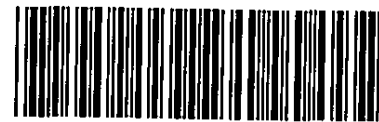


COMPANY REGISTRATION NUMBER 03427721

KINGSTON RESTAURANTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012

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KINGSTON RESTAURANTS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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KINGSTON RESTAURANTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

G V Michniewicz
P A Michniewicz
Mr T Kelly
Mrs L Cody

Company secretary

G V Michniewicz

Registered office

39/41 Jameson Street
Hull
East Riding of Yorkshire

Auditor

Townends Accountants LLP
Chartered Accountants
& Statutory Auditor
Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

Bankers

Royal Bank of Scotland
10 Silver Street
Hull
HU1 1JE

Solicitors

Rollits
Rowntree Wharf
Navigation Road
York
YO1 9WE

KINGSTON RESTAURANTS LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 31 DECEMBER 2012**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

We aim to present a review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and nature of our business and is written in the context of risks and uncertainties we face

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these including turnover, gross profit and operating profit

During 2012 the company has continued to deliver sound results in a difficult business climate. Gross profit has increased by £1,386,486 (6.94%) and operating profit has increased by £187,706

Turnover comprises sales from company franchised restaurants. Thanks to strong sales growth from all restaurants, during the year total company turnover has increased by £1,980,038 to £32,247,050. The ongoing restaurants' re-imaging strategy has had a positive impact on sales growth, which is in line with the directors' expectations and objectives

An integral part of our re-imaging 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. As at 31 December 2012, we had successfully re-imaged all but one of our restaurants. The re-image process will be completed by the end of 2013

In the year, we continued our policy of significant capital re-investment to improve and enhance our customers experience in our restaurants and this will continue in 2013 and beyond

The company operates in a highly competitive market. High street consumer behaviour impacts the company's turnover and variability of commodity prices impacts profitability

During the year, the company has been exposed to periods of high food cost inflation. The company is continually assessing all the risks that this may bring with an aim to mitigate any future threats this may have on the business

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control, hence we are constantly assessing our plans in line with the current environment

FUTURE DEVELOPMENTS

The level of business and the period end financial position remain satisfactory for the company and the directors are confident to be able to develop the business further in the future

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £545,247. The directors have not recommended a dividend

KINGSTON RESTAURANTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

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.

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
Mr T Kelly
Mrs L Cody

POLICY ON THE PAYMENT OF CREDITORS

The company policy on payment of creditors is usually 30 days or as otherwise agreed with suppliers taking into account normal trading terms. Certain creditors are paid within 14 days in accordance with the terms agreed.

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

KINGSTON RESTAURANTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

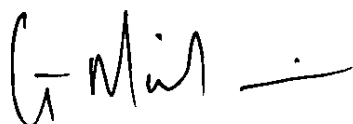
DISABLED EMPLOYEES

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 by means of regular store meetings and communications, together with staff appraisals and feedback sessions. In addition, there is a bulletin board in each restaurant where memoranda relating to company policy are displayed.

Signed by order of the directors



G V MICHNIEWICZ
Company Secretary

Approved by the directors on 16th June 2013

KINGSTON RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KINGSTON RESTAURANTS LIMITED
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Kingston Restaurants Limited for the year ended 31 December 2012 on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

KINGSTON RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KINGSTON RESTAURANTS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



ADRIAN CARROLL (Senior Statutory Auditor)

For and on behalf of
TOWNENDS ACCOUNTANTS LLP
Chartered Accountants
& Statutory Auditor

Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

24/6/13

KINGSTON RESTAURANTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	2	32,247,050	30,267,012
Cost of sales		<u>10,894,035</u>	<u>10,300,483</u>
GROSS PROFIT		21,353,015	19,966,529
Administrative expenses		<u>20,382,002</u>	<u>19,183,222</u>
OPERATING PROFIT	3	971,013	783,307
Interest payable and similar charges	5	274,861	283,394
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>696,152</u>	<u>499,913</u>
Tax on profit on ordinary activities	6	150,905	133,837
PROFIT FOR THE FINANCIAL YEAR		<u>545,247</u>	<u>366,076</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

BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
FIXED ASSETS					
Intangible assets	7		1,830,948		1,817,650
Tangible assets	8		<u>2,917,021</u>		<u>3,137,467</u>
			4,747,969		4,955,117
CURRENT ASSETS					
Stocks	9	150,535		152,458	
Debtors	10	385,220		370,215	
Cash in hand		<u>1,806,512</u>		<u>1,576,555</u>	
		2,342,267		2,099,228	
CREDITORS: Amounts falling due within one year	11	<u>3,251,507</u>		<u>3,020,666</u>	
NET CURRENT LIABILITIES			(909,240)		(921,438)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,838,729		4,033,679
CREDITORS: Amounts falling due after more than one year	12		1,367,077		2,108,019
PROVISIONS FOR LIABILITIES					
Deferred taxation	13		<u>227,383</u>		<u>226,638</u>
			2,244,269		1,699,022
CAPITAL AND RESERVES					
Called-up equity share capital	16		860,000		860,000
Profit and loss account	17		<u>1,384,269</u>		<u>839,022</u>
SHAREHOLDERS' FUNDS	18		2,244,269		1,699,022

These financial statements were approved by the directors and authorised for issue on 30/01/2013, and are signed on their behalf by



G V MICHNIEWICZ
Director

Company Registration Number 03427721

KINGSTON RESTAURANTS LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		1,767,703		1,952,599
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	19		(274,861)		(283,394)
TAXATION	19		(74,000)		–
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	19		(450,739)		(454,116)
CASH INFLOW BEFORE FINANCING			968,103		1,215,089
FINANCING	19		(738,146)		(736,602)
INCREASE IN CASH	19		<u>229,957</u>		<u>478,487</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

True and fair override provisions of the Companies Act 2006 have been invoked, as described in 'goodwill' below and also in note 7

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

Franchise Fees & SDLT

- 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

- Plant and 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 employees. 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 FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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 liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

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

	2012 £	2011 £
United Kingdom	<u>32,247,050</u>	<u>30,267,012</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2012 £	2011 £
Amortisation of intangible assets	25,820	26,567
Depreciation of owned fixed assets	547,514	462,936
Loss on disposal of fixed assets	84,553	163,599
Auditor's remuneration		
- as auditor	7,150	7,150
- for other services	9,800	7,525
Operating lease costs		
- Other	<u>4,463,641</u>	<u>4,118,202</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

4. PARTICULARS OF EMPLOYEES

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

	2012 No	2011 No
Restaurant staff	1,049	960
Office and management	<u>36</u>	<u>33</u>
	<u>1,085</u>	<u>993</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	8,353,747	7,928,499
Social security costs	391,635	394,777
Other pension costs	<u>9,069</u>	<u>9,562</u>
	<u>8,754,451</u>	<u>8,332,838</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest payable on bank borrowing	<u>274,861</u>	<u>283,394</u>

6 TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 24.50% (2011 - 26%)	<u>150,160</u>	-
Total current tax	<u>150,160</u>	-
Deferred tax		
Origination and reversal of timing differences	<u>745</u>	<u>133,837</u>
Tax on profit on ordinary activities	<u>150,905</u>	<u>133,837</u>

(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 24.50% (2011 - 26%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>696,152</u>	<u>499,913</u>
Profit on ordinary activities by rate of tax	<u>170,557</u>	<u>129,977</u>
Expenses not deductible for corporation tax	<u>6,326</u>	<u>6,907</u>
Capital allowances for the year in excess of depreciation	<u>30,635</u>	<u>12,588</u>
Tax losses brought forward	<u>(57,358)</u>	<u>(149,472)</u>
Total current tax (note 6(a))	<u>150,160</u>	<u>-</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

7 INTANGIBLE FIXED ASSETS

	Goodwill £	Franchise Fees & SDLT £	Total £
COST			
At 1 January 2012	1,476,350	485,970	1,962,320
Additions	24,118	15,000	39,118
At 31 December 2012	<u>1,500,468</u>	<u>500,970</u>	<u>2,001,438</u>
AMORTISATION			
At 1 January 2012	-	144,670	144,670
Charge for the year	-	25,820	25,820
At 31 December 2012	<u>-</u>	<u>170,490</u>	<u>170,490</u>
NET BOOK VALUE			
At 31 December 2012	<u>1,500,468</u>	<u>330,480</u>	<u>1,830,948</u>
At 31 December 2011	<u>1,476,350</u>	<u>341,300</u>	<u>1,817,650</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 2012 was in excess of original cost. Goodwill is therefore stated at original cost, compared to a net book value of £530,696 if the previous amortisation policy had continued in 2012.

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £
COST	
At 1 January 2012	5,193,117
Additions	411,621
Disposals	(336,043)
At 31 December 2012	<u>5,268,695</u>
DEPRECIATION	
At 1 January 2012	2,055,650
Charge for the year	547,514
On disposals	(251,490)
At 31 December 2012	<u>2,351,674</u>
NET BOOK VALUE	
At 31 December 2012	<u>2,917,021</u>
At 31 December 2011	<u>3,137,467</u>
Capital commitments	
	2012 £
Contracted but not provided for in the financial statements	<u>800,000</u>
	2011 £
	<u>426,000</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

9. STOCKS

	2012 £	2011 £
Consumables	<u>150,535</u>	<u>152,458</u>

Stocks consist of foodstuffs and packaging materials

10 DEBTORS

	2012 £	2011 £
Other debtors	254,905	232,359
Prepayments and accrued income	<u>130,315</u>	<u>137,856</u>
	<u>385,220</u>	<u>370,215</u>

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

	2012 £	2011 £
Other debtors	<u>187,126</u>	<u>123,635</u>

11 CREDITORS Amounts falling due within one year

	2012 £	2011 £
Bank loans	738,697	735,901
Trade creditors	990,939	850,823
Other creditors including taxation and social security		
Corporation tax	76,160	-
Other taxation and social security	<u>731,420</u>	<u>630,041</u>
	2,537,216	2,216,765
Accruals and deferred income	<u>714,291</u>	<u>803,901</u>
	<u>3,251,507</u>	<u>3,020,666</u>

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

	2012 £	2011 £
Bank loans and overdrafts	<u>1,367,077</u>	<u>2,108,019</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

	2012 £	2011 £
Bank loans and overdrafts	<u>-</u>	<u>75,000</u>

The bank loans are unsecured and carry interest at a rate of 1.95% over bank base rate and 1.35% over LIBOR. The bank loans are repayable within 7 years in equal monthly or quarterly installments.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

13 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
Provision brought forward	226,638	92,801
Profit and loss account movement arising during the year	745	133,837
Provision carried forward	<u>227,383</u>	<u>226,638</u>

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

	2012 £	2011 £
Excess of taxation allowances over depreciation on fixed assets	227,383	284,876
Tax losses available	-	(57,959)
Undiscounted provision for deferred taxation	227,383	226,917
Deferred tax discounting factor	-	(279)
Discounted provision for deferred taxation	<u>227,383</u>	<u>226,638</u>

14 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	2011 £
Operating leases which expire After more than 5 years	<u>4,868,000</u>	<u>4,278,000</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 2013.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

15 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 -

	2012 £	2011 £
Rent	4,463,641	4,118,202
Advertising	1,465,128	1,389,304
Service charges	1,575,199	1,473,928
	<u>7,503,968</u>	<u>6,981,434</u>

At 31 December 2012, the company owed McDonalds Restaurants Limited £695,488 (2011 - £646,936) 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, £552,555 (2011 - £542,431) for various services. At the balance sheet date £7,850 (2011 - £1,719) was owed by Wicz Limited.

All transactions were conducted on normal commercial terms.

There is no ultimate controlling party.

16 SHARE CAPITAL

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
430,000 'A' Ordinary shares of £1 each	430,000	430,000	430,000	430,000
430,000 'B' Ordinary shares of £1 each	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>
	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>

17. PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Balance brought forward	839,022	472,946
Profit for the financial year	<u>545,247</u>	<u>366,076</u>
Balance carried forward	<u>1,384,269</u>	<u>839,022</u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	545,247	366,076
Opening shareholders' funds	<u>1,699,022</u>	<u>1,332,946</u>
Closing shareholders' funds	<u>2,244,269</u>	<u>1,699,022</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

19 NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	971,013	783,307
Amortisation	25,820	26,567
Depreciation	547,514	462,936
Loss on disposal of fixed assets	84,553	163,599
Decrease/(increase) in stocks	1,923	(25,542)
(Increase)/decrease in debtors	(15,005)	78,627
Increase in creditors	151,885	463,105
Net cash inflow from operating activities	<u>1,767,703</u>	<u>1,952,599</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest paid	<u>(274,861)</u>	<u>(283,394)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(274,861)</u>	<u>(283,394)</u>

TAXATION

	2012 £	2011 £
Taxation	<u>(74,000)</u>	<u>-</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £	2011 £
Payments to acquire intangible fixed assets	(39,118)	-
Payments to acquire tangible fixed assets	(411,621)	(540,241)
Receipts from sale of fixed assets	-	66,125
Disposal of fixed asset investments	-	20,000
Net cash outflow for capital expenditure and financial investment	<u>(450,739)</u>	<u>(454,116)</u>

FINANCING

	2012 £	2011 £
Repayment of bank loans	(738,146)	(736,602)
Net cash outflow from financing	<u>(738,146)</u>	<u>(736,602)</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012		2011	
	£	£	£	£
Increase in cash in the period	229,957		478,487	
Net cash outflow from bank loans	<u>738,146</u>		<u>736,602</u>	
		<u>968,103</u>		<u>1,215,089</u>
Change in net debt		968,103		1,215,089
Net debt at 1 January 2012		<u>(1,267,365)</u>		<u>(2,482,454)</u>
Net debt at 31 December 2012		<u>(299,262)</u>		<u>(1,267,365)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash			
Cash in hand and at bank	<u>1,576,555</u>	<u>229,957</u>	<u>1,806,512</u>
Debt			
Debt due within 1 year	(735,901)	(2,796)	(738,697)
Debt due after 1 year	<u>(2,108,019)</u>	<u>740,942</u>	<u>(1,367,077)</u>
	<u>(2,843,920)</u>	<u>738,146</u>	<u>(2,105,774)</u>
Net debt	<u>(1,267,365)</u>	<u>968,103</u>	<u>(299,262)</u>