

KAYKEM FAST FOODS LIMITED

Company No: 2034313

FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1995

MUNIR TATAR & ASSOCIATES
Certified Accountants
40 Willoughby Road
Hornsey, London N8 OJG



KAYKEM FAST FOODS LIMITED

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KAYKEM FAST FOODS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 August 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to carry on the business as caterers. During the year the company opened a new branch at Ipswich, Essex. This branch commenced trading with effect from 8th June 1995.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £37,303 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>1995</u> | <u>1994</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: .01/2/1995.....

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 14 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Munir Tatar, Director

MUNIR TATAR & ASSOCIATES
Registered Auditors
Certified Accountants

40 Willoughby Road
Hornsey
London N8 0JG

Date: 13.12.1995.....

KAYKEM FAST FOODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1995

| | Notes | 1995 £ | 1994 £ |
|--|-------|-----------|-----------|
| TURNOVER | | 1,080,864 | 787,881 |
| Cost of sales | | (376,071) | (240,715) |
| GROSS PROFIT | | 704,793 | 547,166 |
| Distribution costs | | (387,535) | (255,541) |
| Administrative expenses | | (235,214) | (172,597) |
| OPERATING PROFIT | 2 | 82,044 | 119,028 |
| Interest receivable | 3 | 9,588 | 3,285 |
| Interest payable | 4 | (11,981) | (7,930) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 79,651 | 114,383 |
| Tax on profit on ordinary activities | 7 | (8,299) | (29,449) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 71,352 | 84,934 |
| Extraordinary items | 8 | (34,049) | (20,593) |
| PROFIT FOR THE FINANCIAL YEAR | 18 | 37,303 | 64,341 |

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 7 to 14 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

BALANCE SHEET AT 31ST AUGUST 1995

| | Notes | 1995 £ | 1994 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 9 | 105,643 | 89,900 |
| Tangible assets | 10 | 1,444,638 | 402,673 |
| Investments | 11 | 102,093 | 96,702 |
| | | <u>1,652,374</u> | <u>589,275</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | 27,001 | 11,752 |
| Debtors | 13 | 11,130 | 14,291 |
| Cash at bank and in hand | | 101,293 | 209,454 |
| | | <u>139,424</u> | <u>235,497</u> |
| CREDITORS: Amounts falling due within one year | 14 | <u>(371,701)</u> | <u>(152,429)</u> |
| NET CURRENT LIABILITIES | | <u>(232,277)</u> | <u>83,068</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,420,097 | 672,343 |
| CREDITORS: Amounts falling due after more than one year | 15 | <u>(757,455)</u> | <u>(47,004)</u> |
| | | <u>662,642</u> | <u>625,339</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 1,000 | 1,000 |
| Profit and loss account | 18 | 661,642 | 624,339 |
| | | <u>662,642</u> | <u>625,339</u> |

The financial statements were approved
by the board on 12/12/1995..... and
signed on its behalf by

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

The notes on pages 7 to 14 form part of these financial statements.

KAYKEM FAST FOODS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 1995**

| | Notes | 1995 £ | 1994 £ |
|---|-------|-------------|-----------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 20 | 190,480 | 205,491 |
| Return on investments and servicing of finance: | | | |
| Interest received | | 9,588 | 3,285 |
| Interest paid | | (11,981) | (7,930) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (2,393) | (4,645) |
| Taxation: | | | |
| Corporation tax paid | | (28,750) | (10,790) |
| TAX PAID | | (28,750) | (10,790) |
| Investing activities: | | | |
| Purchase of intangible fixed assets | | (15,743) | - |
| Purchase of tangible fixed assets | | (1,147,255) | (5,264) |
| Purchase of other investments | | (5,391) | (14,524) |
| Receipts from sale of tangible assets | | 86,940 | - |
| NET CASHFLOW FROM INVESTING ACTIVITIES | | (1,081,449) | (19,788) |
| NET CASH OUTFLOW BEFORE FINANCING | | (922,112) | 170,268 |
| Financing: | | | |
| Receipts from other long term loans | | (840,058) | (7,578) |
| Repayment of other long term loans | | 29,864 | 29,864 |
| NET CASH INFLOW FROM FINANCING | | (810,194) | 22,286 |
| DECREASE IN CASH AND CASH EQUIVALENTS | 21 | (111,918) | 147,982 |
| | | (922,112) | 170,268 |

The notes on pages 7 to 14 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

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 PENSIONS

Pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. These contributions are invested separately from the company's assets.

2. OPERATING PROFIT

The operating profit is stated after charging:-

| | 1995 £ | 1994 £ |
|------------------------|-----------|-----------|
| Depreciation | 18,350 | 12,287 |
| Auditors' remuneration | 3,000 | 2,000 |

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

| 3. INTEREST RECEIVABLE | 1995 £ | 1994 £ |
|------------------------------------|--------------|--------------|
| Bank and other interest receivable | 9,588 | 3,285 |
| | <u>9,588</u> | <u>3,285</u> |

| 4. INTEREST PAYABLE | 1995 £ | 1994 £ |
|---|---------------|--------------|
| On bank loans and overdrafts and on loans repayable in full within five years | 11,495 | 7,595 |
| On overdue tax | 486 | 335 |
| | <u>11,981</u> | <u>7,930</u> |

| 5. DIRECTORS AND EMPLOYEES | 1995 £ | 1994 £ |
|----------------------------|----------------|----------------|
| Staff costs:- | | |
| Wages and salaries | 311,010 | 218,314 |
| Other pension costs | 17,766 | 13,962 |
| | <u>328,776</u> | <u>232,276</u> |

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

| | Number | Number |
|----------------|-----------|-----------|
| Distribution | 67 | 44 |
| Administration | 2 | 2 |
| | <u>69</u> | <u>46</u> |

Directors' emoluments:-

| | £ | £ |
|--------------------------------------|--------|--------|
| Remuneration for management services | 52,634 | 49,654 |

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 | - |
| £35,001 - £40,000 | - | 1 |

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

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 £17,766 (1994: £13,962). All contributions were paid in the year.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1995 £ | 1994 £ |
|--|--------------|---------------|
| The taxation charge based on the profit before tax comprises:- | | |
| U.K. corporation tax at 25% (1994 - 25%) | 8,299 | 29,449 |
| | <u>8,299</u> | <u>29,449</u> |

8. EXTRAORDINARY ITEM

| | 1995 £ | 1994 £ |
|--|-----------------|-----------------|
| Loss on sale of freehold property | (34,049) | - |
| Irrecoverable debts re sale of La Piazza | - | (20,593) |
| | <u>(34,049)</u> | <u>(20,593)</u> |

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

9. INTANGIBLE ASSETS

| | Goodwill £ |
|---|----------------|
| <u>Cost</u> | |
| At 1 September 1994 | 89,900 |
| Additions | 15,743 |
| | <u>105,643</u> |
| At 31 August 1995 | |
| <u>Net book value at 31 August 1995</u> | <u>105,643</u> |
| <u>Net book value at 31 August 1994</u> | <u>89,900</u> |

Addition re Goodwill represents cost of Franchise fee paid in respect of Ipswich shop.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

10. TANGIBLE ASSETS

| | Land & buildings £ | Plant & machinery £ | Fixtures & fittings £ | Motor vehicles £ | Total £ |
|---|--------------------------|---------------------------|-----------------------------|------------------------|-------------|
| <u>Cost</u> | | | | | |
| At 1 September 1994 | 337,341 | 166,938 | - | 27,204 | 531,483 |
| Additions | 921,654 | 127,131 | 98,470 | - | 1,147,255 |
| Disposals | (75,000) | (11,940) | - | - | (86,940) |
| At 31 August 1995 | 1,183,995 | 282,129 | 98,470 | 27,204 | 1,591,798 |
| <u>Depreciation</u> | | | | | |
| At 1 September 1994 | - | 106,432 | - | 22,378 | 128,810 |
| Charge for year | - | 13,396 | 3,748 | 1,206 | 18,350 |
| At 31 August 1995 | - | 119,828 | 3,748 | 23,584 | 147,160 |
| <u>Net book value at 31 August 1995</u> | 1,183,995 | 162,301 | 94,722 | 3,620 | 1,444,638 |
| <u>Net book value at 31 August 1994</u> | 337,341 | 60,506 | - | 4,826 | 402,673 |
| | | | | 1995 | 1994 |
| | | | | £ | £ |
| Analysis of net book value of land and buildings: | | | | | |
| Freehold | | | | 921,654 | 75,000 |
| Short leasehold | | | | 262,341 | 262,341 |
| | | | | 1,183,995 | 337,341 |

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

11. INVESTMENTS - OTHER

| <u>Cost</u> | Beginning of year £ | Additions £ | End of year £ |
|---|---------------------------|----------------|---------------------|
| Other investments other than loans | 96,702 | 5,391 | 102,093 |
| | <u>96,702</u> | <u>5,391</u> | <u>102,093</u> |
| <u>Net book value</u> | <u>96,702</u> | | <u>102,093</u> |
| <u>Other investments other than loans</u> | 1995 | 1994 | |
| | Cost £ | Cost £ | |
| Unlisted | <u>102,093</u> | <u>96,702</u> | |

Investments represent investments in novelty motor cars.

| 12. STOCKS | 1995 £ | 1994 £ |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 27,001 | 11,752 |
| | <u>27,001</u> | <u>11,752</u> |
| 13. DEBTORS | 1995 £ | 1994 £ |
| Other debtors | - | 10,075 |
| Prepayments and accrued income | 11,130 | 4,216 |
| | <u>11,130</u> | <u>14,291</u> |

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

| | | | |
|-----|---|----------------|----------------|
| 14. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 1995 £ | 1994 £ |
| | Bank loans and overdrafts | 133,364 | 29,864 |
| | Trade creditors | 62,049 | 16,065 |
| | Corporation tax | 35,926 | 56,377 |
| | Other taxes and social security costs | 31,286 | 28,656 |
| | Directors' current accounts | 9,575 | 4,457 |
| | Accruals and deferred income | 99,501 | 17,010 |
| | | <u>371,701</u> | <u>152,429</u> |

| | | | |
|-----|--|----------------|---------------|
| 15. | CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 1995 £ | 1994 £ |
| | Loans | 757,455 | 47,004 |
| | | <u>757,455</u> | <u>47,004</u> |

| | | | |
|-----|---|----------------|---------------|
| 16. | BORROWINGS | 1995 £ | 1994 £ |
| | <u>The company's borrowings are repayable as follows:</u> | | |
| | In one year, or less or on demand | <u>133,364</u> | <u>29,864</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.

| | | | |
|-----|---|--------------|--------------|
| 17. | SHARE CAPITAL | 1995 £ | 1994 £ |
| | <u>Authorised</u> | | |
| | Equity interests: | | |
| | 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| | <u>Allotted, called up and fully paid</u> | | |
| | Equity interests: | | |
| | 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

18. PROFIT AND LOSS ACCOUNT

| | 1995 £ | 1994 £ |
|--------------------------------------|----------------|----------------|
| Retained profits at 1 September 1994 | 624,339 | 559,998 |
| Profit for the financial year | 37,303 | 64,341 |
| Retained profits at 31 August 1995 | <u>661,642</u> | <u>624,339</u> |

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1995 £ | 1994 £ |
|---|----------------|----------------|
| Profit for the financial year | 37,303 | 64,341 |
| Shareholders' funds at 1 September 1994 | 625,339 | 560,998 |
| Shareholders' funds at 31 August 1995 | <u>662,642</u> | <u>625,339</u> |
| Represented by:- | | |
| Equity interests | 662,642 | 625,339 |
| | <u>662,642</u> | <u>625,339</u> |

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

| | 1995 £ | 1994 £ |
|--|----------------|----------------|
| Operating profit | 82,044 | 119,028 |
| Depreciation | 18,350 | 12,287 |
| Increase in stocks | (15,249) | (6,332) |
| Decrease in debtors | 3,161 | 109,264 |
| Increase in creditors due within one year | 136,223 | (8,163) |
| Extraordinary items not involving cashflow | (34,049) | (20,593) |
| | <u>190,480</u> | <u>205,491</u> |

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1995

21. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

| | 1995 £ | 1994 £ |
|--|-----------|-----------|
| Cash at bank and in hand at 1 September 1994 | 209,454 | 61,472 |
| Cash at bank and in hand at 31 August 1995 | 101,293 | 209,454 |
| Net movement | (108,161) | 147,982 |
| Bank overdraft at 31 August 1995 | (3,757) | - |
| Net movement | (3,757) | - |
| Total net movements | (111,918) | 147,982 |