

Note F—Property and Equipment, Net

Property and equipment consists of the following:

	March 28, 2004	March 30, 2003
Construction-in-progress	\$ 103	\$ 31
Land	1,281	1,665
Building and improvements	1,854	2,255
Machinery, equipment, furniture and fixtures	5,980	5,297
Leasehold improvements	4,123	4,042
	13,341	13,290
Less: accumulated depreciation and amortization	8,247	7,027
	\$ 5,094	\$ 6,263

Depreciation expense on property and equipment was \$971, \$1,907 and \$1,661 for the fiscal years ended March 28, 2004, March 30, 2003 and March 31, 2002, respectively.

1. Sales of Restaurants

On April 1, 2002, the Company adopted the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and Accounting Principles Board Opinion No. 30, "Reporting Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 144 retained the fundamental provisions of SFAS No. 121 for recognition and measurement of impairment, but amends the accounting and reporting standards for segments of a business to be disposed of. SFAS No. 144 has broadened the definition of discontinued operations to include components of an entity whose cash flows are clearly identifiable, as compared to a segment of a business. SFAS No. 144 requires the Company to classify as discontinued operations any restaurant that it sells, abandons or otherwise disposes of where the Company will have no further involvement in such restaurant's operations.

During the fiscal year ended March 28, 2004, the Company sold three Company-owned restaurants for total consideration of \$1,083 and entered into two management agreements with franchisees to operate two Company-owned restaurants. As the Company expects to have a continuing stream of cash flows for all of these restaurants, the results of operations for these Company-operated restaurants are included as a component of continuing operations in the accompanying consolidated statements of operations. The assets associated with these restaurants that were sold were included in Assets held for sale in the March 30, 2003 consolidated balance sheet.

During the fiscal year ended March 30, 2003, the Company sold three Company-owned restaurants for total consideration of \$591. In August 2002, an operating restaurant, which had been classified as held for sale at March 30, 2003, was sold to a non-franchisee for \$75. In October 2002, a non-operating restaurant, which had been classified as held for sale was sold to a non-franchisee for \$466 and an operating restaurant was sold to a franchisee in exchange for a \$50 note. As these restaurants were either classified as held-for-sale prior to the adoption of SFAS No. 144 or the Company has a continuing stream of cash flows in the case of the franchised restaurant, the results of operations for these Company-operated restaurants that were sold are included as a component of continuing operations in the accompanying consolidated statements of operations for the fiscal years ended March 30, 2003 and March 31, 2002. In December 2002, the Company abandoned the operations of one Company-owned restaurant pursuant to a lease termination agreement with the landlord. The results of operations for this restaurant have been classified as discontinued operations for all periods presented as the Company does not have any continuing involvement in the operations of this restaurant or a continuing stream of cash flows with this restaurant.

As discussed in Note F-2 below, during fiscal 2003, the Company also abandoned the operations of seven Company-operated restaurants located within certain Home Depot Home Improvement Centers. Pursuant to SFAS No. 144, the results of operations for all seven of these restaurants have been presented as discontinued operations in the accompanying consolidated statement of operations for all periods presented, as the Company has no continuing involvement in the operations of these restaurants or cash flows relating to any of these restaurants.