

Registered number
2090397



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Chartered Accountants

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Stringfellow Restaurants Limited

Report and Accounts

30 June 2007



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
1 Churchill Place
London
E14 5HP

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 2007

Business review

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties faced by the company.

The company's principal activity during the year continued to be that of the operation of "Stringfellows" nightclub in London. As the result of a change to the agreement with Cabaret of the Angels Ltd (COA), a subsidiary undertaking, concerning the management and supply of dancers, turnover has increased significantly. The corresponding management charge raised by COA under the revised agreement has also increased, but from a group perspective the new arrangement is profit-neutral.

Excluding the impact of the new agreement, other turnover has also increased by 18% compared with 2006.

The principal activities of subsidiary undertakings are disclosed in the notes to the accounts. Further loans were advanced to Softchoice Ltd, a subsidiary undertaking, during the year to finance additional refurbishment to the premises from which Clearflex Ltd, another subsidiary undertaking, operates a new club. Although the new club has generated losses to date, trading has improved significantly in the following financial year and the directors aim to achieve profitability by the end of the 2008 calendar year (subject to the prevailing economic conditions). However, since recoverability of the inter-company loan to Softchoice Limited is dependant, in part, on the success of the new club, the directors consider that it is prudent to increase the specific provision against the amount due, as set out in note 4 to the accounts.

Note 19 sets out the basis for a provision made in the accounts in respect of a claim for damages against the company, which has been increased to £1.25m during the year. Although the claim has been agreed since the end of the financial year, costs have yet to be finalised and are likely to be the subject of a detailed assessment.

Although the combined effect of these exceptional charges over the past three years has been significant, the underlying trading of the group throughout this period has remained strong.

Results and dividends

The results for the year are shown on the profit and loss account on page 6. The directors do not recommend payment of a dividend.

Stringfellow Restaurants Limited

Directors' Report

Directors

The following directors served during the year

P J Stringfellow
C S Silver
R Howe

Political and charitable donations

During the year, the company made charitable contributions totalling £2,092 and donations to the Conservative Party amounting to £4,500

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

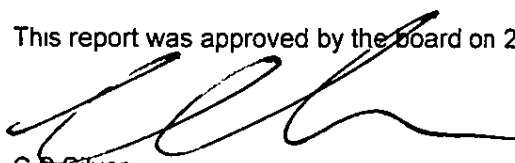
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

This report was approved by the board on 28 July 2008



C S Silver
Director

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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the accounts 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 accounts 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 accounts 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 accounts.

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 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 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 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.

Stringfellow Restaurants Limited
Independent auditors' report
to the shareholders of Stringfellow Restaurants Limited

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th June 2007 and of its profit for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts

Palmers

Chartered Accountants and Registered auditors

28 Chipstead Station Parade

Chipstead

Coulsdon

Surrey

CR5 3TF

22nd July 2008

Stringfellow Restaurants Limited
Profit and Loss Account
for the year ended 30 June 2007

	Notes	2007 £	2006 £
Turnover	2	7,315,057	5,232,163
Cost of sales		(2,257,136)	(2,250,577)
Gross profit		<u>5,057,921</u>	<u>2,981,586</u>
Administrative expenses		(3,626,933)	(3,013,767)
Other operating income		98,198	101,936
Operating profit	3	<u>1,529,186</u>	<u>69,755</u>
Exceptional items			
loss on the disposal of investments	4	(2)	-
provision against amounts due from group undertakings		(750,000)	(1,000,000)
provision for legal damages claim		(250,000)	-
	4	<u>(1,000,002)</u>	<u>(1,000,000)</u>
		<u>529,184</u>	<u>(930,245)</u>
Income from shares in group undertakings		-	1,000,000
Interest receivable		33,355	13,231
Interest payable	7	(245,685)	(29,052)
Profit on ordinary activities before taxation		<u>316,854</u>	<u>53,934</u>
Tax on profit on ordinary activities	8	4,232	(16,146)
Profit for the financial year		<u>321,086</u>	<u>37,788</u>

Continuing operations

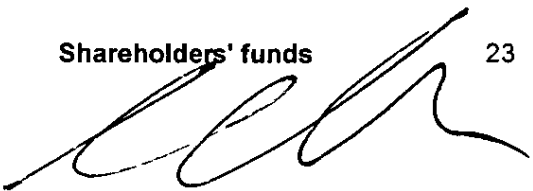
None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

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

Stringfellow Restaurants Limited
Balance Sheet
as at 30 June 2007

	Notes	2007 £	2006 £
Fixed assets			
Intangible assets	9	150,000	150,000
Tangible assets	10	943,226	1,086,512
Investments	11	51,072	51,074
		<u>1,144,298</u>	<u>1,287,586</u>
Current assets			
Stocks	12	105,712	87,213
Debtors	13	3,822,212	3,864,969
Cash at bank and in hand		306,882	171,467
		<u>4,234,806</u>	<u>4,123,649</u>
Creditors: amounts falling due within one year	14	(2,022,129)	(1,652,162)
Net current assets		<u>2,212,677</u>	<u>2,471,487</u>
Total assets less current liabilities		<u>3,356,975</u>	<u>3,759,073</u>
Creditors: amounts falling due after more than one year	15	(1,767,767)	(2,481,193)
Provisions for liabilities			
Deferred taxation	18	(40,000)	(43,211)
Other provisions	19	(962,903)	(969,450)
		<u>(1,002,903)</u>	<u>(1,012,661)</u>
Net assets		<u>586,305</u>	<u>265,219</u>
Capital and reserves			
Called up share capital	20	500,000	500,000
Revaluation reserve	21	952	952
Profit and loss account	22	85,353	(235,733)
Shareholders' funds	23	<u>586,305</u>	<u>265,219</u>


C S Silver
Director

Approved by the board on 28 July 2008

Stringfellow Restaurants Limited
Cash Flow Statement
for the year ended 30 June 2007

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,529,186	69,755
Depreciation charges		182,725	187,074
Increase in stocks		(18,499)	(2,040)
Decrease/(increase) in debtors		42,757	(4,153,022)
Decrease in creditors		(636,580)	(437,546)
Net cash inflow/(outflow) from operating activities		<u>1,099,589</u>	<u>(4,335,779)</u>
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		1,099,589	(4,335,779)
Returns on investments and servicing of finance	24	(212,330)	984,179
Taxation		1,021	15,826
Capital expenditure	24	<u>(39,439)</u>	<u>(299,540)</u>
		848,841	(3,635,314)
Financing	24	(713,426)	3,239,616
Increase/(decrease) in cash		<u>135,415</u>	<u>(395,698)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		135,415	(395,698)
Decrease/(increase) in debt and lease financing		713,426	(3,239,616)
New finance leases		-	(15,000)
Change in net debt	25	<u>848,841</u>	<u>(3,650,314)</u>
(Net debt)/net funds at 1 July		<u>(3,083,149)</u>	<u>567,165</u>
Net debt at 30 June		<u>(2,234,308)</u>	<u>(3,083,149)</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

1 Accounting policies

Accounting convention

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 30th June 2007 (2006 - 1st July 2006).

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
Motor vehicles	25% 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

3 Operating profit	2007	2006
	£	£
This is stated after charging		
Depreciation of owned fixed assets	179,912	183,324
Depreciation of assets held under finance leases and hire purchase contracts	2,813	3,750
Operating lease rentals - plant and machinery	8,197	6,142
Operating lease rentals - land buildings	535,000	543,923
Auditors' remuneration for audit services	<u>8,500</u>	<u>9,700</u>

4 Exceptional items	2007	2006
	£	£
Provision against amounts due from group undertakings	(750,000)	(1,000,000)
Provision for legal damages claim (note 19)	(250,000)	-
Loss on disposal of investments	<u>(2)</u>	<u>-</u>
	<u>(1,000,002)</u>	<u>(1,000,000)</u>

During the year, the company advanced further loans to Softchoice Limited, a subsidiary undertaking, to enable it to enhance the lease of premises situated in Wardour Street W1 from which another subsidiary undertaking, Clearflex Limited, commenced the operation of a new club on 1st June 2006. Although the new club has generated losses to date (which were anticipated during its initial trading period), in the opinion of the directors it has yet to reach its trading potential. However, since recoverability of the inter-company loan to Softchoice Limited is dependant, in part, on the success of the new club, the directors consider that it is prudent to increase the specific provision against the amount due.

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

5 Directors' emoluments	2007	2006
	£	£
Emoluments	339,607	325,956
Amounts paid by third parties including subsidiary undertakings	853,650	236,935
Company contributions to money purchase pension schemes	28,200	28,200
	<u>1,221,457</u>	<u>591,091</u>
 Highest paid director Emoluments	 <u>120,606</u>	 <u>143,096</u>
 Number of directors in company pension schemes:	 2007	 2006
	Number	Number
Money purchase schemes	<u>1</u>	<u>1</u>
 6 Staff costs	 2007	 2006
	£	£
Wages and salaries	2,073,252	1,907,369
Social security costs	198,876	193,458
Other pension costs	28,200	28,200
	<u>2,300,328</u>	<u>2,129,027</u>
 Average number of employees during the year	 Number	 Number
Office and management	14	13
Bar and restaurant staff	80	79
	<u>94</u>	<u>92</u>
 7 Interest payable	 2007	 2006
	£	£
Bank loans and overdrafts	245,106	28,759
Finance charges payable under finance leases and hire purchase contracts	579	293
	<u>245,685</u>	<u>29,052</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

8 Taxation	2007	2006
	£	£
Analysis of charge in period		
Current tax		
Adjustments in respect of previous periods	(1,021)	(15,826)
Deferred tax		
Origination and reversal of timing differences	(3,211)	31,972
Tax on (loss)/profit on ordinary activities	(4,232)	16,146

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

	2007	2006
	£	£
Profit on ordinary activities before tax	316,854	53,934
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	95,056	16,180
Effects of		
Expenses/income not deductible/assessable for tax purposes	197,696	(20,948)
Capital allowances for period in excess of depreciation	28,050	4,768
Utilisation of tax losses	(320,802)	-
Adjustments to tax charge in respect of previous periods	(1,021)	(15,826)
Current tax charge for period	(1,021)	(15,826)

Factors that may affect future tax charges

In the opinion of the directors, there are no significant matters to report that may affect future tax charges

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

9 Intangible fixed assets	£
Goodwill	
Cost	
At 1 July 2006	<u>150,000</u>
At 30 June 2007	<u>150,000</u>
Amortisation	
At 30 June 2007	<u>-</u>
Net book value	
At 30 June 2007	<u>150,000</u>
At 30 June 2006	<u>150,000</u>

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. Furthermore, the directors consider that its current economic value is significantly in excess of its book value.

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

10 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 July 2006	1,551,918	1,141,575	2,693,493
Additions	-	39,439	39,439
Disposals	-	(31,392)	(31,392)
At 30 June 2007	<u>1,551,918</u>	<u>1,149,622</u>	<u>2,701,540</u>
Depreciation			
At 1 July 2006	910,231	696,750	1,606,981
Charge for the year	82,798	99,927	182,725
On disposals	-	(31,392)	(31,392)
At 30 June 2007	<u>993,029</u>	<u>765,285</u>	<u>1,758,314</u>
Net book value			
At 30 June 2007	<u>558,889</u>	<u>384,337</u>	<u>943,226</u>
At 30 June 2006	<u>641,687</u>	<u>444,825</u>	<u>1,086,512</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. During 2001, 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	2007 £	2006 £
Historical cost	<u>1,201,066</u>	<u>1,201,066</u>
Cumulative depreciation based on historical cost	<u>735,653</u>	<u>675,600</u>
	2007 £	2006 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>8,437</u>	<u>11,250</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

11 Investments

	Investments in subsidiary undertakings	Other investments	Total
	£	£	£
Cost			
At 1 July 2006	18	51,056	51,074
Disposals	(2)	-	(2)
At 30 June 2007	16	51,056	51,072

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	1,012,606	(109,164)
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	Property investment	(2,124,930)	(348,418)
Clearflex Limited	Nightclub operator	(616,843)	(513,590)
Stringfellow com Limited	Non-trading	2	-

Other investments	2007	2006
	£	£
Listed investments	51,056	51,056
Valuation		
Listed investments - market value	55,183	53,777

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

12 Stocks	2007	2006
	£	£
Finished goods and goods for resale	<u>105,712</u>	<u>87,213</u>

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

13 Debtors	2007	2006
	£	£
Trade debtors	299,028	159,477
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,087,913	3,276,687
Other debtors	79,136	71,107
Corporation tax recoverable	-	19,225
Prepayments and accrued income	<u>356,135</u>	<u>338,473</u>
	<u>3,822,212</u>	<u>3,864,969</u>

14 Creditors: amounts falling due within one year	2007	2006
	£	£
Bank loans and overdrafts	768,423	768,423
Obligations under finance lease and hire purchase contracts	5,000	5,000
Trade creditors	325,354	288,137
Amounts owed to group undertakings and undertakings in which the company has a participating interest	289,612	-
Other taxes and social security costs	245,477	219,625
Other creditors	217,679	182,526
Accruals and deferred income	<u>170,584</u>	<u>188,451</u>
	<u>2,022,129</u>	<u>1,652,162</u>

15 Creditors: amounts falling due after one year	2007	2006
	£	£
Bank loans	1,765,267	2,473,690
Obligations under finance lease and hire purchase contracts	<u>2,500</u>	<u>7,503</u>
	<u>1,767,767</u>	<u>2,481,193</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

16 Loans	2007	2006
	£	£
Analysis of maturity of debt		
Within one year or on demand	768,423	768,423
Between one and two years	768,423	768,423
Between two and five years	996,844	1,705,267
	<u>2,533,690</u>	<u>3,242,113</u>

The bank loans are secured by way of a fixed and floating charge over the company's assets

17 Obligations under finance leases and hire purchase contracts	2007	2006
	£	£
Amounts payable		
Within one year	5,000	5,000
Within two to five years	2,500	7,503
	<u>7,500</u>	<u>12,503</u>

18 Deferred taxation	2007	2006
	£	£
Accelerated capital allowances	40,000	43,211
Undiscounted provision for deferred tax	40,000	43,211
	<u>40,000</u>	<u>43,211</u>

	2007	2006
	£	£
At 1 July	43,211	11,239
Deferred tax charge in profit and loss account	(3,211)	31,972
	<u>40,000</u>	<u>43,211</u>

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

19 Provisions for liabilities

	Legal claims £
At 1 July 2006	969,450
Additional provisions made during the period	250,000
Amounts used - legal fees	(56,547)
Amounts used - part settlement	(200,000)
At 30 June 2007	962,903

As the result of an incident outside the club in October 2004, the company has received a vicarious liability claim. Although the claim for damages has been agreed since the end of the financial year, costs have yet to be finalised and are likely to be the subject of a detailed assessment. Based on expert advice, the directors consider that a maximum specific provision for £1,250,000 (including costs) now reflects their best estimate of the maximum possible outcome. A part settlement of the claim, amounting to £200,000, was made during the year. In addition, legal costs amounting to £56,547 (2006: £30,550), incurred during the year in relation to the claim, have been charged against the provision.

20 Share capital

			2007 £	2006 £
Authorised				
Ordinary shares of £1 each			<u>1,000,000</u>	<u>1,000,000</u>
	2007 No	2006 No	2007 £	2006 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	500,000	500,000	<u>500,000</u>	<u>500,000</u>

21 Revaluation reserve

	2007 £	2006 £
At 1 July	952	952
At 30 June	952	952

Stringfellow Restaurants Limited
Notes to the Accounts
for the year ended 30 June 2007

22 Profit and loss account	2007	2006
	£	£
At 1 July	(235,733)	(273,521)
Profit for the financial year	321,086	37,788
At 30 June	85,353	(235,733)
 23 Reconciliation of movement in shareholders' funds	 2007	 2006
	£	£
At 1 July	265,219	227,431
Profit for the financial year	321,086	37,788
At 30 June	586,305	265,219
 24 Gross cash flows	 2007	 2006
	£	£
Returns on investments and servicing of finance		
Dividends received	-	1,000,000
Interest received	33,355	13,231
Interest paid	(245,106)	(28,759)
Interest element of finance lease rental payments	(579)	(293)
	(212,330)	984,179
 Capital expenditure		
Payments to acquire tangible fixed assets		
	(39,439)	(299,540)
 Financing		
New loans raised	-	3,242,113
Loan repayments	(708,423)	-
Capital element of finance lease rental payments	(5,003)	(2,497)
	(713,426)	3,239,616

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25 Analysis of changes in net debt

	At 1 Jul 2006 £	Cash flows £	Non-cash changes £	At 30 Jun 2007 £
Cash at bank and in hand	171,467	135,415		306,882
Debt due within 1 year	(768,423)	-		(768,423)
Debt due after 1 year	(2,473,690)	708,423		(1,765,267)
Finance leases	(12,503)	5,003		(7,500)
		713,426		
Total	(3,083,149)	848,841	-	(2,234,308)

26 Other financial commitments

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

	Land and buildings 2007 £	Land and buildings 2006 £	Other 2007 £	Other 2006 £
Operating leases which expire				
within one year	35,000	35,000	-	-
within two to five years	-	-	8,852	8,852
in over five years	500,000	500,000	-	-
	<u>535,000</u>	<u>535,000</u>	<u>8,852</u>	<u>8,852</u>

27 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 £926,000 (2006 £821,000).

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28 Related parties

During the year, the company paid an amount of £17,800 to Paul Roberts, the son-in-law of P J Stringfellow, in respect of computer network support services. The services were provided on normal commercial terms and no amounts were owing to him at the balance sheet date.

Cabaret of the Angels Limited (COA), a subsidiary undertaking of the company, charged Stringfellow Restaurants Limited (SRL) a management fee of £796,046 (2006 £200,000) for the year ended 30th June 2006.

At the balance sheet date, an amount of £505,088 (2006 £593,638) was owed by COA.

SRL also acts as guarantor for COA with regard to a bank loan, which amounted to £93,030 (2006 £135,736) at the balance sheet date. The bank loan was repaid in full after the end of the financial year.

Loans amounting to £4,332,825 have been advanced to Softchoice Limited (SCL), a group undertaking. Since the directors consider that there is significant uncertainty concerning the future profitability of SCL, a provision has been made against the inter-company indebtedness amounting to £1,750,000, leaving £2,582,825 (2006 £2,541,885) outstanding at the balance sheet date (note 4).

Loans amounting to £289,612 (2006 debtor £141,164) were advanced to the company by Clearflex Limited, a group undertaking, which remained outstanding at the balance sheet date.

The following entities are deemed to be related parties by virtue of P J Stringfellow and C S Sliver'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 £53,931 (2006 £88,536), for which payment was made by SRL. Total amounts recoverable from SMLI at the balance sheet date amounted to £113,881 (2006 £51,460) and were repaid in full after the end of the financial year.

St Peters France SARL

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 £47,601 (2006 £49,316). In addition, SPF incurred expenses, amounting to £5,565 (2006 £584), for which payment was made by SRL. Total amounts recoverable from SPF at the balance sheet date amounted to £29,522 (2006 £25,384) and were repaid in full after the end of the financial year.

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29 Controlling party

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