

KAYKEM FAST FOODS LIMITED

Company No: 2034313

FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1996

MUNIR TATAR & ASSOCIATES

Chartered Certified Accountants & Registered Auditors
32 Willoughby Road
London N8 0JG, London N8 0JG



KAYKEM FAST FOODS LIMITED

DIRECTORS

Mr K Ahmet
Mrs B Ahmet

SECRETARY

Mrs B Ahmet

BUSINESS ADDRESS

11B High Street
Colchester
Essex CO1 1DA

REGISTERED OFFICE

11B High Street
Colchester
Essex CO1 1DA

AUDITORS

Munir Tatar & Associates
Chartered Certified Accountants
Registered Auditors
32 Willoughby Road
London N8 0JG

SOLICITORS

Ellison & Co
Headgate Court
Head Street
Colchester
Essex CO1 1NP

PRINCIPAL BANKERS

National Westminster Bank Plc
25 High Street
Colchester
Essex CO1 1DG

KAYKEM FAST FOODS LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

Page

1	Report of the directors
3	Auditors' report
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
8	Notes to the financial statements

KAYKEM FAST FOODS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 August 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to carry on the business as caterers.

The directors consider the results for the year and the position at the end of the year to be satisfactory.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £143,323 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
Mr K Ahmet	Ordinary shares	500	500
Mrs B Ahmet	Ordinary shares	500	500

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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;
- 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 which 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. 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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

KAYKEM FAST FOODS LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, Munir Tatar & Associates, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date: ..2.11.1997.....

By Order of the Board
Bilal Ahmet
Mrs B Ahmet
Secretary

KAYKEM FAST FOODS LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF KAYKEM FAST FOODS LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described in the Directors' Report 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 affairs of the company as at 31 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Munir Tatar, Assoc

MUNIR TATAR & ASSOCIATES
Chartered Certified Accountants
Registered Auditors

32 Willoughby Road
London N8 0JG

Date: ..3/1/1997.....

KAYKEM FAST FOODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1996

	Notes	1996 £	1995 £
TURNOVER		1,585,575	1,080,864
Cost of sales		(514,026)	(376,071)
GROSS PROFIT		1,071,549	704,793
Distribution costs		(506,233)	(387,535)
Administrative expenses		(295,581)	(235,214)
OPERATING PROFIT	2	269,735	82,044
Interest receivable	3	4,160	9,588
Interest payable	4	(88,678)	(11,981)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		185,217	79,651
Tax on profit on ordinary activities	7	(41,894)	(8,299)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		143,323	71,352
Extraordinary items	8	-	(34,049)
PROFIT FOR THE FINANCIAL YEAR	18	143,323	37,303

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

BALANCE SHEET AT 31ST AUGUST 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Intangible assets	9	105,643	105,643
Tangible assets	10	1,461,739	1,444,638
Investments	11	102,093	102,093
		<u>1,669,475</u>	<u>1,652,374</u>
CURRENT ASSETS			
Stocks	12	22,291	27,001
Debtors	13	8,103	11,130
Cash at bank and in hand		161,477	101,293
		<u>191,871</u>	<u>139,424</u>
CREDITORS: Amounts falling due within one year	14	<u>(370,957)</u>	<u>(371,701)</u>
NET CURRENT LIABILITIES		<u>(179,086)</u>	<u>(232,277)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,490,389	1,420,097
CREDITORS: Amounts falling due after more than one year	15	<u>(684,424)</u>	<u>(757,455)</u>
		<u>805,965</u>	<u>662,642</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000	1,000
Profit and loss account	18	804,965	661,642
		<u>805,965</u>	<u>662,642</u>

The financial statements were approved
by the board on ...21.11.1997..... and
signed on its behalf by

Mr K Ahmet.....)
Mrs B Ahmet *Bilkay Ahmet*) Directors

The notes on pages 8 to 16 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 1996

	Notes	1996 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	274,619	190,480
Return on investments and servicing of finance:			
Interest received		4,160	9,588
Interest paid		(88,593)	(11,981)
Interest element on hire purchase contracts		(85)	-
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(84,518)	(2,393)
Taxation:			
Corporation tax paid		(35,926)	(28,750)
TAX PAID		(35,926)	(28,750)
Investing activities:			
Purchase of intangible fixed assets		-	(15,743)
Purchase of tangible fixed assets		(74,180)	(1,147,255)
Purchase of other investments		-	(5,391)
Receipts from sale of tangible assets		6,505	86,940
NET CASHFLOW FROM INVESTING ACTIVITIES		(67,675)	(1,081,449)
NET CASH INFLOW BEFORE FINANCING		86,500	(922,112)
Financing:			

KAYKEM FAST FOODS LIMITED

<u>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 1996</u>		<u>(Continued)</u>
Receipts from other long term loans	(87,660)	(840,058)
Receipts of capital from hire purchase contracts	(20,085)	-
Repayment of other long term loans	129,606	29,864
Repayment of capital on hire purchase contracts	698	-
	<hr/>	<hr/>
NET CASH OUTFLOW FROM FINANCING	22,559	(810,194)
INCREASE IN CASH AND CASH EQUIVALENTS		
21	63,941	(111,918)
	<hr/>	<hr/>
	86,500	(922,112)
	<hr/>	<hr/>

The notes on pages 8 to 16 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Plant and machinery	15%	Reducing balance
Fixtures and fittings	15%	Reducing balance
Motor vehicles	25%	Reducing balance

No depreciation is provided on freehold buildings as it is the company's policy to maintain these so as to extend their useful lives.

1.4 STOCKS

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

1.7 PENSIONS

Pension contributions are charged to the profit and loss accounts as incurred. These contributions are invested separately from the company's assets.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

2.	OPERATING PROFIT	1996 £	1995 £
	The operating profit is stated after charging:-		
	Depreciation	53,798	18,350
	Auditors' remuneration	3,000	3,000
		<u>56,798</u>	<u>21,350</u>
3.	INTEREST RECEIVABLE	1996 £	1995 £
	Bank and other interest receivable	4,160	9,588
		<u>4,160</u>	<u>9,588</u>
4.	INTEREST PAYABLE	1996 £	1995 £
	On bank loans and overdrafts and on loans repayable in full within five years	87,660	11,495
	On overdue tax	933	486
	Hire purchase interest	85	-
		<u>88,678</u>	<u>11,981</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

5. DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Staff costs:-		
Wages and salaries	403,065	311,010
Other pension costs	17,065	17,766
	<u>420,130</u>	<u>328,776</u>

The average weekly number of employees during the year was made up as follows:

	Number	Number
Distribution	95	67
Administration	2	2
	<u>97</u>	<u>69</u>

Directors' emoluments:-

	£	£
Remuneration for management services	<u>42,119</u>	<u>52,634</u>

Other directors' remuneration fell within the following ranges:

	Number	Number
£10,001 - £15,000	1	-
£20,001 - £25,000	-	1
£25,001 - £30,000	1	1
	<u>1</u>	<u>1</u>

6. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £17,065 (1995: £17,766). All contributions were paid in the year.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
The taxation charge based on the profit before tax comprises:-		
U.K. corporation tax at 25% (1995 - 25%)	41,894	8,299
	<u>41,894</u>	<u>8,299</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

8. EXTRAORDINARY ITEM

	1996	1995
	£	£
Loss on sale of freehold property	-	(34,049)
	<hr/>	<hr/>
	-	(34,049)
	<hr/>	<hr/>

The freehold property, which was sold in previous year, relates to the property situated at 45 Northgate Street, Colchester.

9. INTANGIBLE ASSETS

	Goodwill £
<u>Cost</u>	
At 1 September 1995 and At 31 August 1996	<hr/> 105,643
<u>Net book value at 31 August 1996</u>	<hr/> 105,643
<u>Net book value at 31 August 1995</u>	<hr/> 105,643

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

10. TANGIBLE ASSETS

	Land & buildings £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<u>Cost</u>					
At 1 September 1995	1,183,995	282,128	98,470	27,204	1,591,797
Additions	221	(2,951)	40,910	36,000	74,180
Disposals	-	-	-	(26,850)	(26,850)
At 31 August 1996	<u>1,184,216</u>	<u>279,177</u>	<u>139,380</u>	<u>36,354</u>	<u>1,639,127</u>
<u>Depreciation</u>					
At 1 September 1995	-	119,827	3,749	23,584	147,160
Charge for year	-	24,345	20,368	9,085	53,798
On disposals	-	-	-	(23,570)	(23,570)
At 31 August 1996	<u>-</u>	<u>144,172</u>	<u>24,117</u>	<u>9,099</u>	<u>177,388</u>
<u>Net book value at 31 August 1996</u>	<u>1,184,216</u>	<u>135,005</u>	<u>115,263</u>	<u>27,255</u>	<u>1,461,739</u>
<u>Net book value at 31 August 1995</u>	<u>1,183,995</u>	<u>162,301</u>	<u>94,721</u>	<u>3,620</u>	<u>1,444,637</u>

	1996 £	1995 £
Analysis of net book value of land and buildings:		
Freehold	921,875	921,654
Short leasehold	262,341	262,341
	<u>1,184,216</u>	<u>1,183,995</u>

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1996 £	1995 £
Net book values:		
Motor vehicles	27,000	-
	<u>27,000</u>	<u>-</u>
Depreciation charge for the year:		
Motor vehicles	9,000	-
	<u>9,000</u>	<u>-</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

11. INVESTMENTS - OTHER

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Other investments other than loans	102,093	-	102,093
	<u>102,093</u>	<u>-</u>	<u>102,093</u>
<u>Net book value</u>	<u>102,093</u>		<u>102,093</u>
Other investments other than loans	1996	1995	
	Cost £	Cost £	
Unlisted	<u>102,093</u>	<u>102,093</u>	

Investments represent investments in novelty motor cars.

12. STOCKS	1996 £	1995 £
Finished goods and goods for resale	22,291	27,001
	<u>22,291</u>	<u>27,001</u>
13. DEBTORS	1996 £	1995 £
Prepayments and accrued income	8,103	11,130
	<u>8,103</u>	<u>11,130</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1996 £	1995 £
	Bank loans and overdrafts	172,412	133,364
	Trade creditors	33,823	62,049
	Corporation tax	41,894	35,926
	Other taxes and social security costs	59,161	31,286
	Net obligations under finance lease and hire purchase contracts	7,667	-
	Directors' current accounts	1,535	9,575
	Other creditors	6,571	-
	Accruals and deferred income	47,894	99,501
		<u>370,957</u>	<u>371,701</u>

15.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1996 £	1995 £
	Loans	672,704	757,455
	Net obligations under finance leases and hire purchase contracts	11,720	-
		<u>684,424</u>	<u>757,455</u>

16.	BORROWINGS	1996 £	1995 £
	<u>The company's borrowings are repayable as follows:</u>		
	In one year, or less or on demand	<u>172,412</u>	<u>133,364</u>

Details of security:

.Mortgage Debenture dated 24/11/94 over fixed and floating assets.
.Legal Mortgage dated 9/2/87 over 11B High Street, Colchester. .Legal
Mortgage over Copdock Mill, Ipswich.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

17.	SHARE CAPITAL	1996 £	1995 £
	<u>Authorised</u>		
	Equity interests:		
	1,000 Ordinary shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	<u>Allotted, called up and fully paid</u>		
	Equity interests:		
	1,000 Ordinary shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
18.	PROFIT AND LOSS ACCOUNT		
		1996 £	1995 £
	Retained profits at 1 September 1995	661,642	624,339
	Profit for the financial year	143,323	37,303
		<u> </u>	<u> </u>
	Retained profits at 31 August 1996	804,965	661,642
		<u> </u>	<u> </u>
19.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		1996 £	1995 £
	Profit for the financial year	143,323	37,303
	Shareholders' funds at 1 September 1995	662,642	625,339
		<u> </u>	<u> </u>
	Shareholders' funds at 31 August 1996	805,965	662,642
		<u> </u>	<u> </u>
	Represented by:-		
	Equity interests	805,965	662,642
		<u> </u>	<u> </u>
		805,965	662,642
		<u> </u>	<u> </u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1996

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	269,735	82,044
Depreciation	53,798	18,350
Profit on disposal of fixed assets	(3,225)	-
Decrease in stocks	4,710	(15,249)
Decrease in debtors	3,027	3,161
Decrease in creditors due within one year	(53,427)	136,223
Other diff between cash flow and profits	1	-
Extraordinary items not involving cashflow	-	(34,049)
	<u>274,619</u>	<u>190,480</u>

21. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Cash at bank and in hand at 1 September 1995	101,293	209,454
Cash at bank and in hand at 31 August 1996	<u>161,477</u>	<u>101,293</u>
Net movement	<u>60,184</u>	<u>(108,161)</u>
Bank overdraft at 1 September 1995	(3,757)	-
Bank overdraft at 31 August 1996	<u>-</u>	<u>(3,757)</u>
Net movement	<u>3,757</u>	<u>(3,757)</u>
Total net movements	<u>63,941</u>	<u>(111,918)</u>