

PANATE LIMITED
FINANCIAL STATEMENTS
FOR
30 JUNE 2006



GOODMAN LAWRENCE & CO
Chartered Certified Accountants & Registered Auditors
56A Haverstock Hill
NW3 2BH

PANATE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	4
Balance sheet	6
Profit and loss account	7
Notes to the financial statements	8
The following pages do not form part of the financial statements	
Detailed profit and loss account	9
Notes to the detailed profit and loss account	10

PANATE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

C O'DONOVAN
E H Y YU

COMPANY SECRETARY

E H Y YU

REGISTERED OFFICE

56A HAVERSTOCK HILL
LONDON
NW3 2BH

AUDITOR

GOODMAN LAWRENCE & CO
CHARTERED CERTIFIED ACCOUNTANTS
& REGISTERED AUDITORS
56A HAVERSTOCK HILL
NW3 2BH

BANKERS

ALLIED IRISH BANK (GB)

ALLIANCE & LEICESTER PLC

PANATE LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 30 JUNE 2006**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2006

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to trade as a bar and a club

DIRECTORS

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

C O'DONOVAN

E H Y YU

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

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent,
- 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.

PANATE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2006

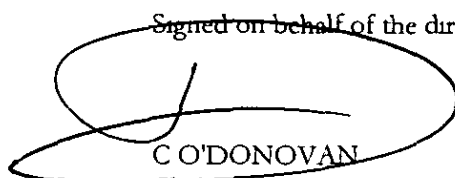
AUDITOR

A resolution to re-appoint Goodman Lawrence & Co as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

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
56A HAVERSTOCK HILL
LONDON
NW3 2BH

Signed on behalf of the directors

C O'DONOVAN
Chairman

Approved by the directors on 26/4/07

PANATE LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PANATE LIMITED****YEAR ENDED 30 JUNE 2006**

We have audited the financial statements of Panate Limited for the year ended 30 June 2006 on pages 6 to 12, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9

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 financial statements in accordance with applicable law and United Kingdom 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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT 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.

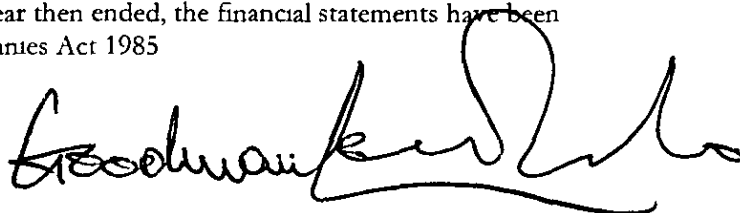
PANATE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PANATE LIMITED** *(continued)*

YEAR ENDED 30 JUNE 2006

OPINION

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985



GOODMAN LAWRENCE & CO
Chartered Certified Accountants
& Registered Auditors

56A Haverstock Hill
NW3 2BH

27/4/2007

PANATE LIMITED**BALANCE SHEET****30 JUNE 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	2	32,970	37,197
CURRENT ASSETS			
Stocks		4,003	5,068
Debtors	3	212,016	360,056
Cash at bank and in hand		4,607	10,057
		<u>220,626</u>	<u>375,181</u>
CREDITORS: Amounts falling due within one year	4	<u>99,681</u>	<u>106,022</u>
NET CURRENT ASSETS		<u>120,945</u>	<u>269,159</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>153,915</u>	<u>306,356</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6	100	100
Profit and loss account	7	153,815	306,256
SHAREHOLDERS' FUNDS		<u>153,915</u>	<u>306,356</u>

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 January 2005)

These financial statements were approved by the directors on the 26/4/07 and are signed on their behalf by

C. O'DONOVAN
Director

PANATE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 JUNE 2006**

	Note	2006 £	2005 £
TURNOVER		214,241	473,251
Cost of sales		<u>175,935</u>	<u>278,314</u>
GROSS PROFIT		38,306	194,937
Administrative expenses		206,798	230,774
Other operating income	8	<u>(16,051)</u>	<u>(15,794)</u>
OPERATING LOSS	9	(152,441)	(20,043)
Interest receivable		—	117
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(152,441)	(19,926)
Tax on loss on ordinary activities	10	—	7,053
LOSS FOR THE FINANCIAL YEAR		<u>(152,441)</u>	<u>(26,979)</u>

The notes on pages 8 to 12 form part of these financial statements

PANATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

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 January 2005)

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

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

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

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 Premises	- Straight line over the life of the lease
Furniture and Equipment	- 15% on Reducing Balance
Improvements to Lease	- Straight line over the life of the lease

Stocks

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

PANATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2006****1. ACCOUNTING POLICIES** *(continued)***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, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

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 periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

PANATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2006****2. TANGIBLE FIXED ASSETS**

	Leasehold Premises £	Furniture and Equipment £	Improvements to Leasehold Premises £	Total £
COST				
At 1 July 2005 and 30 June 2006	<u>63,096</u>	<u>18,064</u>	<u>6,747</u>	<u>87,907</u>
DEPRECIATION				
At 1 July 2005	33,914	13,171	3,625	50,710
Charge for the year	3,155	734	338	4,227
At 30 June 2006	<u>37,069</u>	<u>13,905</u>	<u>3,963</u>	<u>54,937</u>
NET BOOK VALUE				
At 30 June 2006	<u>26,027</u>	<u>4,159</u>	<u>2,784</u>	<u>32,970</u>
At 30 June 2005	<u>29,182</u>	<u>4,893</u>	<u>3,122</u>	<u>37,197</u>

3. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	122,542	245,176
VAT recoverable	2,538	—
Other debtors	86,936	114,880
	<u>212,016</u>	<u>360,056</u>

4 CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	16,271	22,520
Trade creditors	40,216	42,722
Other creditors including taxation and social security		
PAYE and social security	771	1,628
VAT	—	5,599
Other creditors	31,806	10,281
Accruals and deferred income	10,617	23,272
	<u>99,681</u>	<u>106,022</u>

PANATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2006****5. RELATED PARTY TRANSACTIONS**

The company's other related parties "RP", as defined by the Financial Reporting Standard 8, the nature of the relationship and the extent of the transactions with them are summarised below

	Group Companies	Connected Companies
	£	£
Amount due from RP	122,541	52,387
Amount due to RP	31,806	nil

Related Party relationship**Group Companies**

Sugarloaf Restaurants Limited

Darling Limited

Exxo Restaurants Limited

Bengred Limited

Connected companies

Lafayette Restaurants Limited

6. SHARE CAPITAL**Authorised share capital**

	2006	2005
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

7. PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
Balance brought forward	306,256	333,235
Loss for the financial year	<u>(152,441)</u>	<u>(26,979)</u>
Balance carried forward	<u>153,815</u>	<u>306,256</u>

8. OTHER OPERATING INCOME

	2006	2005
	£	£
Other operating income	<u>16,051</u>	<u>15,794</u>

PANATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2006****9. OPERATING LOSS**

Operating loss is stated after charging

	2006	2005
	£	£
Directors' emoluments	—	—
Depreciation of owned fixed assets	4,227	4,355
Auditor's fees	<u>3,600</u>	<u>3,600</u>

10. TAXATION ON ORDINARY ACTIVITIES

	2006	2005
	£	£
Current tax		
Over/under provision in prior year	—	7,053
Total current tax	<u>—</u>	<u>7,053</u>

11. CONNECTED COMPANIES

A company having the same or predominantly the same shareholders and or/ Board of Directors but which is neither a Parent, Subsidiary, Fellow Subsidiary or Associated company Any trading activity between such companies has been at arms length

12. ULTIMATE PARENT COMPANY

Whilst the parent company is Sugarloaf Restaurants Limited the ultimate holding company is The Breakfast Group Limited which acquired 100% of the shares in Sugarloaf Restaurants Limited on the 23rd March 2006

13. COMPARATIVES

Where changes in presentation have been made, comparative figures have been adjusted accordingly