



SUFFOLK FAST FOODS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JULY 1999

Company no: 1816286

SUFFOLK FAST FOODS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

Company registration number:	1816286
Registered office:	Vauxhall House Vauxhall Station GREAT YARMOUTH Norfolk NR30 1SD
Director:	Mr K Sole
Secretary:	Mr J Lambert
Bankers:	National Westminster Bank plc
Auditors:	Grant Thornton Registered auditors Chartered accountants

SUFFOLK FAST FOODS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

INDEX	PAGE
Report of the director	1 - 2
Report of the auditors	3
Accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 -11

SUFFOLK FAST FOODS LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with financial statements for the year ended 31 July 1999.

Principal activity

The principal activity of the company is that of fast food services.

Business review

The company made a profit for the year after taxation and before dividends of £543,813 (1998: £668,993). The director recommends a final dividend of £543,813 (1998: £668,993) leaving nothing to be retained.

The director anticipates that the company will continue to trade profitably.

Post balance sheet events

A further two new stores are planned to open in the forthcoming year.

Director

The only director to serve during the year was Mr K Sole.

According to the register maintained as required by the Companies Act 1985, Mr K Sole had no interests in the shares of the company during the year.

The interests of Mr K Sole in the shares of the ultimate parent undertaking, Anglian Fast Foods Limited, are disclosed in that company's financial statements.

Year 2000 compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree to those of our suppliers. Arrangements in this regard for operating equipment and suppliers have been addressed by Kentucky Fried Chicken (Great Britain) Limited.

The company has reviewed its computer systems for the impact of the Year 2000 date change. It has obtained certification from its software supplier that the product is Year 2000 compliant. The computer hardware has been tested internally and appears to be Year 2000 compliant. There are not expected to be any further significant costs associated with this issue.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that the action being taken by Kentucky Fried Chicken (Great Britain) Limited and its own action and resources allocated are appropriate and adequate to address the issue.

Directors' responsibilities for the financial statements

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 period. In preparing those 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

SUFFOLK FAST FOODS LIMITED

REPORT OF THE DIRECTOR

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

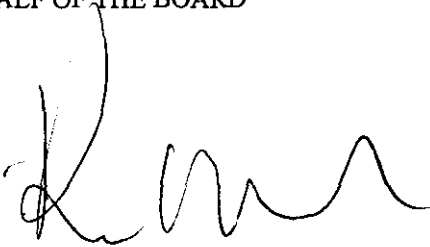
The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Director

A handwritten signature in black ink, appearing to be 'K. M.', written over a horizontal line.

11/11/99

**REPORT OF THE AUDITORS TO THE MEMBERS OF
SUFFOLK FAST FOODS LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 1999 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

IPSWICH

12th November 1999

SUFFOLK FAST FOODS LIMITED

PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost of tangible fixed assets over their expected useful economic lives. The rates and bases generally applicable are:

Leasehold premiums	Period of lease straight line
Improvements to property	10% straight line
Furniture, fixtures, fittings and equipment	20% reducing balance

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is the taxation attributable to timing differences between profits or losses computed for taxation purposes and results as stated in the financial statements.

Deferred tax is provided for to the extent that it is probable that a liability or asset will crystallise and not otherwise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated using the rate at which it is estimated that the tax will be paid when the timing differences reverse.

LEASED ASSETS

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

SUFFOLK FAST FOODS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 1999**

	Note	1999 £	1998 £
Turnover	1	5,696,501	5,361,378
Cost of sales		(3,276,326)	(3,120,214)
Gross profit		2,420,175	2,241,164
Administrative expenses	2	(1,605,862)	(1,518,673)
Operating profit		814,313	722,491
Interest receivable and similar income		13,800	-
Profit on ordinary activities before taxation	1	828,113	722,491
Taxation	3	(284,300)	(53,498)
Profit on ordinary activities after taxation		543,813	668,993
Equity dividends proposed	4	(543,813)	(668,993)
Transfer to reserves		-	-

STATEMENT OF RETAINED EARNINGS

	1999 £	1998 £
At 1 August 1998 and 31 July 1999	50,387	50,387

There are no recognised gains or losses other than the result for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

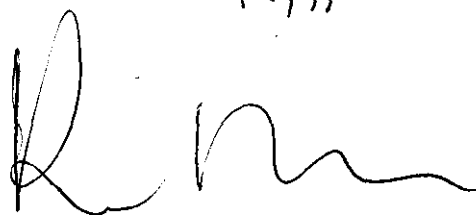
SUFFOLK FAST FOODS LIMITED

BALANCE SHEET AT 31 JULY 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	5	1,638,289	1,752,633
Current assets			
Stocks	6	37,378	27,819
Debtors	7	79,417	86,577
Cash at bank and in hand		101,841	95,026
		<u>218,636</u>	<u>209,422</u>
Creditors: amounts falling due within one year	8	(1,681,236)	(1,792,666)
Net current liabilities		<u>(1,462,600)</u>	<u>(1,583,244)</u>
Total assets less current liabilities		175,689	169,389
Provisions for liabilities and charges	9	(125,300)	(119,000)
		<u>50,389</u>	<u>50,389</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		50,387	50,387
Shareholders' funds	11	<u>50,389</u>	<u>50,389</u>

The financial statements were approved by the director on 11/11/99

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

SUFFOLK FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation are attributable to one activity, namely the provision of fast food services.

The profit on ordinary activities is stated after:

	1999 £	1998 £
Depreciation of tangible fixed assets	252,125	233,548
Auditors' remuneration	5,400	4,250
Operating lease payments:		
Motor vehicles	16,478	12,658
Land and buildings	200,143	196,334

2 DIRECTOR AND EMPLOYEES

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	1,190,845	1,127,458
Social security costs	81,113	79,022
	<u>1,271,958</u>	<u>1,206,480</u>

The average number of employees, including the director, during the year was 164 (1998: 154).

The director was not remunerated through this company.

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the UK corporation tax payable on the profit for the year after relief of losses from Anglian Fast Foods Limited. There have been no transfers between group companies to take account of this relief.

	1999 £	1998 £
Corporation tax at 30.7% (1998: 21%)	278,000	21,000
Adjustments in respect of previous years	-	(2)
Deferred tax (note 9)	6,300	32,500
	<u>284,300</u>	<u>53,498</u>

SUFFOLK FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

4 DIVIDEND

	1999 £	1998 £
Ordinary shares of 10p each		
Proposed final dividend of £27,190.65p per share (1998: £33,449.65p)	<u>543,813</u>	<u>668,993</u>

5 TANGIBLE FIXED ASSETS

	Total £	Improve- ments to property £	Furniture, fixtures, fittings and equipment £
Cost			
At 1 August 1998	2,349,078	1,791,067	558,011
Additions	139,206	124,447	14,759
Disposals	(1,425)	(1,425)	-
At 31 July 1999	<u>2,486,859</u>	<u>1,914,089</u>	<u>572,770</u>
Depreciation			
At 1 August 1998	596,445	397,183	199,262
Provided in the year	252,125	185,626	66,499
Disposals	-	-	-
At 31 July 1999	<u>848,570</u>	<u>582,809</u>	<u>265,761</u>
Net book amount at 31 July 1999	<u>1,638,289</u>	<u>1,331,280</u>	<u>307,009</u>
Net book amount at 31 July 1998	<u>1,752,633</u>	<u>1,393,884</u>	<u>358,749</u>

SUFFOLK FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JULY 1999****6 STOCKS**

	1999 £	1998 £
Raw materials and consumable stores	<u>37,378</u>	<u>27,819</u>

The replacement cost of stock does not materially exceed the balance sheet value.

7 DEBTORS

	1999 £	1998 £
Other debtors	287	999
Prepayments and accrued income	<u>79,130</u>	<u>85,578</u>
	<u>79,417</u>	<u>86,577</u>

Included in prepayments is an amount of £33,135 (1998: £33,135) in respect of rental deposits not repayable until the expiry of the respective leases.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Trade creditors	247,731	248,522
Amounts owed to group undertakings	480,122	733,065
Social security and other taxes	27,997	28,999
Other creditors	20,938	17,803
Current taxation	277,460	21,000
Accruals	83,175	74,284
Proposed dividend	543,813	668,993
	<u>1,681,236</u>	<u>1,792,666</u>

SUFFOLK FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

9 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	1999 £	1998 £
At 1 August 1998	119,000	86,500
Charge for the year	6,300	32,500
At 31 July 1999	<u>125,300</u>	<u>119,000</u>

The provision for deferred taxation relates wholly to accelerated capital allowances.

10 SHARE CAPITAL

	1999 £	1998 £
Authorised		
998 ordinary shares of 10p each	100	100
2 'A' ordinary shares of 10p each	-	-
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	<u>2</u>	<u>2</u>
	Number	Number
Ordinary shares of 10p each	18	18
'A' ordinary shares of 10p each	2	2
	<u>20</u>	<u>20</u>

Rights to dividends and priority on winding up

In accordance with the company's Articles of Association, 'A' ordinary shares do not rank for dividends except on a winding up of the company. Both class of share carry equal voting rights.

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the year	543,813	668,993
Dividends	(543,813)	(668,993)
Net movement in shareholders' funds	-	-
Shareholders' funds at 1 August 1998	<u>50,389</u>	<u>50,389</u>
Shareholders' funds at 31 July 1999	<u>50,389</u>	<u>50,389</u>

SUFFOLK FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

12 CAPITAL COMMITMENTS

At 31 July 1999 the company had capital commitments amounting to £270,000 in respect of the fitting out of a new store (1998: £25,000).

13 LEASING COMMITMENTS

Operating lease commitments amounting to £215,514 (1998: £209,158) are due within one year. The commitments to make payments included in this sum expire as follows:

	Land and buildings 1999 £	Other 1999 £	Land and buildings 1998 £	Other 1998 £
Within one year	30,000	12,658	-	-
Between two and five years	39,000	3,856	30,000	12,658
Over five years	130,000	-	166,500	-
	<u>199,000</u>	<u>16,514</u>	<u>196,500</u>	<u>12,658</u>

14 CONTINGENT LIABILITIES

Any bank loans or overdrafts are secured by a fixed and floating charge over the company's assets.

The company has provided a composite guarantee and debenture to GiroCredit Bank Aktiengesellschaft der Sparkassen in respect of amounts owing by the parent undertaking. In addition, the company has also entered into an "Intra-Group Loan Agreement" in respect of providing loan facilities to the parent undertaking.

15 ULTIMATE PARENT UNDERTAKING

In the opinion of the director, the ultimate parent undertaking and controlling related party is Anglian Fast Foods Limited which is registered in England and Wales. There is no ultimate controlling related party.

16 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption conferred by Financial Reporting Standard Number 8 on group companies and does not disclose details of intra-group transactions.