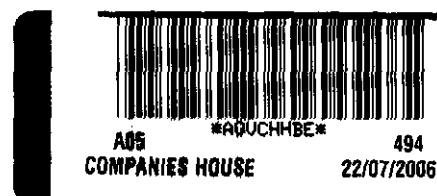


KINGSTON RESTAURANTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005

Company Registration Number 34237721



KINGSTON RESTAURANTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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KINGSTON RESTAURANTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

G V Michniewicz
P A Michniewicz
P I McEwan
A J Shaw

Company secretary

G V Michniewicz

Registered office

39/41 Jameson Street
Hull
East Riding of Yorkshire

Auditor

Townends
Chartered Accountants
& Registered Auditors
Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

Bankers

Royal Bank of Scotland
10 Silver Street
HULL
East Riding of Yorkshire
HU1 1JE

Solicitors

Rollits
Rowntree Wharf
Navigation Road
York
YO1 9WE

KINGSTON RESTAURANTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the operation of quick service restaurants.

The Board consider the results for the year to be satisfactory.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2005	At 1 January 2005 or later date of appointment
G V Michniewicz	'A' Ordinary Shares	430,000	430,000
	'B' Ordinary Shares	-	-
P A Michniewicz	'A' Ordinary Shares	-	-
	'B' Ordinary Shares	-	-
P I McEwan	'A' Ordinary Shares	-	-
	'B' Ordinary Shares	-	-
A J Shaw	'A' Ordinary Shares	-	-
	'B' Ordinary Shares	-	-

A J Shaw was appointed as a director on 24 March 2005.

J Atherton resigned as a director on 7 April 2005.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

KINGSTON RESTAURANTS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2005**

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

DISABLED EMPLOYEES

The policy of the company is to ensure that disabled applicants for employment are given full and fair consideration, and that existing disabled employees are given equal access to training, career development and promotion opportunities. In the event of employees becoming disabled whilst in the employment of the company, all reasonable means are explored to achieve retention in employment in the same or an alternative capacity.

EMPLOYEE INVOLVEMENT

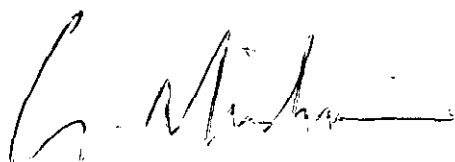
The company operates an equal opportunities policy with regard to recruitment and seeks to offer suitable work and training wherever practicable to persons with disabilities.

An open management policy is operated whereby all members of staff (including part-time and casual staff) are briefed regularly on matters affecting the company.

AUDITOR

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

Signed by order of the directors



G V MICHNIEWICZ
Company Secretary

Approved by the directors on 12.06.2006

KINGSTON RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KINGSTON RESTAURANTS LIMITED
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Kingston Restaurants Limited for the year ended 31 December 2005 on pages 6 to 19 which have been prepared on the basis of the accounting policies set out on pages 10 to 11.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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.

KINGSTON RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KINGSTON RESTAURANTS LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2005

OPINION

In our opinion the financial statements:

- 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 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



TOWNENDS
Chartered Accountants
& Registered Auditors

Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

14.6.06

KINGSTON RESTAURANTS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £	2004 (restated) £
TURNOVER	2	6,065,132	6,251,835
Cost of sales		<u>1,993,725</u>	<u>2,075,137</u>
GROSS PROFIT		4,071,407	4,176,698
Administrative expenses		<u>4,032,661</u>	<u>4,071,774</u>
OPERATING PROFIT	3	38,746	104,924
Interest receivable		291	—
Interest payable and similar charges	6	<u>(23,120)</u>	<u>(15,149)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,917	89,775
Tax on profit on ordinary activities	7	<u>(6,014)</u>	<u>30,826</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		21,931	58,949
Original balance brought forward		(6,540)	(65,489)
Prior year adjustment	8	<u>39,120</u>	<u>—</u>
Restated balance brought forward		32,580	(65,489)
Goodwill revalued		<u>233,651</u>	<u>39,120</u>
Balance carried forward		<u>288,162</u>	<u>32,580</u>

All of the activities of the company are classed as continuing.

KINGSTON RESTAURANTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2005

	2005	2004 (restated)
	£	£
Profit for the financial year attributable to the shareholders	21,931	58,949
Total recognised gains and losses relating to the year	<u>21,931</u>	<u>58,949</u>
Prior year adjustment (see note 8)	<u>39,120</u>	
Total gains and losses recognised since the last annual report	<u>61,051</u>	

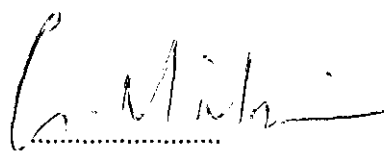
KINGSTON RESTAURANTS LIMITED

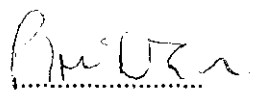
BALANCE SHEET

31 DECEMBER 2005

		2005		2004 (restated)	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	9		1,096,368		867,217
Tangible assets	10		807,785		500,633
Investments	11		5,000		5,000
			<u>1,909,153</u>		<u>1,372,850</u>
CURRENT ASSETS					
Stocks	12	52,358		40,778	
Debtors	13	43,889		52,955	
Cash in hand		196,372		173,981	
		<u>292,619</u>		<u>267,714</u>	
CREDITORS: Amounts falling due within one year	14	673,976		697,347	
NET CURRENT LIABILITIES			<u>(381,357)</u>		<u>(429,633)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,527,796</u>		<u>943,217</u>
CREDITORS: Amounts falling due after more than one year	15		335,075		—
			<u>1,192,721</u>		<u>943,217</u>
PROVISIONS FOR LIABILITIES					
Deferred taxation	17		44,559		50,637
			<u>1,148,162</u>		<u>892,580</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		860,000		860,000
Profit and loss account			288,162		32,580
SHAREHOLDERS' FUNDS	21		<u>1,148,162</u>		<u>892,580</u>

These financial statements were approved by the directors on the 12.06.2006 and are signed on their behalf by:


G V MICHNIEWICZ


P I McEWAN

KINGSTON RESTAURANTS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 (restated) £
NET CASH INFLOW FROM OPERATING ACTIVITIES		207,279	341,467
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		291	—
Interest paid		(23,120)	(15,149)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(22,829)	(15,149)
TAXATION		(38,064)	(17,978)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(402,906)	(78,734)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(402,906)	(78,734)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(256,520)	229,606
FINANCING			
Increase in/(repayment of) bank loans		278,911	(147,331)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		278,911	(147,331)
INCREASE IN CASH	22	22,391	82,275

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 (restated) £
Operating profit	38,746	104,924
Amortisation	4,500	64,078
Depreciation	95,360	128,400
Loss on disposal of fixed assets	394	4,860
Increase in stocks	(11,580)	(2,015)
Decrease in debtors	9,066	32,802
Increase in creditors	70,793	8,418
Net cash inflow from operating activities	<u>207,279</u>	<u>341,467</u>

Basis of accounting

True and fair override provisions of the Companies Act 1985 have been invoked, as described in 'goodwill' below and also note 8.

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

Previously, purchased goodwill had been subject to systematic amortisation in line with Financial Reporting Standard 10 - 'Goodwill and Intangible Assets'.

However, in view of the perceived durability of the 'McDonald's' brand name, the directors believe that systematic amortisation is no longer appropriate in the company's circumstances and that, to enable the accounts to show a true and fair view, a change of policy to one of no amortisation and annual impairment reviews is now more appropriate.

This revised accounting policy has therefore been adopted with effect from 1 January 2005. The comparative figures for 2004 have been restated by way of prior year adjustment.

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

Franchise fee - 20 year life

All fixed assets are initially recorded at cost.

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:

Plant & Machinery - 5 - 10 years straight line

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

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

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Tax deferred is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise. The liability arising is discounted to reflect its net present value at the balance sheet date.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2005	2004 <i>(restated)</i>
	£	£
United Kingdom	<u>6,065,132</u>	<u>6,251,835</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004 <i>(restated)</i>
	£	£
Amortisation	4,500	64,078
Depreciation of owned fixed assets	95,360	128,400
Loss on disposal of fixed assets	394	4,860
Auditor's remuneration		
- as auditor	2,600	2,000
Operating lease costs:		
Other	<u>847,457</u>	<u>836,217</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004 (restated)
	No	No
Restaurant staff	273	263
Office and management	18	13
	<u>291</u>	<u>276</u>

The aggregate payroll costs of the above were:

	2005	2004 (restated)
	£	£
Wages and salaries	1,669,676	1,667,816
Social security costs	71,905	71,115
Other pension costs	9,000	9,030
	<u>1,750,581</u>	<u>1,747,961</u>

5. DIRECTORS' EMOLUMENTS

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

	2005	2004 (restated)
	£	£
Aggregate emoluments	96,388	97,438
Value of company pension contributions to money purchase schemes	9,000	9,030
	<u>105,388</u>	<u>106,468</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004 (restated)
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004 (restated)
	£	£
Interest payable on bank borrowing	<u>23,120</u>	<u>15,149</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004 (restated)
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 8.83% (2004 - 19%)	-	38,000
Over/under provision in prior year	64	(22)
Total current tax	64	37,978
Deferred tax:		
Origination and reversal of timing differences	(6,078)	(7,152)
Tax on profit on ordinary activities	(6,014)	30,826

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 8.83% (2004 - 19%).

	2005	2004 (restated)
	£	£
Profit on ordinary activities before taxation	15,917	89,775
Profit on ordinary activities multiplied by corporation tax at a rate of 8.83% (2004:19%)	1,405	17,057
Expenses not deductible for corporation tax	(397)	12,175
Depreciation for the year in excess of capital allowances	(6,078)	7,152
Other short term timing differences	78	(49)
Movement in the year in respect of the effect of deferred tax discounting	4,992	1,665
Adjustment to tax charge in respect of prior years	64	(22)
Total current tax (note 7(a))	64	37,978

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

8. PRIOR YEAR ADJUSTMENT

As stated in the accounting policy note for goodwill, the directors have adopted a policy of carrying out an annual impairment review on the carrying value of goodwill in the accounts.

McDonald's goodwill valuation model has been applied to the three restaurants in the company on which goodwill was paid as part of the initial purchase price. The calculated value of the three restaurants as at 31 December 2005 was £1,042,713, compared to £710,364 if the previous amortisation policy had continued in 2005.

The directors felt that to continue amortising would not show a true and fair view of the company's position and have therefore reinstated previously amortised goodwill.

This change in accounting policy has resulted in a prior year adjustment. For the year ended 31 December 2004, the change in accounting policy has resulted in an increase in retained profit for the year of £39,120 and the carrying value of goodwill and balance sheet total have increased by the same amount.

For the year ended 31 December 2005, the change in accounting policy has resulted in a net increase in retained profit for the year of £293,229 and the carrying value of goodwill and balance sheet total have increased by the same amount.

9. INTANGIBLE FIXED ASSETS

	Goodwill	Franchise	Total
	£	Fees	£
		£	
COST			
At 1 January 2005 and 31 December 2005	<u>1,191,555</u>	<u>90,000</u>	<u>1,281,555</u>
AMORTISATION			
At 1 January 2005	382,493	31,845	414,338
Charge for the year	—	4,500	4,500
Revaluation	<u>(233,651)</u>	—	<u>(233,651)</u>
At 31 December 2005	<u>148,842</u>	<u>36,345</u>	<u>185,187</u>
NET BOOK VALUE			
At 31 December 2005	<u>1,042,713</u>	<u>53,655</u>	<u>1,096,368</u>
At 31 December 2004	<u>809,062</u>	<u>58,155</u>	<u>867,217</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

10. TANGIBLE FIXED ASSETS

	Plant & Machinery £
COST	
At 1 January 2005	1,243,154
Additions	402,906
Disposals	(7,252)
At 31 December 2005	<u>1,638,808</u>
DEPRECIATION	
At 1 January 2005	742,521
Charge for the year	95,360
On disposals	(6,858)
At 31 December 2005	<u>831,023</u>
NET BOOK VALUE	
At 31 December 2005	<u>807,785</u>
At 31 December 2004	<u>500,633</u>

11. INVESTMENTS

	Trade Investment £
COST	
At 1 January 2005 and 31 December 2005	<u>5,000</u>
NET BOOK VALUE	
At 31 December 2005	<u>5,000</u>
At 31 December 2004	<u>5,000</u>

12. STOCKS

	2005	2004 (restated)
	£	£
Finished goods	<u>52,358</u>	<u>40,778</u>

Stocks consist of foodstuffs and packaging materials.

13. DEBTORS

	2005	2004 (restated)
	£	£
Other debtors	10,000	10,000
Prepayments and accrued income	<u>33,889</u>	<u>42,955</u>
	<u>43,889</u>	<u>52,955</u>

Other debtors are in respect of repayable security deposits falling due after more than one year.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

14. CREDITORS: Amounts falling due within one year

	2005	2004 (restated)
	£	£
Bank loans and overdrafts	66,644	122,808
Trade creditors	160,713	167,431
Other creditors including taxation and social security:		
Corporation tax	—	38,000
Other taxation and social security	175,593	184,515
	<u>402,950</u>	<u>512,754</u>
Accruals and deferred income	271,026	184,593
	<u>673,976</u>	<u>697,347</u>

The bank loan, the aggregate total of which amounts to £401,719, is repayable in monthly instalments of £7,237 representing capital and interest at a rate of 9%.

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

	2005	2004 (restated)
	£	£
Bank loans and overdrafts	335,075	—

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2005	2004 (restated)
	£	£
Bank loans and overdrafts	60,499	—

16. PENSIONS

The company operates a defined contribution pension scheme on behalf of its directors. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendations of a qualified actuary. The annual commitment under this scheme is for contributions of £9,000 (2004 - £9,030).

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2005	2004 (restated)
	£	£
Provision brought forward	50,637	57,789
Profit and loss account movement arising during the year	(6,078)	(7,152)
Provision carried forward	<u>44,559</u>	<u>50,637</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

17. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005	2004 <i>(restated)</i>
	£	£
Excess of taxation allowances over depreciation on fixed assets	54,670	55,756
Undiscounted provision for deferred taxation	54,670	55,756
Deferred tax discounting factor	(10,111)	(5,119)
Discounted provision for deferred taxation	<u>44,559</u>	<u>50,637</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2005	2004 <i>(restated)</i>
	£	£
Operating leases which expire:		
After more than 5 years	<u>875,000</u>	<u>850,000</u>

The company's restaurant premises are leased from McDonalds Restaurants Limited on operating leases expiring after more than five years. Rentals are substantially based on annual sales income generated and the above figure represents an estimate of the expected cost for 2006.

19. RELATED PARTY TRANSACTIONS

During the year the company purchased services from McDonalds Restaurants Limited, which owns 430,000 'A' ordinary shares of £1 each in the company. The purchases were made on a normal commercial trading basis and were made up as follows:-

	2005	2004
	£	£
Rent	847,457	836,217
Advertising	311,639	311,655
Service charges	293,316	301,226
	<u>1,452,412</u>	<u>1,449,098</u>

At 31 December 2005, the company owed McDonalds Restaurants Limited £116,979 (2004 - £125,468) in respect of the provision of these services.

There is no ultimate controlling party.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

20. SHARE CAPITAL**Authorised share capital:**

	2005	2004 (restated)
	£	£
430,000 'A' Ordinary shares of £1 each	430,000	430,000
430,000 'B' Ordinary shares of £1 each	430,000	430,000
	<u>860,000</u>	<u>860,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
'A' Ordinary shares of £1 each	430,000	430,000	430,000	430,000
'B' Ordinary shares of £1 each	430,000	430,000	430,000	430,000
	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004 (restated)
	£	£
Profit for the financial year	21,931	58,949
Goodwill revalued	233,651	39,120
Net addition to shareholders' funds	255,582	98,069
Opening shareholders' funds	853,460	794,511
Prior year adjustment (see note 8)	39,120	—
Closing shareholders' funds	<u>1,148,162</u>	<u>892,580</u>

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005	2004 (restated)
	£	£
Increase in cash in the period	22,391	82,275
Net cash (inflow) from/outflow from bank loans	<u>(278,911)</u>	<u>147,331</u>
	(256,520)	229,606
Change in net debt	(256,520)	229,606
Net funds at 1 January 2005	51,173	(178,433)
Net debt at 31 December 2005	<u>(205,347)</u>	<u>51,173</u>

KINGSTON RESTAURANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2005****23. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Cash in hand and at bank	<u>173,981</u>	<u>22,391</u>	<u>196,372</u>
Debt:			
Debt due within 1 year	(122,808)	56,164	(66,644)
Debt due after 1 year	<u>—</u>	<u>(335,075)</u>	<u>(335,075)</u>
	<u>(122,808)</u>	<u>(278,911)</u>	<u>(401,719)</u>
Net debt	<u>51,173</u>	<u>(256,520)</u>	<u>(205,347)</u>