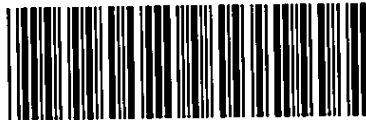


KINGSTON RESTAURANTS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2008

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KINGSTON RESTAURANTS LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

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KINGSTON RESTAURANTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	G V Michniewicz P A Michniewicz J Atherton Mr K Thomas
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 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

In December 2007 the company acquired the franchise on 12 new restaurants from McDonalds Restaurants Limited. 2008 is therefore the first full year to incorporate the results from these additional restaurants.

During 2008 the company continued to deliver sound results, with robust growth in like for like sales. The business environment in which we operate is challenging and uncertain. In addition to the general downturn in the economy, we have faced rising costs, adversely affecting our margins with respect to raw product, increased labour costs and utilities.

Despite the uncertain economic outlook, McDonalds are keen to press ahead with their store reimagining project. One of the company's older stores in Hull had the 'Purely Simple' treatment in 2008 and the directors are pleased with the positive effect on sales as a result of the refreshed restaurant facilities. Further such expenditure is planned for 2009.

An integral part of achieving our strategy is through the evolution of the culture and development of our people. This ongoing process will help us overcome the challenges we face within the changing environment and circumstances.

The Directors are satisfied that by embracing our business strategy we will achieve our vision of strong sales growth and improved profitability through these difficult times.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £111,035. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances, trade creditors and loans to the company. The main purpose of these instruments is to raise funds for the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial statements is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdraft facilities at floating rates of interest.

In respect of loans these comprise of a bank loan. The interest rate on the loan is variable but the monthly repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

KINGSTON RESTAURANTS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2008****RESEARCH AND DEVELOPMENT**

The company does not carry out any independent or specific research and development. However, McDonalds Restaurants Limited carries out its own research and development on behalf of all franchisees. The company makes a contribution towards this through its existing payments to McDonalds Restaurants Limited.

DIRECTORS

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

G V Michniewicz

P A Michniewicz

J Atherton

Mr K Thomas

(Appointed 1 November 2008)

M Clapham

(Resigned 27 November 2008)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

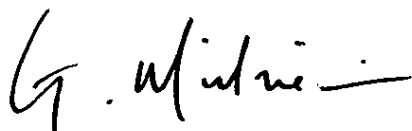
KINGSTON RESTAURANTS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2008****DISABLED EMPLOYEES**

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. The policy of the company is to ensure that disabled applicants for employment are given full and fair consideration having regard for their particular aptitudes and abilities. Existing disabled employees are given equal access to training, career development and promotion opportunities within the company. 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

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.

Signed by order of the directors



G V MICHNIEWICZ
Company Secretary

Approved by the directors on 03.07.2009.

KINGSTON RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO KINGSTON RESTAURANTS
LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes, together with the financial statements of Kingston Restaurants Limited for the year ended 31 December 2008 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

7/7/09.....



TOWNENDS
Chartered Accountants
& Registered Auditors

KINGSTON RESTAURANTS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
GROSS PROFIT		15,168,817	5,209,280
Administrative expenses		<u>15,113,162</u>	<u>4,986,756</u>
OPERATING PROFIT	2	55,655	222,524
Interest receivable		7,719	4,921
Interest payable and similar charges	5	<u>(155,778)</u>	<u>(32,001)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(92,404)	195,444
Tax on (loss)/profit on ordinary activities	6	<u>18,631</u>	<u>52,750</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(111,035)</u>	<u>142,694</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

KINGSTON RESTAURANTS LIMITED
ABBREVIATED BALANCE SHEET
31 DECEMBER 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	8	1,928,973	1,851,007
Tangible assets	9	2,473,682	2,506,288
Investments	10	20,000	20,000
		<u>4,422,655</u>	<u>4,377,295</u>
CURRENT ASSETS			
Stocks	11	134,365	130,904
Debtors	12	246,137	61,014
Cash in hand		1,136,141	1,643,474
		<u>1,516,643</u>	<u>1,835,392</u>
CREDITORS: Amounts falling due within one year	13	<u>2,229,045</u>	<u>1,799,553</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(712,402)</u>	<u>35,839</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,710,253</u>	<u>4,413,134</u>
CREDITORS: Amounts falling due after more than one year	14	2,212,886	2,823,363
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	115,155	96,524
		<u>1,382,212</u>	<u>1,493,247</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	860,000	860,000
Profit and loss account	20	522,212	633,247
SHAREHOLDERS' FUNDS	21	<u>1,382,212</u>	<u>1,493,247</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors and authorised for issue on 31/10/09, and are signed on their behalf by:



G V MICHNIEWICZ
 Director

KINGSTON RESTAURANTS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	513,970	1,097,553
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(148,059)	(27,080)
TAXATION	22	–	(44,846)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(359,307)	(2,504,430)
EQUITY DIVIDENDS PAID		–	(120,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		6,604	(1,598,803)
FINANCING	22	(513,937)	2,864,324
(DECREASE)/INCREASE IN CASH	22	(507,333)	1,265,521

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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

Turnover

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

Goodwill

In view of the perceived durability of the 'McDonald's' brand name, the directors believe that systematic amortisation is not appropriate in the company's circumstances and that, to enable the accounts to show a true and fair view, a policy of annual impairment reviews is most appropriate.

Amortisation

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:

Stamp duty:

- calculated by reference to the terms of the individual property lease period

Franchise fees:

- calculated by reference to the terms of the franchise agreement subject to a maximum of 20 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Plant & Machinery - 5 - 20 years straight line

Stocks

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

Operating lease agreements

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.

Pension costs

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. The annual contributions payable are charged to the profit and loss account.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

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.

Financial instruments

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

2. OPERATING PROFIT

Operating profit is stated after charging:

	2008	2007
	£	£
Amortisation of intangible assets	24,888	4,499
Depreciation of owned fixed assets	257,551	107,500
Loss on disposal of fixed assets	31,508	1,378
Auditor's remuneration		
- as auditor	5,000	2,500
Operating lease costs:		
- Other	<u>3,067,804</u>	<u>1,068,199</u>

3. PARTICULARS OF EMPLOYEES

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

	2008	2007
	No	No
Restaurant staff	890	247
Office and management	<u>37</u>	<u>15</u>
	<u>927</u>	<u>262</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	6,298,638	2,041,500
Social security costs	349,364	98,113
Other pension costs	—	9,000
	<u>6,648,002</u>	<u>2,148,613</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

4. DIRECTORS' EMOLUMENTS

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

	2008 £	2007 £
Aggregate emoluments	—	102,398
Value of company pension contributions to money purchase schemes	—	9,000
	<u>—</u>	<u>111,398</u>

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

	2008 No	2007 No
Money purchase schemes	—	2
	<u>—</u>	<u>2</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable on bank borrowing	<u>155,778</u>	<u>32,001</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
Corporation tax	—	—
Over/under provision in prior year	—	(4)
Total current tax	—	(4)
Deferred tax:		
Origination and reversal of timing differences	<u>18,631</u>	<u>52,754</u>
Tax on (loss)/profit on ordinary activities	<u>18,631</u>	<u>52,750</u>

(b) Factors affecting current tax charge

	2008 £	2007 £
(Loss)/profit on ordinary activities before taxation	<u>(92,404)</u>	<u>195,444</u>
Profit on ordinary activities by rate of tax	—	—
Adjustment to tax charge in respect of prior years	—	(4)
Total current tax (note 6(a))	<u>—</u>	<u>(4)</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

7. DIVIDENDS**Equity dividends**

	2008 £	2007 £
Paid		
Equity dividends on ordinary shares	—	<u>120,000</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Franchise Fees & SDLT £	Total £
COST			
At 1 January 2008	1,476,350	420,000	1,896,350
Additions	—	85,671	85,671
Reclassification	—	17,183	17,183
At 31 December 2008	<u>1,476,350</u>	<u>522,854</u>	<u>1,999,204</u>
AMORTISATION			
At 1 January 2008	—	45,343	45,343
Charge for the year	—	24,888	24,888
At 31 December 2008	<u>—</u>	<u>70,231</u>	<u>70,231</u>
NET BOOK VALUE			
At 31 December 2008	<u>1,476,350</u>	<u>452,623</u>	<u>1,928,973</u>
At 31 December 2007	<u>1,476,350</u>	<u>374,657</u>	<u>1,851,007</u>

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 those restaurants operated by the company on which goodwill was paid as part of the initial purchase price. The calculated value in accordance with the McDonald's model as at 31 December 2008 was in excess of original cost. Goodwill is therefore stated at original cost, compared to £802,193 if the previous amortisation policy had continued in 2008.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

9. TANGIBLE FIXED ASSETS

	Plant & Machinery	
	£	
COST		
At 1 January 2008		3,531,130
Additions		275,091
Disposals		(79,819)
Reclassification		(17,183)
At 31 December 2008		<u>3,709,219</u>
DEPRECIATION		
At 1 January 2008		1,024,842
Charge for the year		257,551
On disposals		(46,856)
At 31 December 2008		<u>1,235,537</u>
NET BOOK VALUE		
At 31 December 2008		<u>2,473,682</u>
At 31 December 2007		<u>2,506,288</u>
Capital commitments		
	2008	2007
	£	£
Contracted but not provided for in the financial statements	<u>424,442</u>	<u>325,000</u>

10. INVESTMENTS

	Trade Investment	
	£	
COST		
At 1 January 2008 and 31 December 2008		<u>20,000</u>
NET BOOK VALUE		
At 31 December 2008 and 31 December 2007		<u>20,000</u>

11. STOCKS

	2008	2007
	£	£
Consumables	<u>134,365</u>	<u>130,904</u>

Stocks consist of foodstuffs and packaging materials.

12. DEBTORS

	2008	2007
	£	£
Other debtors	156,218	10,000
Prepayments and accrued income	<u>89,919</u>	<u>51,014</u>
	<u>246,137</u>	<u>61,014</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

12. DEBTORS *(continued)*

The debtors above include the following amounts falling due after more than one year:

	2008 £	2007 £
Other debtors	<u>100,142</u>	<u>–</u>

13. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Bank loans	473,177	376,637
Trade creditors	709,003	694,255
Other creditors including taxation and social security:		
Other taxation and social security	<u>611,927</u>	<u>259,294</u>
	1,794,107	1,330,186
Accruals and deferred income	<u>434,938</u>	<u>469,367</u>
	<u>2,229,045</u>	<u>1,799,553</u>

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

	2008 £	2007 £
Bank loans	<u>2,212,886</u>	<u>2,823,363</u>

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:

	2008 £	2007 £
Bank loans	<u>442,577</u>	<u>1,059,010</u>

The loan payable in more than 5 years is payable in 3 monthly installments. Interest is charged on the loan at 0.5% over bank base rate.

15. 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 £nil (2007 - £9,000).

16. DEFERRED TAXATION

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

	2008 £	2007 £
Provision brought forward	96,524	43,770
Profit and loss account movement arising during the year	<u>18,631</u>	<u>52,754</u>
Provision carried forward	<u>115,155</u>	<u>96,524</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

16. DEFERRED TAXATION *(continued)*

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

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	287,181	261,351
Tax losses available	<u>(123,643)</u>	<u>(65,916)</u>
Undiscounted provision for deferred taxation	163,538	195,435
Deferred tax discounting factor	<u>(48,383)</u>	<u>(98,911)</u>
Discounted provision for deferred taxation	<u>115,155</u>	<u>96,524</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2008 £	2007 £
Operating leases which expire: After more than 5 years	<u>3,372,000</u>	<u>2,982,000</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 2009.

18. 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:-

	2008 £	2007 £
Rent	3,044,439	1,068,199
Advertising	1,037,875	354,604
Service charges	1,113,361	379,407
	<u>5,195,675</u>	<u>1,802,210</u>

At 31 December 2008, the company owed McDonalds Restaurants Limited £430,505 (2007 - £393,348) in respect of the provision of these services.

During the year the company paid Wicz Limited, a company in which G V and P A Michniewicz are shareholders and directors, £550,000 (2007 - £34,005) for various services.

There is no ultimate controlling party.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

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

	2008	2007
	£	£
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:

	2008		2007	
	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>

20. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward	633,247	456,428
(Loss)/profit for the financial year	(111,035)	142,694
Equity dividends	-	(120,000)
Goodwill revalued	-	154,125
	<u>522,212</u>	<u>633,247</u>
Balance carried forward		

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
(Loss)/Profit for the financial year	(111,035)	142,694
Equity dividends	-	(120,000)
Goodwill revalued	-	154,125
	<u>(111,035)</u>	<u>176,819</u>
Net (reduction)/addition to shareholders' funds	1,493,247	1,316,428
Opening shareholders' funds	<u>1,382,212</u>	<u>1,493,247</u>
Closing shareholders' funds		

22. NOTES TO THE STATEMENT OF CASH FLOWS**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2008	2007
	£	£
Operating profit	55,655	222,524
Amortisation	24,888	4,499
Depreciation	257,551	107,500
Loss on disposal of fixed assets	31,508	1,378
Increase in stocks	(3,461)	(86,228)
Increase in debtors	(185,123)	(14,776)
Increase in creditors	332,952	862,656
	<u>513,970</u>	<u>1,097,553</u>
Net cash inflow from operating activities		

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008	2007
	£	£
Interest received	7,719	4,921
Interest paid	<u>(155,778)</u>	<u>(32,001)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(148,059)</u>	<u>(27,080)</u>

TAXATION

	2008	2007
	£	£
Taxation	<u>-</u>	<u>(44,846)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2008	2007
	£	£
Payments to acquire intangible fixed assets	(85,671)	(614,795)
Payments to acquire tangible fixed assets	(275,091)	(1,874,635)
Receipts from sale of fixed assets	1,455	-
Acquisition of fixed asset investments	<u>-</u>	<u>(15,000)</u>
Net cash outflow for capital expenditure and financial investment	<u>(359,307)</u>	<u>(2,504,430)</u>

FINANCING

	2008	2007
	£	£
(Repayment of)/increase in bank loans	(513,937)	2,864,324
Net cash (outflow)/inflow from financing	<u>(513,937)</u>	<u>2,864,324</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£	£
(Decrease)/increase in cash in the period	(507,333)	1,265,521
Net cash outflow from/(inflow) from bank loans	<u>513,937</u>	<u>(2,864,324)</u>
	<u>6,604</u>	<u>(1,598,803)</u>
Change in net debt	6,604	(1,598,803)
Net debt at 1 January 2008	<u>(1,556,526)</u>	42,277
Net debt at 31 December 2008	<u>(1,549,922)</u>	<u>(1,556,526)</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	<u>1,643,474</u>	<u>(507,333)</u>	<u>1,136,141</u>
Debt:			
Debt due within 1 year	(376,637)	(96,540)	(473,177)
Debt due after 1 year	<u>(2,823,363)</u>	<u>610,477</u>	<u>(2,212,886)</u>
	<u>(3,200,000)</u>	<u>513,937</u>	<u>(2,686,063)</u>
Net debt	<u>(1,556,526)</u>	<u>6,604</u>	<u>(1,549,922)</u>