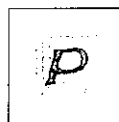


Registered number
2090397



Palmer's

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Stringfellow Restaurants Limited

Report and Accounts

30 June 2002



Registered by the Institute of Chartered
Accountants in England & Wales to carry out
company audit work

VAT No. 395 1200 64
Mj Palmer MBE ACA
CMJ Palmer MA(Inst) ACA

Stringfellow Restaurants Limited
Report and accounts
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Stringfellow Restaurants Limited
Company Information

Directors

P J Stringfellow
C S Silver
R Howe

Secretary

B H Company Secretarial Services

Auditors

Palmers
28 Chipstead Station Parade
Chipstead
Coulsdon
Surrey
CR5 3TF

Bankers

Barclays Bank plc
50 Pall Mall
PO Box 15161R
London
SW1A 1QA

Registered office

235 Old Marylebone Road
London
NW1 5QT

Registered number

2090397

Stringfellow Restaurants Limited

Directors' Report

The directors present their report and accounts for the year ended 30 June 2002.

Principal activities and review of the business

The company's principal activity during the year continued to be that of the operation of "Stringfellows" nightclub in London.

The principal activities of subsidiary undertakings are disclosed in the notes to the accounts. The directors are satisfied with the performance of the company during the year and do not anticipate any significant events in the coming year. However, the directors are continually inspecting and reviewing other potential sites to expand the business.

Results and dividends

The results for the year are shown on the profit and loss account on page 5. The directors do not recommend payment of a dividend.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2002	2001
P J Stringfellow	5,000	5,000
C S Silver	495,000	495,000
R Howe	-	-

Political and charitable donations

During the year, the company made charitable contributions totalling £3,803. There were no contributions to political parties.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Stringfellow Restaurants Limited
Directors' Report

Auditors

A resolution to reappoint Palmers as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 26 June 2003


for BH Company Secretarial Services
Secretary

Stringfellow Restaurants Limited

Independent auditors' report to the shareholders of Stringfellow Restaurants Limited

We have audited the accounts of Stringfellow Restaurants Limited for the year ended 30th June 2002 which comprise pages 5 to 17. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Palmers

Chartered Accountants and Registered Auditors

28 Chipstead Station Parade
Chipstead
Coulsdon
Surrey
CR5 3TF

30th June 2003
.....

Stringfellow Restaurants Limited
Profit and Loss Account
for the year ended 30 June 2002

	Notes	Year to 30th June 2002 £	18 Months to 30th June 2001 £
Turnover	2	4,940,601	7,806,105
Cost of sales		(2,037,218)	(3,291,615)
Gross profit		<u>2,903,383</u>	<u>4,514,490</u>
Administrative expenses		(3,147,931)	(5,082,331)
Other operating income		70,656	56,292
Operating loss	3	<u>(173,892)</u>	<u>(511,549)</u>
Interest receivable		33,700	111,959
Interest payable	6	-	(1,913)
Loss on ordinary activities before taxation		<u>(140,192)</u>	<u>(401,503)</u>
Tax on loss on ordinary activities	7	(2,831)	58,416
Loss for the financial year		<u>(143,023)</u>	<u>(343,087)</u>
Retained loss for the financial year	17	<u>(143,023)</u>	<u>(343,087)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two financial years.

Stringfellow Restaurants Limited
Balance Sheet
as at 30 June 2002

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	8	150,000	150,000
Tangible assets	9	1,316,701	1,439,894
Investments	10	47,536	86,144
		<u>1,514,237</u>	<u>1,676,038</u>
Current assets			
Stocks	11	78,077	84,238
Debtors	12	637,391	272,524
Cash at bank and in hand		128,540	641,172
		<u>844,008</u>	<u>997,934</u>
Creditors: amounts falling due within one year	13	(1,060,896)	(1,270,814)
Net current liabilities		<u>(216,888)</u>	<u>(272,880)</u>
Total assets less current liabilities		<u>1,297,349</u>	<u>1,403,158</u>
Provisions for liabilities and charges			
Deferred taxation	14	(37,214)	-
Other provisions		-	-
		<u>1,260,135</u>	<u>1,403,158</u>
Capital and reserves			
Called up share capital	15	500,000	500,000
Revaluation reserve	16	952	952
Profit and loss account	17	759,183	902,206
Shareholders' funds:			
Equity		<u>1,260,135</u>	<u>1,403,158</u>
	18	<u>1,260,135</u>	<u>1,403,158</u>


C S Silver
Director

Approved by the board on 26 June 2003

Stringfellow Restaurants Limited
Cash Flow Statement
for the year ended 30 June 2002

	Notes	Year to 30th June 2002 £	18 Months to 30th June 2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(173,892)	(511,549)
Depreciation charges		174,994	312,622
Decrease in stocks		6,161	63,594
(Increase)/decrease in debtors		(364,867)	86,265
(Decrease)/increase in creditors		(205,692)	324,895
Net cash (outflow)/inflow from operating activities		(563,296)	275,827
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(563,296)	275,827
Returns on investments and servicing of finance	19	33,700	110,046
Taxation		30,157	(196,274)
Capital expenditure	19	(13,193)	(457,062)
		(512,632)	(267,463)
Decrease in cash		(512,632)	(267,463)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(512,632)	(267,463)
Change in net debt	20	(512,632)	(267,463)
Net funds at 1 July		641,172	908,635
Net funds at 30 June		128,540	641,172

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

1 Accounting policies

Basis of preparation of financial statements

The accounts have been prepared under the historical cost convention, as modified by the revaluation of leasehold land and buildings, and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts, therefore, present information about the company as an individual undertaking and not about its group.

The accounts are prepared to a date which corresponds to the end of the last trading week in an accounting period. In relation to the current accounting period this date was 29th June 2002 (2001 - 1st July 2001).

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the lease term
Fixtures and fittings	20% reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

Unclaimed vouchers

Vouchers are purchased by customers to spend in the club. Unredeemed vouchers, though still legally claimable, are credited to turnover in the profit and loss account after a two year period, in order to comply with Financial Reporting Standard 5 (see note 22 Contingent Liabilities).

Pensions

Pension contributions are charged to the profit and loss account in the period paid.

Investments

Other fixed asset investments are stated at cost less provision for any permanent diminution in value. In respect of listed investments, market value is based on the closing middle market price.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is attributable to the one principal activity of the company, being that of the operation of "Stringfellows" nightclub in London, and arises wholly within the United Kingdom.

3 Operating profit/(loss)

	Year to 30th June 2002 £	18 Months to 30th June 2001 £
This is stated after charging:		
Depreciation of owned fixed assets	174,994	285,445
Operating lease rentals - plant and machinery	6,821	13,577
Operating lease rentals - land buildings	476,500	666,875
Auditors' remuneration	7,600	8,004

4 Directors' emoluments

	Year to 30th June 2002 £	18 Months to 30th June 2001 £
Emoluments	286,714	414,146
Amounts paid by third parties including subsidiary undertakings	567,498	451,485
Other pension costs	259,381	498,469
	<u>1,113,593</u>	<u>1,364,100</u>
Highest paid director:		
Emoluments	117,939	173,108
Other pension costs	233,443	448,622
	<u>351,382</u>	<u>621,730</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

Number of directors in company pension schemes:		2002	2001
		Number	Number
Other pension schemes		<u>2</u>	<u>2</u>
5 Staff costs		Year to	18 Months to
		30th June	30th June
		2002	2001
		£	£
Wages and salaries	1,661,799	2,372,823	
Social security costs	141,096	270,557	
Other pension costs	259,381	498,469	
	<u>2,062,276</u>	<u>3,141,849</u>	
Average number of employees during the year		Number	Number
Office and management		13	12
Bar and restaurant staff		<u>92</u>	<u>100</u>
		<u>105</u>	<u>112</u>
6 Interest payable		Year to	18 Months to
		30th June	30th June
		2002	2001
		£	£
Other loans	<u>-</u>	<u>1,913</u>	
7 Taxation		Year to	18 Months to
		30th June	30th June
		2002	2001
		£	£
Analysis of charge in period			
Current tax:			
Adjustments in respect of previous periods	(34,383)	(58,416)	
Deferred tax:			
Origination and reversal of timing differences	37,214	-	
Tax on profit/(loss) on ordinary activities	<u>2,831</u>	<u>(58,416)</u>	

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	Year to 30th June 2002 £	18 Months to 30th June 2001 £
Loss on ordinary activities before tax	(140,192)	(401,503)
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	(42,058)	(120,451)
Effects of:		
Expenses/income not deductible/assessable for tax purposes	(13,167)	10,616
Capital allowances for period in excess of depreciation	22,971	18,744
Utilisation of tax losses (including group loss relief)	32,254	91,091
Adjustments to tax charge in respect of previous periods	(34,383)	(58,416)
Current tax charge for period	(34,383)	(58,416)

Factors that may affect future tax charges

Except for the carry forward on unutilised tax losses amounting £26,435, in the opinion of the directors, there are no significant matters to report that may affect future tax charges.

8 Intangible fixed assets

£

Trademark:

Cost

At 1 July 2001	150,000
At 30 June 2002	150,000

Amortisation

At 30 June 2002	-
-----------------	---

Net book value

At 30 June 2002	150,000
At 30 June 2001	150,000

The trademark relates to the name "Stringfellows". In the opinion of the directors, this trademark is regarded as having an indefinite useful economic life and hence, is not amortised.

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

9 Tangible fixed assets

	Short leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 July 2001	1,551,918	896,882	2,448,800
Additions	-	51,801	51,801
At 30 June 2002	<u>1,551,918</u>	<u>948,683</u>	<u>2,500,601</u>
Depreciation			
At 1 July 2001	537,310	471,596	1,008,906
Charge for the year	<u>79,577</u>	<u>95,417</u>	<u>174,994</u>
At 30 June 2002	<u>616,887</u>	<u>567,013</u>	<u>1,183,900</u>
Net book value			
At 30 June 2002	<u>935,031</u>	<u>381,670</u>	<u>1,316,701</u>
At 30 June 2001	<u>1,014,608</u>	<u>425,286</u>	<u>1,439,894</u>

The company's short leasehold was revalued as at 1st January 1994 by the directors, in conjunction with their professional advisors, on an open market value for existing use. In the previous year, FRS 15 "Tangible Fixed Assets" was first implemented and the company adopted the transitional provisions of retaining the carrying value relating to the previous valuation, and no longer updating that valuation. On an historical cost basis, land and buildings would have been included as follows:

Short leasehold land and buildings	2002 £	2001 £
Historical cost	<u>1,201,066</u>	<u>1,201,066</u>
Cumulative depreciation based on historical cost	<u>435,386</u>	<u>375,333</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

10 Investments

	Investments in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 July 2001	14	86,130	86,144
Additions	2	219,244	219,246
Disposals	-	(257,854)	(257,854)
At 30 June 2002	16	47,520	47,536

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Cabaret of the Angels Limited	England and Wales	Ordinary	100
Angels of Mayfair Limited	England and Wales	Ordinary	100
Angels in the City Limited	England and Wales	Ordinary	100
Marylebone Securities Limited	England and Wales	Ordinary	100
Lap Dancing Limited	England and Wales	Ordinary	100
Softchoice Limited	England and Wales	Ordinary	100
Clearflex Limited	England and Wales	Ordinary	100
Stringfellow.com Limited	England and Wales	Ordinary	100

Financial information summary - subsidiaries:

	Nature of business	Aggregate capital & reserves at last accounting date £	Profit for the last financial year £
Cabaret of the Angels Limited	An agency in the leisure industry	1,111,688	111,619
Angels of Mayfair Limited	Non-trading	2	-
Angels in the City Limited	Non-trading	2	-
Marylebone Securities Limited	Non-trading	2	-
Lap Dancing Limited	Non-trading	2	-
Softchoice Limited	Non-trading	2	-
Clearflex Limited	Non-trading	2	-
Stringfellow.com Limited	Non-trading	2	-

Other investments	2002 £	2001 £
Government stocks at cost	47,520	86,130
Valuation:		
Government stocks at market value	47,773	84,695

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

11 Stocks	2002	2001
	£	£
Finished goods and goods for resale	<u>78,077</u>	<u>84,238</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12 Debtors	2002	2001
	£	£
Trade debtors	175,368	166,804
Other debtors	55,208	-
Corporation tax	88,573	58,416
Prepayments and accrued income	<u>318,242</u>	<u>47,304</u>
	<u>637,391</u>	<u>272,524</u>

13 Creditors: amounts falling due within one year	2002	2001
	£	£
Trade creditors	236,727	185,613
<i>Amounts owed to group undertakings and undertakings in which the company has a participating interest</i>	222,356	278,156
Corporation tax	-	4,226
Other taxes and social security costs	147,234	176,880
<i>Other creditors</i>	263,530	256,453
Accruals and deferred income	<u>191,049</u>	<u>369,486</u>
	<u>1,060,896</u>	<u>1,270,814</u>

14 Deferred taxation	2002	2001
	£	£
Accelerated capital allowances	<u>37,214</u>	-
Undiscounted provision for deferred tax	<u>37,214</u>	-

	2002	2001
	£	£
Deferred tax charge in profit and loss account	37,214	-
At 30 June	<u>37,214</u>	<u>-</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

15 Share capital			2002	2001
			£	£
Authorised:				
Ordinary shares of £1 each			<u>1,000,000</u>	<u>1,000,000</u>
	2002	2001	2002	2001
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each		500,000	<u>500,000</u>	<u>500,000</u>
16 Revaluation reserve			2002	2001
			£	£
At 1 July			952	952
At 30 June			<u>952</u>	<u>952</u>
17 Profit and loss account			2002	2001
			£	£
At 1 July			902,206	1,245,293
Retained loss			(143,023)	(343,087)
At 30 June			<u>759,183</u>	<u>902,206</u>
18 Reconciliation of movement in shareholders' funds			2002	2001
			£	£
At 1 July			1,403,158	1,746,245
Loss for the financial year			(143,023)	(343,087)
At 30 June			<u>1,260,135</u>	<u>1,403,158</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

19 Gross cash flows

	Year to 30th June 2002 £	18 Months to 30th June 2001 £
Returns on investments and servicing of finance		
Interest received	33,700	111,959
Interest paid	-	(1,913)
	<u>33,700</u>	<u>110,046</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(51,801)	(361,335)
Payments to acquire investments	(219,246)	(587,691)
Receipts from sales of investments	257,854	491,964
	<u>(13,193)</u>	<u>(457,062)</u>

20 Analysis of changes in net debt

	At 1 Jul 2001 £	Cash flows £	Non-cash changes £	At 30 Jun 2002 £
Cash at bank and in hand	641,172	(512,632)	-	128,540
Total	<u>641,172</u>	<u>(512,632)</u>	<u>-</u>	<u>128,540</u>

21 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2002 £	Land and buildings 2001 £	Other 2002 £	Other 2001 £
Operating leases which expire: in over five years	<u>476,500</u>	<u>476,500</u>	<u>-</u>	<u>-</u>

22 Contingent liabilities

In order to comply with Financial Reporting Standard 5, unclaimed "Heavenly Pound Vouchers" are credited to the profit and loss account on a periodic basis, as stated in the accounting policies. However, the directors consider (on advice) that such vouchers can be redeemed at any time. In addition to the liability for unclaimed vouchers included in other creditors, therefore, the company has a contingent liability of approximately £427,000.

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2002

23 Related parties

During the year, the company paid an amount of £97,897 (2001: £136,458) to New Leaf Productions, a trading partnership between the daughter of P J Stringfellow and her husband. The amount paid was both in respect of graphic design and production artwork for promotional material and for the purchase of computer equipment and services.

Cabaret of the Angels Limited (COA), a subsidiary undertaking of the company, charged Stringfellow Restaurants Limited (SRL) a management fee of £150,000 (2001: £225,000) for the year ended 30th June 2002. At the balance sheet date, an amount of £222,356 was owed to COA.

SRL also acts as guarantor for COA with regard to a bank loan, which amounted to £284,407 (2001: £314,713) at the balance sheet date.

The following entities are deemed to be related parties by virtue of P J Stringfellow and C S Silver's other directorships and interests:

St Martins Lane Investments Limited

The worldwide non-product licensing branding operation has been contracted to St Martins Lane Investments Limited (SMLI) in return for an upstream royalty of 10% of the income received to this company.

SMLI incurred expenses during the year, amounting to £19,000 (2001: £Nil), for which payment was made by SRL. Total amounts recoverable from SMLI at the balance sheet date amounted to £22,506 (2001: £Nil).

St Peters France S.A.R.L.

SMLI owns 100% of St Peters France SARL (SPF), a company incorporated in France. During the year, SRL charged SPF a management fee amounting to £16,000 (2001: £Nil). In addition, SPF incurred expenses, amounting to £34,169, for which payment was made by SRL. Interest charged, during the year, on outstanding balances with SPF amounted to £363 (2001: £Nil). Total amounts recoverable from SPF at the balance sheet date amounted to £55,208 (2001: £4,676).

24 Controlling party

The controlling and ultimate controlling party of the company is C S Silver, a director of the company.