

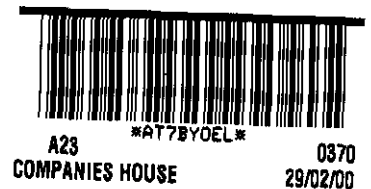
KAYKEM FAST FOODS LIMITED

Company No: 2034313

FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1999



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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2	Auditors' report
3	Profit and loss account
4	Balance sheet
5	Cash flow statement
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KAYKEM FAST FOODS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 August 1999.

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 £20,000, 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 shares</u>	<u>Number of shares</u>	
		<u>1999</u>	<u>1998</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.

AUDITORS

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

Date: 23/02/00

By Order of the Board
Bilkay Ahmet
Mrs B Ahmet
Director

KAYKEM FAST FOODS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF
KAYKEM FAST FOODS LIMITED

We have audited the financial statements on pages 3 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 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 1999 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: 24/02/00.

KAYKEM FAST FOODS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1999**

	Notes	1999 £	1998 £
TURNOVER		1,807,056	1,806,996
Cost of sales		(525,462)	(533,133)
GROSS PROFIT		1,281,594	1,273,863
Distribution costs		(680,614)	(646,158)
Administrative expenses		(330,988)	(318,750)
OPERATING PROFIT	2	269,992	308,955
Interest receivable	3	10,734	7,081
Interest payable	4	(69,444)	(75,043)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		211,282	240,993
Tax on profit on ordinary activities	7	(42,028)	(52,380)
PROFIT FOR THE FINANCIAL YEAR		169,254	188,613
Dividends	8	(20,000)	(34,000)
RETAINED PROFIT FOR THE YEAR	23	149,254	154,613

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


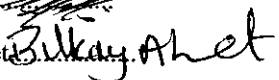
The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 14 form part of these financial statements.

KAYKEM FAST FOODS LIMITED**BALANCE SHEET AT 31ST AUGUST 1999**

	Notes	1999 £	1998 £
FIXED ASSETS			
Intangible assets	9	95,079	100,361
Tangible assets	10	1,486,879	1,432,641
Investments	11	152,093	152,093
		<u>1,734,051</u>	<u>1,685,095</u>
CURRENT ASSETS			
Stocks	14	13,838	15,865
Debtors	15	27,672	25,197
Cash at bank and in hand		273,127	203,618
		<u>314,637</u>	<u>244,680</u>
CREDITORS: Amounts falling due within one year		<u>(362,634)</u>	<u>(346,323)</u>
NET CURRENT LIABILITIES		<u>(47,997)</u>	<u>(101,643)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,686,054	1,583,452
CREDITORS: Amounts falling due after more than one year		<u>(497,739)</u>	<u>(544,395)</u>
		<u>1,188,315</u>	<u>1,039,057</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,000	1,000
Profit and loss account	23	1,187,315	1,038,057
SHAREHOLDERS FUNDS		<u>1,188,315</u>	<u>1,039,057</u>

The financial statements were approved
by the board on 23/3/2000
and signed on its behalf by

Mr K Ahmet  } Directors
Mrs B Ahmet  }

The notes on pages 6 to 14 form part of these financial statements.

KAYKEM FAST FOODS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 1999**

	Notes	1999 £	£	1998 £	£
CASH FLOW FROM OPERATING ACTIVITIES			341,558		345,975
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(58,710)		(67,962)
TAXATION			(62,130)		(72,780)
CAPITAL EXPENDITURE			(76,675)		(22,436)
EQUITY DIVIDENDS PAID			(20,000)		(34,000)
Cash inflow before use of liquid resources and financing			124,043		148,797
FINANCING					
Increase in debt		(67,765)		(76,456)	
			(67,765)		(76,456)
INCREASE IN CASH IN THE YEAR			56,278		72,341
CASH DIFFERENCE			18,252		2

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT 24

INCREASE IN CASH IN THE YEAR	56,278	72,341
Cash outflow from decrease in debt and lease financing	67,765	76,456
Change in net debt resulting from cash flows	124,043	148,797
New finance leases	(28,336)	(1,020)
Movement in net debt in the year	95,707	147,777
Net debt at 1 September 1998	(495,040)	(642,820)
Net debt at 31 August 1999	<u>(399,333)</u>	<u>(495,043)</u>

The notes on pages 6 to 14 form part of these financial statements.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999

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.

2. OPERATING PROFIT

The operating profit is stated after charging:

	1999	1998
	£	£
Depreciation	53,587	39,921
Amortisation of goodwill	5,282	5,282
Auditors' remuneration	3,375	3,250

3. INTEREST RECEIVABLE

Bank and other interest receivable

1999	1998
£	£
10,734	7,081
<u>10,734</u>	<u>7,081</u>

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999**

4. INTEREST PAYABLE	1999 £	1998 £
On bank loans and overdrafts	67,677	73,873
On overdue tax	217	150
Hire purchase interest	1,550	1,020
	<u>69,444</u>	<u>75,043</u>

5. DIRECTORS AND EMPLOYEES	1999 £	1998 £
Staff costs:		
Wages and salaries	537,189	513,660
Other pension costs	31,260	23,131
	<u>568,449</u>	<u>536,791</u>

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

	Number	Number
Administration	2	2
Selling and Distribution	94	111
	<u>96</u>	<u>113</u>

Directors' emoluments:	£	£
Remuneration for management services	<u>50,860</u>	<u>50,063</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 £31,260 . (1998£23,131). All contributions were paid during the year.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge comprises:		
U.K. corporation tax at 20.58% (1998 - 21%)	43,288	52,380
	<u>43,288</u>	<u>52,380</u>
Adjustment in respect of prior years	(1,260)	-
	<u>42,028</u>	<u>52,380</u>

8. DIVIDENDS

	1999 £	1998 £
Equity interests		
Ordinary:-		
Interim dividend paid 22 January 1999	10,000	10,000
Interim dividend paid 16 February 1999	10,000	24,000
	<u>20,000</u>	<u>34,000</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999

9. INTANGIBLE ASSETS

	Goodwill £
<u>Cost</u>	
At 1 September 1998 and At 31 August 1999	105,643
<u>Amortisation</u>	
At 1 September 1998	5,282
Charge for year	5,282
At 31 August 1999	10,564
<u>Net book value at 31 August 1999</u>	95,079
<u>Net book value at 31 August 1998</u>	100,361

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999

10. TANGIBLE ASSETS

	Land & buildings £	Plant & machinery £	Fixtures fittings £	& Motor vehicles £	Total £
<u>Cost</u>					
At 1 September 1998	1,221,053	282,422	156,744	36,354	1,696,573
Additions	7,060	440	48,312	67,199	123,011
Disposals	-	-	-	(36,000)	(36,000)
At 31 August 1999	1,228,113	282,862	205,056	67,553	1,783,584
<u>Depreciation</u>					
At 1 September 1998	-	182,342	60,566	21,023	263,931
Charge for year	-	15,078	21,673	16,836	53,587
On disposals	-	-	-	(20,813)	(20,813)
At 31 August 1999	-	197,420	82,239	17,046	296,705
<u>Net book value at 31 August 1999</u>	1,228,113	85,442	122,817	50,507	1,486,879
<u>Net book value at 31 August 1998</u>	1,221,053	100,080	96,178	15,331	1,432,642

	1999 £	1998 £
Analysis of net book value of land and buildings:		
Freehold	948,892	941,832
Short leasehold	279,221	279,221
	1,228,113	1,221,053

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

	1999 £	1998 £
Net book values:		
Motor vehicles	24,562	15,187
	24,562	15,187
Depreciation charge for the year:		
Motor vehicles	8,187	5,063
	8,187	5,063

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 1999****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>1999</u>		<u>1998</u>	
	<u>Cost £</u>	<u>Market value £</u>	<u>Cost £</u>	<u>Market value £</u>
Listed	<u>50,000</u>	<u>8,500</u>	<u>50,000</u>	<u>-</u>
Unlisted	<u>102,093</u>		<u>102,093</u>	

The listed investments represent the cost of 50,000 ordinary shares in Dragon Oil Plc registered in Dublin, Ireland. The unlisted investments represent cost of vintage cars the market value of which could not be determined in the absence of a proper market.

12. STOCKS

	<u>1999 £</u>	<u>1998 £</u>
Finished goods and goods for resale	13,838	15,865
	<u>13,838</u>	<u>15,865</u>

13. DEBTORS

	<u>1999 £</u>	<u>1998 £</u>
Prepayments and accrued income	27,672	25,197
	<u>27,672</u>	<u>25,197</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999 £</u>	<u>1998 £</u>
Bank loans and overdrafts	150,556	148,170
Trade creditors	42,560	42,046
Corporation tax	38,288	40,140
Other taxes and social security costs	77,980	74,932
Net obligations under finance lease and hire purchase contracts	5,913	6,094
Directors' current accounts	1,545	1,665
Accruals and deferred income	45,792	33,276
	<u>362,634</u>	<u>346,323</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1999 £	1998 £
Loans	478,787	544,395
Net obligations under finance leases and hire purchase contracts	18,952	-
	<u>497,739</u>	<u>544,395</u>

16. BORROWINGS	1999 £	1998 £
<u>The company's borrowings are repayable as follows:</u>		
In one year, or less or on demand	150,556	148,170
Between one and two years	149,981	142,574
Between two and five years	328,806	401,821
	<u>629,343</u>	<u>692,565</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.

17. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	1999 £	1998 £
<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	5,913	6,094
Between one and two years	5,913	-
Between two and five years	13,039	-
	<u>24,865</u>	<u>6,094</u>
Included in current liabilities	(5,913)	(6,094)
	<u>18,952</u>	<u>-</u>

18. SHARE CAPITAL	1999 £	1998 £
<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 1999****19. PROFIT AND LOSS ACCOUNT**

	1999	1998
	£	£
Retained profits at 1 September 1998	1,038,061	883,444
Retained profit for the year	149,254	154,613
Retained profits at 31 August 1999	<u>1,187,315</u>	<u>1,038,057</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	169,254	188,613
Dividends	(20,000)	(34,000)
	<u>149,254</u>	<u>154,613</u>
Shareholders' funds at 1 September 1998	1,039,061	884,444
Shareholders' funds at 31 August 1999	<u>1,188,315</u>	<u>1,039,057</u>
Represented by:-		
Equity interests	1,188,315	1,039,057
	<u>1,188,315</u>	<u>1,039,057</u>

21. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1999	1998
	£	£
Operating profit	269,992	308,955
Depreciation	58,869	45,203
Profit on disposal of fixed assets	(2,813)	-
Decrease in stocks	2,027	2,403
Increase in debtors	(2,475)	(11,588)
Increase in creditors due within one year	15,958	1,002
Cash flow from operating activities	<u>341,558</u>	<u>345,975</u>

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999****22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH
FLOW
STATEMENT**

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest received	10,734	7,081
Interest paid	(67,894)	(74,023)
Interest element on hire purchase contracts	(1,550)	(1,020)
Net cash outflow from returns on investments and servicing of finance	<u>(58,710)</u>	<u>(67,962)</u>
Capital expenditure		
Purchase of tangible fixed assets	(94,675)	(22,436)
Receipts from sale of tangible assets	18,000	-
Net cash inflow from capital expenditure	<u>(76,675)</u>	<u>(22,436)</u>
Financing		
Debt due beyond one year		
Receipts from other long term loans	87,461	73,873
Repayment of other long term loans	(145,661)	(142,662)
Repayment of capital on hire purchase contracts and finance leases rentals	(9,565)	(7,667)
Net cash outflow from financing	<u>(67,765)</u>	<u>(76,456)</u>

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 1999****23. ANALYSIS OF NET DEBT**

	Beginning of year £	1999 Cash flow £	Other movements £	End of year £
Cash at bank and in hand	203,618	69,509	-	273,127
Bank overdrafts	(5,596)	5,021	-	(575)
Debt due after one year	(686,968)	58,200	-	(628,768)
Finance leases	(6,094)	9,565	(28,336)	(24,865)
	<u>(495,040)</u>	<u>142,295</u>	<u>(28,336)</u>	<u>(381,081)</u>

The movement in net debt includes £144,068 (1998: £136,480) of debt and leases reclassified from liabilities falling due after more than one year to liabilities falling due within one year.

Other movements	Other non-cash changes £	Exchange movements £	Net movements £
Finance leases	(28,336)	-	(28,336)
	<u>(28,336)</u>	<u>-</u>	<u>(28,336)</u>

	Beginning of year £	1998 Cash flow £	Other movements £	End of year £
Cash at bank and in hand	164,181	39,437	-	203,618
Bank overdrafts	(38,502)	32,906	-	(5,596)
Debt due after one year	(755,758)	(73,873)	(73,873)	(903,504)
Finance leases	(12,741)	7,667	(1,020)	(6,094)
	<u>(642,820)</u>	<u>6,137</u>	<u>(74,893)</u>	<u>(711,576)</u>

Other movements	Other non-cash changes £	Exchange movements £	Net movements £
Debt due after one year	(73,873)	-	(73,873)
Finance leases	(1,020)	-	(1,020)
	<u>(74,893)</u>	<u>-</u>	<u>(115,797)</u>

24. MAJOR NON-CASH TRANSACTIONS

Depreciation: £58869

25. CONTINGENT LIABILITIES

None

26. POST BALANCE SHEET EVENTS

In October 1999, the company acquired the majority interest in a burger king shop at Braintree, Essex.