

PONTI'S RETAIL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 JANUARY 2012



PONTI'S RETAIL LIMITED

COMPANY INFORMATION

Directors	P N Inzani S Ispani
Company secretary	C Murton
Company number	01683075
Registered office	17/21 Wenlock Road London N1 7SL
Auditors	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY

PONTI'S RETAIL LIMITED

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PONTI'S RETAIL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 JANUARY 2012

The directors present their report and the financial statements for the period ended 29 January 2012

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Principal activities

The principal activity of the company is the operation of restaurants.

Business review

Turnover in respect of the 52 weeks to 29 January 2012 was £15.87m, a decrease of 22.4% over the previous 52 weeks (2011 - £20.45m). We disposed of our Covent Garden and Eldon Street sites at the end of March and Caffè Italia Heathrow Terminal 3 concession ended in September, which was partly responsible for the reduced turnover and the other reason was disappointing performance generally at the Airport sites.

The gross profit margin achieved was reduced to 38.5% (2011 - 44.4%) which was largely due to the loss of turnover at high volume sites which effectively drives down absolute %. Administrative expenses were reduced by £1.94m to £7.68m (2011 £9.62m). As a result operating loss before exceptional items was £1.57m, an increase of £1.11m on the previous year (2011 £0.47m loss).

Exceptional items in the year of £0.44m costs mainly related to closure costs on exit of restaurant leases which had come to an end and this compares with a large profit on disposal of restaurants last year, largely Covent Garden which contributed a profit of £2.18m.

The loss on ordinary activities before taxation was £2.17m (2011 £1.94m profit), and the attributable loss after taxation was £2.21m (2011 profit of £1.32m).

The company has agreed to sell its Wenlock Road freehold site for property development and on which the company has received planning permission from Hackney Council. This permission has significantly enhanced its value and the asset has been revalued in the accounts showing an uplift of £2.19m. This sale will enable the company to repay borrowings and further develop its sites.

PONTI'S RETAIL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 JANUARY 2012

Results

The loss for the period, after taxation, amounted to £2,212,699 (2011 - profit £1,317,813)

Directors

The directors who served during the period were

P N Inzani
S Ispani
S Kane (resigned 23 March 2012)
C Reed (resigned 30 June 2011)

Principal risks and uncertainties

The company faces a range of risks as part of both its day to day operations and its corporate activities, these include the impact of a general economic downturn, food cost inflation, major incidents and increased competition. The company will continue to respond positively to these threats.

The Board regularly reviews the financial requirements of the company and the risks associated therewith. The company has in the past used an interest rate hedge for reducing interest rate risk but this finished in November 2011 and the company at this time feels it is inappropriate to take out another contract.

Going concern

The turnover for the year dropped by 22.4%, which is largely due to the loss of three sites. The company incurred a loss of £2,212,699, which is due to difficult trading in the current economic environment and disappointing performance at the Airport sites.

Since the year end the company acquired a new site in High Wycombe and has committed to sell its freehold property in Wenlock Road, which should generate sufficient cash to repay its bank and shareholder loans and also improve the cash position. Therefore, the directors consider it is appropriate to adopt a going concern basis when preparing these financial statements.

Future developments

Over the last few months, we have again carried out a fundamental review of all elements of the business and have created a 5 year plan aimed at transforming the business based upon the development of two strong brands which are Ponti's Italian Kitchen and Caffè Italia.

We believe that trading conditions will remain challenging for the foreseeable future, and have therefore developed plans to manage our cash flow accordingly.

Key performance indicators

The directors monitor the company's performance through a number of indicators, however the main measurements are like for like turnover, wage cost percentages, gross margin percentages, trading unit EBITDA, headroom on bank borrowing facilities, business scorecards and Cash Return on Investment.

PONTI'S RETAIL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 JANUARY 2012

Employee involvement

The board of Pontis have long recognised that the existing strength and continued success of our business lies within our people. We have had Investors In People recognition since 1998 and in 2011 we obtained "Best Companies - One To Watch" status. We truly believe that high level team member engagement is critical in ensuring our customers receive a consistently outstanding experience so we adopt best practice in our communications toward our people.

Examples of how we motivate and communicate include annual appraisals, quarterly REACH newsletters, annual conference. Our overriding culture within the business is that everyone in the organisation remembers our purpose, that is to ensure that our customers enjoy "Fantastic Italian Family Hospitality Every Time".

Disabled employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

10/7/12

and signed on its behalf


S Ispanu
Director

PONTI'S RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PONTI'S RETAIL LIMITED

We have audited the financial statements of Ponti's Retail Limited for the period ended 29 January 2012, set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 January 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

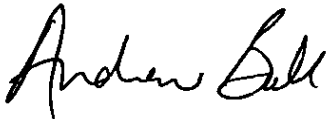
PONTI'S RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PONTI'S RETAIL LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Ball (Senior statutory auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Date

10/07/12

PONTI'S RETAIL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 29 JANUARY 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	15,867,174	20,446,798
Cost of sales		(9,815,868)	(11,364,652)
GROSS PROFIT		6,051,306	9,082,146
Administrative expenses		(7,683,110)	(9,615,508)
Other operating income	3	56,832	65,861
OPERATING LOSS	4	(1,574,972)	(467,501)
Exceptional items	8	(438,461)	2,184,762
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,013,433)	1,717,261
Income from other fixed asset investments		-	402,017
Interest receivable and similar income		7,221	14
Interest payable and similar charges	7	(165,552)	(177,839)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,171,764)	1,941,453
Tax on (loss)/profit on ordinary activities	9	(40,935)	(623,640)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	17	(2,212,699)	1,317,813

All amounts relate to continuing operations

The notes on pages 9 to 20 form part of these financial statements

PONTI'S RETAIL LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 29 JANUARY 2012**

	2012 £	2011 £
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(2,212,699)	1,317,813
Unrealised surplus on revaluation of tangible fixed assets	2,187,162	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	<u>(25,537)</u>	<u>1,317,813</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE PERIOD ENDED 29 JANUARY 2012**

	2012 £	2011 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,171,764)	1,941,453
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(2,171,764)</u>	<u>1,941,453</u>
HISTORICAL (LOSS)/PROFIT FOR THE PERIOD AFTER TAXATION	<u>(2,212,699)</u>	<u>1,317,813</u>

The notes on pages 9 to 20 form part of these financial statements

PONTI'S RETAIL LIMITED
REGISTERED NUMBER 01683075

BALANCE SHEET
AS AT 29 JANUARY 2012

		29 January 2012		30 January 2011	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	10		8,270,460		6,143,125
Investments	11		593,000		805,258
			<u>8,863,460</u>		<u>6,948,383</u>
CURRENT ASSETS					
Stocks	12	227,278		296,160	
Debtors	13	551,553		2,921,303	
Cash at bank		1,341,476		1,359,959	
		<u>2,120,307</u>		<u>4,577,422</u>	
CREDITORS amounts falling due within one year	14	(7,312,409)		(7,869,845)	
NET CURRENT LIABILITIES			(5,192,102)		(3,292,423)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,671,358</u>		<u>3,655,960</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	15		(684,344)		(643,409)
NET ASSETS			<u>2,987,014</u>		<u>3,012,551</u>
CAPITAL AND RESERVES					
Called up share capital	16		161,926		161,926
Revaluation reserve	17		2,966,435		779,273
Profit and loss account	17		(141,347)		2,071,352
SHAREHOLDERS' FUNDS	18		<u>2,987,014</u>		<u>3,012,551</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



10/7/12

S Ispani
Director

The notes on pages 9 to 20 form part of these financial statements

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

During the year the company incurred loss of £2,212,699 and had net current liabilities of £5,192,102 as at the year end.

Since the year end Allied Irish Bank have released £1m held on deposit from the sale of Covent Garden, £500,000 of this has reduced the loan and the remaining £500,000 has been released to aid Ponti's Retail Limited working capital requirements. Shareholders have also loaned the parent company £500,000 since the year end.

Planning permission for the Wenlock Road property has been received and this has significantly enhanced the property's value as the directors are planning to sell the property in the next six months.

This notwithstanding, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	not depreciated
S/Term Leasehold Property	-	over the term of the lease
Motor vehicles	-	20% per annum straight line
Fixtures & fittings	-	10% - 25% per annum straight line
Cutlery and crockery	-	initial purchases are capitalised and not depreciated, replacement items are charged to expenditure

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2012

1 ACCOUNTING POLICIES (continued)

1.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and Loss Account.

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2012

1 ACCOUNTING POLICIES (continued)

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period

2 TURNOVER

The whole of the turnover is attributable to the same class of business as noted in the director's report

All turnover arose within the United Kingdom

3 OTHER OPERATING INCOME

	2012 £	2011 £
Net rents receivable	27,896	16,771
Sundry income	1,757	17,556
Group expenses recharged	27,179	31,534
	<u>56,832</u>	<u>65,861</u>

4 OPERATING LOSS

The operating loss is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	791,798	1,033,190
Auditors' remuneration	21,250	23,285
Auditors' remuneration - non-audit	9,750	4,500
Operating lease rentals		
- plant and machinery	115,444	145,592
- other operating leases	2,903,299	3,660,441
	<u>2,903,299</u>	<u>3,660,441</u>

PONTI'S RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2012**

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	6,235,285	7,524,829
Social security costs	494,888	642,550
Other pension costs	5,544	5,616
	<u>6,735,717</u>	<u>8,172,995</u>

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

	2012 No	2011 No
Directors	3	4
Office management	27	25
Retail	254	331
Food preparation	2	23
	<u>286</u>	<u>383</u>

6 DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>278,776</u>	<u>327,550</u>
Company pension contributions to defined contribution pension schemes	<u>5,074</u>	<u>5,094</u>

During the period retirement benefits were accruing to 3 directors (2011 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £149,050 (2011 - £148,417)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,047 (2011 - £2,047)

PONTI'S RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2012**

7 INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	161,170	173,548
On other loans	4,382	4,291
	<u>165,552</u>	<u>177,839</u>

8. EXCEPTIONAL ITEMS

	2012 £	2011 £
Net (loss) / profit on sale of fixed assets	(146,160)	2,988,252
Subsidiary debt write off	(292,301)	(528,490)
Investment in subsidiaries written off	-	(275,000)
	<u>(438,461)</u>	<u>2,184,762</u>

9 TAXATION

	2012 £	2011 £
Analysis of tax charge in the period		
Deferred tax		
Effect of increased tax rate on opening liability	40,935	-
Origination and reversal of timing differences	-	623,640
Total deferred tax (see note 15)	<u>40,935</u>	<u>623,640</u>
Tax on (loss)/profit on ordinary activities	<u>40,935</u>	<u>623,640</u>

PONTI'S RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2012**

9 TAXATION (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26.3% (2011 - 28%). The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(2,171,764)	1,941,453
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.3% (2011 - 28%)	(571,174)	543,607
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	96,587	292,177
Capital allowances for period in excess of depreciation	200,603	(22,126)
Tax losses carried forward	273,984	-
Rollover relief on profit on disposal of fixed assets	-	(615,353)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(112,565)
Movement in capital losses	-	(43,124)
Difference between tax treatment and accounting treatment of disposals	-	(42,616)
Current tax charge for the period (see note above)	-	-

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2012

10 TANGIBLE FIXED ASSETS

	Freehold property £	S/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £
Cost or valuation				
At 31 January 2011	2,250,000	7,980,324	72,150	5,243,518
Additions	146,033	480,375	-	184,766
Disposals	-	(579,772)	-	(327,981)
Revaluation during the year	2,187,162	-	-	-
At 29 January 2012	4,583,195	7,880,927	72,150	5,100,303
Depreciation				
At 31 January 2011	8,195	5,651,635	33,014	3,815,829
Charge for the period	-	398,111	14,351	379,336
On disposals	-	(579,722)	-	(253,865)
At 29 January 2012	8,195	5,470,024	47,365	3,941,300
Net book value				
At 29 January 2012	4,575,000	2,410,903	24,785	1,159,003
At 30 January 2011	2,241,805	2,328,689	39,136	1,427,689
			Cutlery & Crockery £	Total £
Cost or valuation				
At 31 January 2011			105,806	15,651,798
Additions			-	811,174
Disposals			(5,037)	(912,790)
Revaluation during the year			-	2,187,162
At 29 January 2012			100,769	17,737,344
Depreciation				
At 31 January 2011			-	9,508,673
Charge for the period			-	791,798
On disposals			-	(833,587)
At 29 January 2012			-	9,466,884
Net book value				
At 29 January 2012			100,769	8,270,460
At 30 January 2011			105,806	6,143,125

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2012

10 TANGIBLE FIXED ASSETS (continued)

Freehold property has been revalued by the directors as at 29 January 2012 who believe the alternative use value to be £4,575,000 and based their valuation on the report provided by Jones Lang LaSalle dated 7 February 2012

As at the year end the decision has been taken by the directors to sell the freehold property and it is therefore appropriate to include it at the alternative use value

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	29 January 2012 £	30 January 2011 £
Cost	1,616,760	1,470,727
Accumulated depreciation	(8,195)	(8,195)
Net book value	<u>1,608,565</u>	<u>1,462,532</u>

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 31 January 2011	593,000	212,258	805,258
Amounts written off	-	(212,258)	(212,258)
At 29 January 2012	<u>593,000</u>	<u>-</u>	<u>593,000</u>
Net book value			
At 29 January 2012	<u>593,000</u>	<u>-</u>	<u>593,000</u>
At 30 January 2011	<u>593,000</u>	<u>212,258</u>	<u>805,258</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Ponti's Patisseries Limited	Ordinary	50%
Ponti's Restaurant (Lewisham) Limited	Ordinary	50%
Ponti's Cafe-Deli Limited	Ordinary	45%
Caffe Italia (UK) Limited	Ordinary	45%
Ponti's Caffe Restaurant Limited	Ordinary	100%

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2012

11 FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 29 January 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Ponti's Patisseries Limited	100	-
Ponty's Restaurant (Lewisham) Limited	2	-
Ponti's Cafe-Deli Limited	20,000	-
Ponti's Caffè Restaurant Limited	600,000	-

Participating interests

The company's aggregate share of the associates' turnover and net assets at the Balance Sheet date was as follows

	£	29 January 2012 £	£	30 January 2011 £
Share of turnover		577,563		801,153
Share of assets				
Fixed assets	-		160,506	
Current assets	-		141,128	
		-		301,634
Share of liabilities				
Due within one year or less		-		(81,927)
Share of net assets		-		219,707

Since the year end the associated company La Casa Dell'Espresso Limited went into liquidation, hence the cost of the company's investment has been written off as at the year end

12 STOCKS

	29 January 2012 £	30 January 2011 £
Finished goods and goods for resale	227,278	296,160

PONTI'S RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2012**

13 DEBTORS

	29 January 2012 £	30 January 2011 £
Due after more than one year		
Amounts owed by undertakings in which the company has a participating interest	-	87,868
Due within one year		
Trade debtors	133,765	285,251
Other debtors	-	2,015,468
Prepayments and accrued income	417,788	532,716
	<u>551,553</u>	<u>2,921,303</u>

14 CREDITORS

Amounts falling due within one year

	29 January 2012 £	30 January 2011 £
Bank loans and overdrafts	2,869,440	3,262,500
Trade creditors	1,454,175	1,021,466
Amounts owed to group undertakings	1,923,634	1,969,469
Social security and other taxes	529,771	602,853
Other creditors	60,355	77,411
Accruals and deferred income	475,034	936,146
	<u>7,312,409</u>	<u>7,869,845</u>

Bank loans and overdrafts are secured by first legal charges over the company's freehold and leasehold units and a fixed and floating charge over all other assets

Interest on the loans is charged at 4% over base rate

15. DEFERRED TAXATION

	29 January 2012 £	30 January 2011 £
At beginning of period	643,409	19,769
Charge for period	40,935	623,640
	<u>684,344</u>	<u>643,409</u>

PONTI'S RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 JANUARY 2012**

15 DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	29 January 2012 £	30 January 2011 £
Accelerated capital allowances	18,835	133,426
Tax losses carried forward	-	(99,769)
Other timing differences	(5,000)	(5,601)
Capital proceeds on which rollover relief claimed	670,509	615,353
	<u>684,344</u>	<u>643,409</u>

16 SHARE CAPITAL

	29 January 2012 £	30 January 2011 £
Allotted, called up and fully paid		
875,273 (2011 - 875,273) Ordinary shares shares of £0.185 each	<u>161,926</u>	<u>161,926</u>

17 RESERVES

	Revaluation reserve £	Profit and loss account £
At 31 January 2011	779,273	2,071,352
Loss for the period		(2,212,699)
Surplus on revaluation of freehold property	2,187,162	
At 29 January 2012	<u>2,966,435</u>	<u>(141,347)</u>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	29 January 2012 £	30 January 2011 £
Opening shareholders' funds	3,012,551	1,694,738
(Loss)/profit for the period	(2,212,699)	1,317,813
Revaluation during the period	2,187,162	-
Closing shareholders' funds	<u>2,987,014</u>	<u>3,012,551</u>

PONTI'S RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JANUARY 2012

19 PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,544 (2011 - £5,616). There were no unpaid contributions as at the balance sheet date (2011 - £nil).

20 OPERATING LEASE COMMITMENTS

At 29 January 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	29 January 2012	30 January 2011	29 January 2012	30 January 2011
	£	£	£	£
Expiry date				
Within 1 year	111,917	474,000	-	25,509
Between 2 and 5 years	2,028,981	1,833,534	33,335	49,446
After more than 5 years	342,000	788,725	-	-

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing the transactions entered into between two or more members of a group as all subsidiary undertakings are wholly-owned by a member of that group.

The company has a service relationship with Stephen Kane & Company, an entity controlled by S Kane, a director of the company. During the year expenses of £20,000 (2011 - £92,000) have been recognised for the services provided by Stephen Kane & Company. At the year end creditors include £1,200 (2011 - £1,175) and accruals include £31,000 (2011 - £151,000) in relation to these services.

22 POST BALANCE SHEET EVENTS

Since the year end the shareholders of the parent company provided short - term loans of £500,000, interest of 10% per annum is payable on these loans.

In June 2012 two leases have been sold / terminated and planning permission has been received on Wenlock Road site.

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking is Ponti's Group Limited, a company incorporated in England and Wales.

There is no one controlling party.