

KAYKEM FAST FOODS LIMITED

Company No: 2034313

FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 2000

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



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COMPANIES HOUSE

ATIAMZHX

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03/04/01

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 0JG

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 audited financial statements for the year ended 31 August 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The company acquired a new shop unit at Braintree in October 1999.

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 £33,829, 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>2000</u>	<u>1999</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: 19/02/01

By Order of the Board
Bülkey 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 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 2000 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

Registered Auditors
32 Willoughby Road
London N8 0JG

Date: 21/03/01.

KAYKEM FAST FOODS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 2000**

	Notes	2000 £	1999 £
TURNOVER		2,603,080	1,807,056
Cost of sales		(721,343)	(525,462)
GROSS PROFIT		1,881,737	1,281,594
Distribution costs		(894,717)	(680,614)
Administrative expenses		(485,351)	(330,988)
OPERATING PROFIT	2	501,669	269,992
Income from investments	3	8,432	10,734
Interest payable	4	(78,634)	(69,444)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		431,467	211,282
Tax on profit on ordinary activities	7	(95,642)	(42,028)
PROFIT FOR THE FINANCIAL YEAR		335,825	169,254
Dividends	8	(33,829)	(20,000)
RETAINED PROFIT FOR THE YEAR	24	301,996	149,254

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

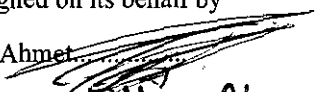
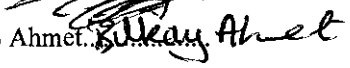
The company has no recognised gains or losses other than those dealt with in the profit and loss account.

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

KAYKEM FAST FOODS LIMITED**BALANCE SHEET AT 31ST AUGUST 2000**

	Notes	2000 £	1999 £
FIXED ASSETS			
Intangible assets	9	89,010	95,079
Tangible assets	10	1,881,764	1,486,879
Investments	11	162,093	152,093
		<u>2,132,867</u>	<u>1,734,051</u>
CURRENT ASSETS			
Stocks	15	19,870	13,838
Debtors	16	24,441	27,672
Investments	17	87,017	-
Cash at bank and in hand		282,928	273,127
		<u>414,256</u>	<u>314,637</u>
CREDITORS: Amounts falling due within one year		<u>(522,511)</u>	<u>(362,634)</u>
NET CURRENT LIABILITIES		<u>(108,255)</u>	<u>(47,997)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,024,612</u>	<u>1,686,054</u>
CREDITORS: Amounts falling due after more than one year		<u>(534,302)</u>	<u>(497,739)</u>
		<u>1,490,310</u>	<u>1,188,315</u>
CAPITAL AND RESERVES			
Called up share capital	20	1,000	1,000
Profit and loss account	24	1,489,310	1,187,315
SHAREHOLDERS FUNDS		<u>1,490,310</u>	<u>1,188,315</u>

The financial statements were approved
by the board on 19/10/01
and signed on its behalf by

Mr K Ahmet )
Mrs B Ahmet ) Directors

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 2000**

	Notes	2000 £	1999 £
CASH FLOW FROM OPERATING ACTIVITIES		544,192	341,558
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(70,202)	(58,710)
TAXATION		(43,250)	(62,130)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(470,692)	(76,675)
EQUITY DIVIDENDS PAID		(33,829)	(20,000)
Cash outflow before use of liquid resources and financing		(73,781)	124,043
FINANCING			
Increase in debt		79,158	(67,765)
		79,158	(67,765)
INCREASE IN CASH IN THE YEAR		5,377	56,278
CASH DIFFERENCE		4,999	18,252

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT 25

INCREASE IN CASH IN THE YEAR	5,377	56,278
Cash inflow from increase in debt and lease financing	(79,158)	67,765
Change in net debt resulting from cash flows	(73,781)	124,043
New finance leases	(2,666)	(28,336)
Movement in net debt in the year	(76,447)	95,707
Net debt at 1 September 1999	(381,082)	(495,040)
Net funds at 31 August 2000	(457,529)	(399,333)

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 2000

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 17 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:

Depreciation	68,474	53,587
Amortisation of goodwill	6,069	5,282
Auditors' remuneration	4,750	3,375
	<hr/>	<hr/>

3. INCOME FROM INVESTMENTS

Bank and other interest receivable	6,314	10,734
Income from investments	2,118	-
	<hr/>	<hr/>
	8,432	10,734
	<hr/>	<hr/>

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000**

4. INTEREST PAYABLE	2000	1999
	£	£
On bank loans and overdrafts	75,730	67,677
On overdue tax	238	217
Hire purchase interest	2,666	1,550
	<u>78,634</u>	<u>69,444</u>
5. DIRECTORS AND EMPLOYEES	2000	1999
	£	£
Staff costs:		
Wages and salaries	630,774	537,189
Other pension costs	11,375	31,260
	<u>642,149</u>	<u>568,449</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>50,484</u>	<u>50,860</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 £11,375. (1999£31,260). All contributions were paid during the year.		
7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2000	1999
	£	£
The taxation charge comprises:		
U.K. corporation tax at 22.9% (1999 - 20.58%)	95,680	43,288
	<u>95,680</u>	<u>43,288</u>
Adjustment in respect of prior years	(38)	(1,260)
	<u>95,642</u>	<u>42,028</u>
8. DIVIDENDS	2000	1999
	£	£
Equity interests		
Ordinary:-		
Interim dividend paid 22 October 1999	3,829	10,000
Interim dividend paid 24 January 2000	10,000	10,000
Interim dividend paid 4 May 2000	20,000	-
	<u>33,829</u>	<u>20,000</u>

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000

9. INTANGIBLE ASSETS

	Goodwill £
<u>Cost</u>	
At 1 September 1999 and At 31 August 2000	105,643
<u>Amortisation</u>	
At 1 September 1999	10,564
Charge for year	6,069
At 31 August 2000	16,633
<u>Net book value at 31 August 2000</u>	89,010
<u>Net book value at 31 August 1999</u>	95,079

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000

10. TANGIBLE ASSETS

	Land & buildings £	Plant & machinery £	Fixtures fittings £	& Motor vehicles £	Total £
<u>Cost</u>					
At 1 September 1999	1,228,113	282,862	205,056	67,553	1,783,584
Additions	299,270	88,456	75,632	-	463,358
At 31 August 2000	1,527,383	371,318	280,688	67,553	2,246,942
<u>Depreciation</u>					
At 1 September 1999	-	197,420	82,239	17,046	296,705
Charge for year	-	26,079	29,767	12,627	68,473
At 31 August 2000	-	223,499	112,006	29,673	365,178
<u>Net book value at 31 August 2000</u>	<u>1,527,383</u>	<u>147,819</u>	<u>168,682</u>	<u>37,880</u>	<u>1,881,764</u>
<u>Net book value at 31 August 1999</u>	<u>1,228,113</u>	<u>85,442</u>	<u>122,817</u>	<u>50,507</u>	<u>1,486,879</u>

	2000 £	1999 £
Analysis of net book value of land and buildings:		
Freehold	959,512	948,892
Short leasehold	567,871	279,221
	<u>1,527,383</u>	<u>1,228,113</u>

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

	2000 £	1999 £
Net book values:		
Motor vehicles	-	24,562
	<u>-</u>	<u>24,562</u>
Depreciation charge for the year:		
Motor vehicles	-	8,187
	<u>-</u>	<u>8,187</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 2000

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	10,000	162,093
	<u>152,093</u>	<u>10,000</u>	<u>162,093</u>
<u>Net book value</u>	<u>152,093</u>		<u>162,093</u>

<u>Other investments other than loans</u>	2000		1999	
	<u>Cost £</u>	<u>Market value £</u>	<u>Cost £</u>	<u>Market value £</u>
Listed	<u>50,000</u>	<u>8,875</u>	<u>50,000</u>	<u>8,500</u>
Unlisted	<u>112,093</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 amounting to £102,093 and 10,000 Ordinary shares in Pupil Line Limited, a private Company, market value of which could not be determined in the absence of a proper market.

12. STOCKS

	2000 £	1999 £
Finished goods and goods for resale	19,870	13,838
	<u>19,870</u>	<u>13,838</u>

13. DEBTORS

	2000 £	1999 £
Other debtors	7,000	-
Prepayments and accrued income	17,441	27,672
	<u>24,441</u>	<u>27,672</u>

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****14. INVESTMENTS - CURRENT ASSETS**

		2000 £	1999 £
<u>Other</u>			
Other investments other than loans		87,017	-
<u>Other investments other than loans</u>			
	2000	1999	
	Cost	Cost	Market
	£	£	value
			£
Listed	87,017	-	-

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans and overdrafts	201,156	150,556
Trade creditors	78,124	42,560
Corporation tax	95,680	38,288
Other taxes and social security costs	104,498	77,980
Net obligations under finance lease and hire purchase contracts	-	5,913
Directors' current accounts	1,653	1,545
Other creditors	4,839	-
Accruals and deferred income	36,561	45,792
	522,511	362,634

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Loans	534,302	478,787
Net obligations under finance leases and hire purchase contracts	-	18,952
	534,302	497,739

17. BORROWINGS

	2000 £	1999 £
<u>The company's borrowings are repayable as follows:</u>		
In one year, or less or on demand	204,369	150,556
Between one and two years	196,616	149,981
Between two and five years	337,686	328,806
	738,671	629,343

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: Legal mortgage dated 19.7.2000 over Freeport Designer Outlet Village , Chapel Hill, Braintree, Essex.

KAYKEM FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000

18. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	2000 £	1999 £
<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
Between one and two years	-	5,913
Between two and five years	-	13,039
	-	24,865
Included in current liabilities	-	(5,913)
	-	18,952
19. SHARE CAPITAL	2000 £	1999 £
<u>Authorised</u>		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
<u>Allotted, called up and fully paid</u>		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
20. PROFIT AND LOSS ACCOUNT	2000 £	1999 £
Retained profits at 1 September 1999	1,187,314	1,038,061
Retained profit for the year	301,996	149,254
Retained profits at 31 August 2000	1,489,310	1,187,315
21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000 £	1999 £
Profit for the financial year	335,825	169,254
Dividends	(33,829)	(20,000)
	301,996	149,254
Shareholders' funds at 1 September 1999	1,188,314	1,039,061
Shareholders' funds at 31 August 2000	1,490,310	1,188,315
Represented by:-		
Equity interests	1,490,310	1,188,315
	1,490,310	1,188,315

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****22. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	2000 £	1999 £
Operating profit	501,669	269,992
Depreciation	74,543	58,869
Profit on disposal of fixed assets	-	(2,813)
Increase in stocks	(6,032)	2,027
InDecrease in debtors	(83,786)	(2,475)
Increase in creditors due within one year	57,798	15,958
Cash flow from operating activities	544,192	341,558

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	6,314	10,734
Interest paid	(75,968)	(67,894)
Dividends received	2,118	-
Interest element on hire purchase contracts	(2,666)	(1,550)
Net cash outflow from returns on investments and servicing of finance	(70,202)	(58,710)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(460,692)	(94,675)
Purchase of other investments	(10,000)	-
Receipts from sale of tangible assets	-	18,000
Net cash inflow from capital expenditure and financial investment	(470,692)	(76,675)
Financing		
Debt due beyond one year		
Receipts from other long term loans	903,410	87,461
Repayment of other long term loans	(796,721)	(145,661)
Repayment of capital on hire purchase contracts and finance leases rentals	(27,531)	(9,565)
Net cash inflow from financing	79,158	(67,765)

KAYKEM FAST FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****24. ANALYSIS OF NET DEBT**

	Beginning of year £	2000 Cash flow £	Other movements £	End of year £
Cash at bank and in hand	273,127	9,801	-	282,928
Bank overdrafts	(575)	575	-	-
Debt due after one year	(628,769)	(106,689)	-	(735,458)
Finance leases	(24,865)	27,531	(2,666)	-
Current asset investments	-	87,017	-	87,017
	<u>(381,082)</u>	<u>18,235</u>	<u>(2,666)</u>	<u>(365,513)</u>

The movement in net debt includes £201,156 (1999: £144,068) of debt 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	(2,666)	-	(2,666)
	<u>(2,666)</u>	<u>-</u>	<u>(2,666)</u>

	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)	(87,461)	(87,461)	(861,890)
Finance leases	(6,094)	9,565	(28,336)	(24,865)
	<u>(495,040)</u>	<u>(3,366)</u>	<u>(115,797)</u>	<u>(614,203)</u>

Other movements	Other non-cash changes £	Exchange movements £	Net movements £
Debt due after one year	(87,461)	-	(87,461)
Finance leases	(28,336)	-	(28,336)
	<u>(115,797)</u>	<u>-</u>	<u>(906,076)</u>

25. MAJOR NON-CASH TRANSACTIONS

Depreciation: £74543

26. CONTINGENT LIABILITIES

None

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STERLING LEARNING SYSTEMS (UK) LIMITED

REPORT AND ACCOUNTS

PERIOD ENDED 31 DECEMBER 2000

Registered number: 3761922

