATS PARTNERSHIP LLP
Chartered Accountants & Registered Auditors
65 Duke Street
London
W1K 5NT

THE FAT DUCK LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

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THE FAT DUCK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

H M Blumenthal
S C Blumenthal
G Dawson
N Sutcliffe

Company secretary

S C Blumenthal

Registered office

The Fat Duck
High Street
Bray
Maidenhead
Berkshire
SL6 2AQ

Auditors

Wingrave Yeats Partnership LLP
Chartered Accountants
& Registered Auditors
65 Duke Street
London
W1K 5NT

Bankers

Barclays Bank PLC
Leicester
LE87 2BB

THE FAT DUCK LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2002

The directors present their report and the financial statements of the company for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The directors consider both the level of business and the year end position to be satisfactory.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

H M Blumenthal
S C Blumenthal
G Dawson
N Sutcliffe

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

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

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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 company's auditors, Wingrave Yeats, have transferred their audit practice to a limited liability partnership called Wingrave Yeats Partnership LLP. A resolution to re-appoint Wingrave Yeats Partnership LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

THE FAT DUCK LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2002

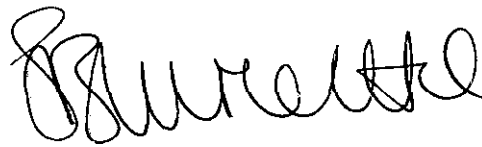
SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

The Fat Duck
High Street
Bray
Maidenhead
Berkshire
SL6 2AQ

Signed by order of the directors



S C BLUMENTHAL
Company Secretary

Approved by the directors on 29-01-03

THE FAT DUCK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2002

We have audited the financial statements on pages 6 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 8 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 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.

THE FAT DUCK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (CONTINUED)

YEAR ENDED 31 MARCH 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Wingrave Yeats Partnership LLP

65 Duke Street
London
W1K 5NT

WINGRAVE YEATS PARTNERSHIP LLP
Chartered Accountants
& Registered Auditors

31 January 2003

THE FAT DUCK LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2002**

	Note	2002 £	2001 £
TURNOVER	2	1,037,159	780,499
Cost of sales		397,864	328,878
GROSS PROFIT		<u>639,295</u>	<u>451,621</u>
Administrative expenses		596,036	559,286
OPERATING PROFIT/(LOSS)	3	43,259	(107,665)
Interest receivable	5	893	—
Interest payable and similar charges		(62,727)	(39,262)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(18,575)</u>	<u>(146,927)</u>
Tax on loss on ordinary activities	6	(6,407)	—
LOSS FOR THE FINANCIAL YEAR		<u>(12,168)</u>	<u>(146,927)</u>
Balance brought forward		(124,398)	22,529
Balance carried forward		<u>(136,566)</u>	<u>(124,398)</u>

The notes on pages 8 to 14 form part of these financial statements.

THE FAT DUCK LIMITED

BALANCE SHEET

31 MARCH 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	7	5,820	8,730
Tangible assets	8	<u>402,958</u>	<u>484,483</u>
		408,778	493,213
CURRENT ASSETS			
Stocks	9	156,542	102,296
Debtors	10	21,777	11,614
Cash at bank and in hand		335	17,553
		<u>178,654</u>	<u>131,463</u>
CREDITORS: Amounts falling due within one year	11	<u>234,754</u>	<u>205,240</u>
NET CURRENT LIABILITIES		(56,100)	(73,777)
TOTAL ASSETS LESS CURRENT LIABILITIES		352,678	419,436
CREDITORS: Amounts falling due after more than one year	12	<u>488,294</u>	<u>542,884</u>
		(135,616)	(123,448)
CAPITAL AND RESERVES			
Called-up equity share capital	16	950	950
Profit and Loss Account		<u>(136,566)</u>	<u>(124,398)</u>
DEFICIENCY		(135,616)	(123,448)

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 29.01.03 and are signed on their behalf by:


H M BLUMENTHAL

The notes on pages 8 to 14 form part of these financial statements.

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Cash flow statement

The directors have taken advantage of the exemptions in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that it is a small company.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 20% straight line

Fixed assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property - Over the lease term

Plant & Machinery - 25% straight line

Fixtures & Fittings - 20% straight line

Furniture & Equipment - 20% straight line

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Stocks

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

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

1. ACCOUNTING POLICIES *(continued)*

Hire purchase agreements

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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Going concern

The company has made losses in each of the previous two years, and has net liabilities at the year end of £135,616. However, the directors have reviewed the company's short term funding requirements, budgets and cash flow forecasts and believe that the company has sufficient funding to meet its ongoing financial requirements for the foreseeable future.

Accordingly the directors believe it is appropriate to prepare these financial statements on a going concern basis.

2. TURNOVER

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

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2002	2001
	£	£
Amortisation	2,910	2,910
Depreciation	71,748	63,283
Profit on disposal of fixed assets	(25,636)	(3,420)
Auditors' fees	4,400	5,400

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Aggregate emoluments	143,411	152,341

5. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest receivable	893	—

6. TAX ON LOSS ON ORDINARY ACTIVITIES

Taxation

	2002	2001
	£	£
Current tax:		
Over/under provision in prior year	(6,407)	—
Total current tax	(6,407)	—
Tax on loss on ordinary activities	(6,407)	—

As at 1 April 2001 the company had unrelieved tax losses brought forward of 128,082. At the year ended 31 March 2002 unrelieved tax losses of approximately £160,000 remain available to carry forward against future taxable trading profits.

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

7. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2001 and 31 March 2002	<u>14,550</u>
AMORTISATION	
At 1 April 2001	5,820
Charge for the year	<u>2,910</u>
At 31 March 2002	<u>8,730</u>
NET BOOK VALUE	
At 31 March 2002	<u>5,820</u>
At 31 March 2001	<u>8,730</u>

8. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Office Furniture & Equipment £	Total £
COST					
At 1 April 2001	342,826	147,353	61,207	2,422	553,808
Additions	–	11,045	–	2,042	13,087
Disposals	–	(30,485)	–	–	(30,485)
At 31 March 2002	<u>342,826</u>	<u>127,913</u>	<u>61,207</u>	<u>4,464</u>	<u>536,410</u>
DEPRECIATION					
At 1 April 2001	14,685	40,976	12,829	835	69,325
Charge for the year	26,371	31,978	12,725	674	71,748
On disposals	–	(7,621)	–	–	(7,621)
At 31 March 2002	<u>41,056</u>	<u>65,333</u>	<u>25,554</u>	<u>1,509</u>	<u>133,452</u>
NET BOOK VALUE					
At 31 March 2002	<u>301,770</u>	<u>62,580</u>	<u>35,653</u>	<u>2,955</u>	<u>402,958</u>
At 31 March 2001	<u>328,141</u>	<u>106,377</u>	<u>48,378</u>	<u>1,587</u>	<u>484,483</u>

Hire purchase agreements

Included within the net book value of £402,958 is £28,874 (2001 - £43,311) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £14,437 (2001 - £14,437).

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

9. STOCKS

	2002	2001
	£	£
Stock	<u>156,542</u>	<u>102,296</u>

10. DEBTORS

	2002	2001
	£	£
Trade debtors	12,382	10,049
Amounts owed by group undertakings	50	50
Other debtors	3,653	1,515
Directors current accounts	2,838	–
Prepayments and accrued income	2,854	–
	<u>21,777</u>	<u>11,614</u>

At 31 March 2002, the balance on the interest free directors current account with the company was overdrawn by £2,838, being the maximum amount during the period. This amount has been received by the company since year end.

11. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	94,153	19,021
Trade creditors	57,104	119,046
Corporation tax	–	6,407
PAYE and social security	261	6,974
VAT	37,428	27,161
Hire purchase agreements	14,395	14,395
Other creditors	5,559	4,744
Directors current accounts	–	2,092
Accruals and deferred income	25,854	5,400
	<u>234,754</u>	<u>205,240</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company.

The bank loans are secured as disclosed in Note 12.

The hire purchase agreements are secured over the assets to which the agreements relate.

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

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

	2002	2001
	£	£
Bank loans and overdrafts	466,800	506,996
Hire purchase agreements	21,494	35,888
	<u>488,294</u>	<u>542,884</u>

The hire purchase agreements are secured over the assets to which the agreements relate.

Included within creditors falling due after more than one year is an amount of £325,416 (2001 - £413,983) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

Included within creditors falling due after more than one year is an amount of £325,416 (2001 - £413,983) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

The bank overdraft is secured by a fixed and floating charge over all the assets of the company.

The company has two loans with the Bank of Scotland PLC. The first loan is repayable by instalments and is due to be fully repaid by February 2010. Interest is being charged at 1.5% 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 and is due to be fully repaid by February 2015. Interest is being charged at 2.5% 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 and over the restaurant premises.

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002	2001
	£	£
Hire purchase agreements are analysed as follows:		
Current obligations	14,395	14,395
Non-current obligations	21,494	35,888
	<u>35,889</u>	<u>50,283</u>

THE FAT DUCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002	2001
	£	£
Operating leases which expire:		
Within 1 year	—	4,948
Within 2 to 5 years	2,796	2,184
After more than 5 years	39,600	39,600
	<u>42,396</u>	<u>46,732</u>

15. RELATED PARTY TRANSACTIONS

The restaurant premises are rented by the company from the directors, H M Blumenthal and S C Blumenthal. The annual rental commitment is £39,600. In addition Mr and Mrs Blumenthal have provided security for certain bank loans as disclosed in note 11.

16. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
950 "A" Ordinary shares of £1 each	950	950
50 "B" Ordinary shares of £1 each	50	50
	<u>1,000</u>	<u>1,000</u>

Allotted and called up:

	2002		2001	
	No.	£	No.	£
"A" Ordinary shares fully paid	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>

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

17. ULTIMATE PARENT 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 HM Blumenthal by virtue of their majority shareholding in The Fat Duck Group Limited.