

KAYKEM FAST FOODS LIMITED

Company No: 2034313

FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1998



MUNIR TATAR & ASSOCIATES
Chartered Certified Accountants
Registered Auditors
32 Willoughby Road, London N8 OJG

KAYKEM FAST FOODS LIMITED

DIRECTORS

Mr K Ahmet
Mrs B Ahmet

SECRETARY

Mrs B Ahmet

BUSINESS ADDRESS

11B High Street, Colchester,
Essex CO1 1DA; and
2 Copdock Mill Interchange,
Ipswich IP8 3LE.

REGISTERED OFFICE

11B High Street
Colchester
Essex CO1 1DA

AUDITORS

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

SOLICITORS

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

PRINCIPAL BANKERS

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

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 1998.

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 financial position at the end of the year to be satisfactory.

DIVIDENDS

The directors have paid interim dividends amounting to £34,000, and they do not recommend payment of a final dividend.

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>1998</u>	<u>1997</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 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: .20/01/99....

By Order of the Board
Bilkey Ahmet
Mrs B Ahmet
Secretary

KAYKEM FAST FOODS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF
KAYKEM FAST FOODS LIMITED

We have audited the financial statements on pages 4 to 13 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 on 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.

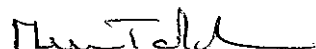
Basis of opinion

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MUNIR TATAR & ASSOCIATES
Chartered Certified Accountants
Registered Auditors

32 Willoughby Road
London N8 0JG

Date: .23/01/99....

KAYKEM FAST FOODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1998

	Notes	1998 £	1997 £
TURNOVER		1,806,996	1,587,208
Cost of sales		(533,133)	(505,269)
GROSS PROFIT		1,273,863	1,081,939
Distribution costs		(646,158)	(562,955)
Administrative expenses		(318,750)	(288,824)
OPERATING PROFIT	2	308,955	230,160
Interest receivable	3	7,081	5,837
Interest payable	4	(75,043)	(83,117)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		240,993	152,880
Tax on profit on ordinary activities	7	(52,380)	(35,402)
PROFIT FOR THE FINANCIAL YEAR		188,613	117,478
Dividends	8	(34,000)	(39,000)
RETAINED PROFIT FOR THE YEAR	19	154,613	78,478

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 6 to 13 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

BALANCE SHEET AT 31ST AUGUST 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Intangible assets	9		100,361		105,643
Tangible assets	10		1,432,641		1,449,106
Investments	11		152,093		152,093
			<u>1,685,095</u>		<u>1,706,842</u>
CURRENT ASSETS					
Stocks	12	15,865		18,268	
Debtors	13	25,197		23,359	
Cash at bank and in hand		203,618		164,181	
		<u>244,680</u>		<u>205,808</u>	
CREDITORS: Amounts falling due within one year	14	(346,323)		(409,950)	
NET CURRENT LIABILITIES			<u>(101,643)</u>		<u>(204,142)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,583,452		1,502,700
CREDITORS: Amounts falling due after more than one year	15		(544,395)		(618,257)
			<u>1,039,057</u>		<u>884,443</u>
CAPITAL AND RESERVES					
Called up share capital	18		1,000		1,000
Profit and loss account	19		1,038,057		883,443
			<u>1,039,057</u>		<u>884,443</u>

The financial statements were approved by the board on 20/01/99... and signed on its behalf by

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

The notes on pages 6 to 13 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1998

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 GOODWILL

The company's policy is to write off goodwill evenly over its estimated life of 20 years.

1.4 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.

1.5 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.

1.6 DEFERRED TAXATION

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

1.7 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over 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.

1.8 PENSIONS

Pension contributions are charged to the profit and loss account 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 1998

2.	OPERATING PROFIT	1998 £	1997 £
	The operating profit is stated after charging:		
	Depreciation	39,921	46,623
	Amortisation of goodwill	5,282	-
	Auditors' remuneration	3,250	3,250
		<hr/>	<hr/>
3.	INTEREST RECEIVABLE	1998 £	1997 £
	Bank and other interest receivable	7,081	5,837
		<hr/>	<hr/>
		7,081	5,837
		<hr/>	<hr/>
4.	INTEREST PAYABLE	1998 £	1997 £
	On bank loans and overdrafts	73,873	82,001
	On overdue tax	150	96
	Hire purchase interest	1,020	1,020
		<hr/>	<hr/>
		75,043	83,117
		<hr/>	<hr/>
5.	DIRECTORS AND EMPLOYEES	1998 £	1997 £
	Staff costs:		
	Wages and salaries	513,660	438,735
	Other pension costs	23,131	15,972
		<hr/>	<hr/>
		536,791	454,707
		<hr/>	<hr/>
	The average number of employees during the year was made up as follows:	Number	Number
	Administration	2	2
	Selling and Distribution	111	87
		<hr/>	<hr/>
		113	89
		<hr/>	<hr/>
	Directors' emoluments:	£	£
	Remuneration for management services	50,063	48,865
		<hr/>	<hr/>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1998

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 £23,131 (1997: £15,972). All contributions were paid during the year.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge comprises:		
U.K. corporation tax at 21% (1997 - 21%)	52,380	35,402
	<u>52,380</u>	<u>35,402</u>

8. DIVIDENDS

	1998 £	1997 £
Equity interests		
Ordinary:-		
Interim dividend paid 28 August 1998	10,000	19,000
Final dividend proposed	-	20,000
Interim dividend paid 28 August 1998	24,000	-
	<u>34,000</u>	<u>39,000</u>

9. INTANGIBLE ASSETS

	Goodwill £
<u>Cost</u>	
At 1 September 1997 and At 31 August 1998	<u>105,643</u>
<u>Amortisation</u>	
Charge for year	<u>5,282</u>
At 31 August 1998	<u>5,282</u>
<u>Net book value at 31 August 1998</u>	<u>100,361</u>
<u>Net book value at 31 August 1997</u>	<u>105,643</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1998

10. TANGIBLE ASSETS

	Land & buildings £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<u>Cost</u>					
At 1 September 1997	1,203,078	280,111	153,574	36,354	1,673,117
Additions	17,975	2,311	3,170	-	23,456
At 31 August 1998	1,221,053	282,422	156,744	36,354	1,696,573
<u>Depreciation</u>					
At 1 September 1997	-	164,563	43,535	15,913	224,011
Charge for year	-	17,779	17,032	5,110	39,921
At 31 August 1998	-	182,342	60,567	21,023	263,932
<u>Net book value at 31 August 1998</u>	1,221,053	100,080	96,177	15,331	1,432,641
<u>Net book value at 31 August 1997</u>	1,203,078	115,548	110,039	20,441	1,449,106

	1998 £	1997 £
Analysis of net book value of land and buildings:		
Freehold	941,832	930,580
Short leasehold	279,221	272,498
	1,221,053	1,203,078

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

	1998 £	1997 £
Net book values:		
Motor vehicles	15,187	20,250
	15,187	20,250
Depreciation charge for the year:		
Motor vehicles	5,063	6,750
	5,063	6,750

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 1998

11. INVESTMENTS

<u>Cost</u>		<u>Beginning of year £</u>	<u>Additions £</u>	<u>End of year £</u>
Other investments other than loans		152,093	-	152,093
		<u>152,093</u>	<u>-</u>	<u>152,093</u>
<u>Net book value</u>		<u>152,093</u>		<u>152,093</u>
<u>Other investments other than loans</u>	<u>1998</u>		<u>1997</u>	
	<u>Cost £</u>	<u>Market value £</u>	<u>Cost £</u>	<u>Market value £</u>
Listed	50,000	-	50,000	-
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Unlisted	102,093		102,093	
	<u>102,093</u>		<u>102,093</u>	

12. STOCKS

	<u>1998 £</u>	<u>1997 £</u>
Finished goods and goods for resale	15,865	18,268
	<u>15,865</u>	<u>18,268</u>

13. DEBTORS

	<u>1998 £</u>	<u>1997 £</u>
Other debtors	-	4,055
Advance corporation tax	-	9,750
Prepayments and accrued income	25,197	9,554
	<u>25,197</u>	<u>23,359</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1998

14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1998 £	1997 £
	Bank loans and overdrafts	148,170	181,076
	Trade creditors	42,046	43,454
	Corporation tax	40,140	70,290
	Other taxes and social security costs	74,932	60,860
	Net obligations under finance lease and hire purchase contracts	6,094	7,667
	Directors' current accounts	1,665	535
	Accruals and deferred income	33,276	46,068
		<u>346,323</u>	<u>409,950</u>

15.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1998 £	1997 £
	Loans	544,395	613,184
	Net obligations under finance leases and hire purchase contracts	-	5,073
		<u>544,395</u>	<u>618,257</u>

16.	BORROWINGS	1998 £	1997 £
	<u>The company's borrowings are repayable as follows:</u>		
	In one year, or less or on demand	<u>148,170</u>	<u>181,076</u>

Details of security:

:Mortgage debenture dated 24.11.94 over fixed and floating assets.:Legal mortgage dated 9.6.95 over Burger King and Drive Thru unit, Copdock Mill, Copdock, Ipswich. Legal mortgage dated 9.2.87 over 11B High Street, Colchester.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1998

17. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	1998 £	1997 £
<u>The company's net obligations under finance leases and hire purchase contracts are repayable as follows:</u>		
In one year, or less or on demand	6,094	7,667
Between one and two years	-	7,667
Between two and five years	-	5,075
	<hr/>	<hr/>
	6,094	20,409
Included in current liabilities	(6,094)	(7,667)
	<hr/>	<hr/>
	-	12,742
	<hr/>	<hr/>
18. SHARE CAPITAL	1998 £	1997 £
<u>Authorised</u>		
<u>Equity interests:</u>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<u>Allotted, called up and fully paid</u>		
<u>Equity interests:</u>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
19. PROFIT AND LOSS ACCOUNT	1998 £	1997 £
Retained profits at 1 September 1997	883,444	804,965
Retained profit for the year	154,613	78,478
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Retained profits at 31 August 1998	1,038,057	883,443
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KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1998

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	188,613	117,478
Dividends	(34,000)	(39,000)
	<hr/>	<hr/>
Shareholders' funds at 1 September 1997	154,613	78,478
	884,444	805,965
	<hr/>	<hr/>
Shareholders' funds at 31 August 1998	1,039,057	884,443
	<hr/>	<hr/>
Represented by:-		
Equity interests	1,039,057	884,443
	<hr/>	<hr/>
	1,039,057	884,443
	<hr/>	<hr/>

21. CONTINGENT LIABILITIES

None

22. POST BALANCE SHEET EVENTS

None.