

2522705

KITEVALE LIMITED
Financial Statements 1998



KITEVALE LIMITED

Annual Report and Financial Statements for the year ended 27th September 1998

Contents

Page

1.	Directors
2.	Report of the Directors
5.	Report of the Auditors
6.	Profit and loss account and statement of total recognised gains and losses
7.	Balance sheet
8.	Cash flow statement
9.	Accounting policies
11.	Notes forming part of the Financial Statements

Directors

J. Barnes
J.F. Mallinson
G.T. Parr

Secretary and Registered Office

R. Taylor
1 Water Street
Manchester.
M3 4JU

Auditors

Dale Pickard & Co.
Registered Auditors and Chartered Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

Company Number

Company Number 2522705 (England and Wales)

KITEVALE LIMITED

Report of the Directors' for the year ended 27th September 1998

The directors present their report together with the audited financial statements for the year ended 27th September 1998.

Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year.

The directors recommend that no final dividend be paid for the year (1997 : £Nil).

Principal activities, trading review and future developments.

The principal activity of the company continues to be that of a Fish and Chip Restaurant and Takeaway Facility. The company operates a franchise in the North West of England under the trading name "Harry Ramsden's".

Although the directors are disappointed with the results for the year they are satisfied with the financial position of the company at the year end, and expect profitable trading in the new financial year.

Fixed assets

Details of movements in fixed assets are set out in the notes to the financial statements.

In the opinion of the directors' the value of the company's freehold land and buildings is not materially different from the book value included in these financial statements.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were :

	Ordinary Shares of £1 each	
	1998 No.	1997 No.
J. Barnes	-	-
J.F. Mallinson *	174,900	174,900
G.T. Parr	158,470	158,470

* Including shares held by a connected company.

KITEVALE LIMITED

Report of the Directors' for the year ended 27th September 1998 (Continued.....)

Directors (Continued....)

Messrs. J. Barnes and G.T. Parr are also directors of Harry Ramsden's Plc. which owns 34% of the ordinary shares of the Company.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee Involvement

The flow of information to staff has been maintained by our staff newspaper. Management regularly visit branches and discuss with members of staff matters of current interest and concern to the business.

Auditors

Dale Pickard & Co. have expressed their willingness to continue in office, and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

Statement of 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 year. 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.

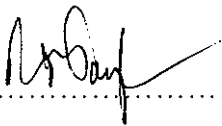
KITEVALE LIMITED

Report of the Directors' for the year ended 27th September 1998 (Continued.....)

Statement of Directors' Responsibilities (Continued.....)

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. 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.

By order of the board



R. Taylor - Secretary

10th November 1998

KITEVALE LIMITED

Report of the Auditors to the Members of Kitevale Limited

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 9.

Respective Responsibilities of the Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

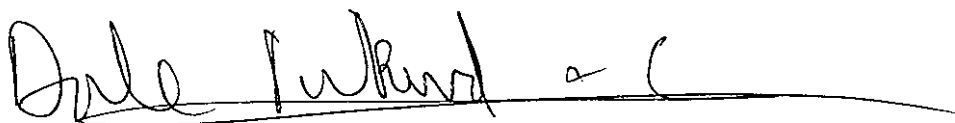
Basis of Opinion

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 at 27th September 1998 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dale Pickard & Co.
Registered Auditors and
Chartered Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

10th November 1998

KITEVALE LIMITED

Profit and Loss Account for the year ended 27th September 1998

	Note	27 th Sept. 1998 £	28 th Sept. 1997 £
Turnover	1	4,222,327	4,400,723
Cost of sales		2,443,531	2,574,159
Gross profit		1,778,796	1,826,564
Administrative costs		1,653,878	1,771,334
Operating profit		124,918	55,230
Interest receivable		99,508	65,635
		224,426	120,865
Interest payable	2	271,339	219,368
Loss on ordinary activities before taxation	3	(46,913)	(98,503)
Taxation	5	(104,437)	(46,006)
Profit/(loss) on ordinary activities after taxation for the year		57,524	(52,497)
Dividend	6	-	-
Retained profit/(loss) for the year		57,524	(52,497)
Retained profit brought forward		845,577	898,074
		903,101	845,577

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

There were no recognised gains and losses other than those recognised in the profit and loss account.

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

KITEVALE LIMITED

Balance Sheet at 27th September 1998

	Notes	1998		1997	
		£	£	£	£
Fixed Assets					
Intangible assets	7		246,764		274,871
Tangible assets	8		3,724,382		3,830,872
Investment	9		7,300		7,300
			<u>3,978,446</u>		<u>4,113,043</u>
Current Assets					
Stocks	10	135,475		139,996	
Debtors	11	142,512		164,061	
Cash at bank and in hand		272,454		1,122,839	
			<u>550,441</u>		<u>1,426,896</u>
Creditors					
Amounts falling due within one year	12	2,098,212		3,037,639	
Net current liabilities			<u>(1,547,771)</u>		<u>(1,610,743)</u>
Total assets less current liabilities			2,430,675		2,502,300
Creditors					
Amounts falling due after more than one year	13	772,250		802,250	
Provisions for liabilities and charges	14	225,324		324,473	
			<u>997,574</u>		<u>1,126,723</u>
Net Assets			<u>1,433,101</u>		<u>1,375,577</u>
Capital and reserves					
Called up share capital	15	530,000		530,000	
Profit and loss account		903,101		845,577	
			<u>1,433,101</u>		<u>1,375,577</u>
Equity shareholders fund	17		1,433,101		1,375,577

These financial statements were approved by the Board of Directors on 10th November 1998.

J.F. Mallinson

J. Barnes

) Directors

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

KITEVALE LIMITED

Cash Flow Statement for the year ended 27th September 1998

		1998 £	1997 £
Reconciliation of operating profit to net cash inflow from operating activities	Notes		
Operating profit		124,918	55,230
Depreciation charges		175,948	178,528
Amortisation charges		28,107	37,616
Decrease in stocks		4,521	27,481
Decrease/(Increase) in debtors		(2,485)	16,835
Increase/(Decrease) in creditors		73,932	(61,704)
Loss on sale of assets		10,286	4,033
		<hr/>	<hr/>
Net cash inflow from continuing operations		415,227	258,019
		<hr/>	<hr/>
Cash flow statement			
Net cash flow from operating activities		415,227	258,019
Returns on investments and servicing of finance	18	(171,831)	(153,733)
Taxation		24,071	(16,454)
Capital expenditure	18	(79,743)	(31,526)
		<hr/>	<hr/>
		187,724	56,306
Management of liquid resources			
Financing	18	(90,014)	487,812
		<hr/>	<hr/>
Increase in cash	19	97,710	544,118
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		97,710	544,118
Cash inflow from increase in loan debt		-	(641,000)
Cash to repay lease financing		60,015	123,188
Cash to repay brewery loan		30,000	30,000
		<hr/>	<hr/>
Change in net debt		187,725	56,306
Net debt at 28 th September 1997		(1,894,046)	(1,950,352)
		<hr/>	<hr/>
Net debt at 27 th September 1998	19	(1,706,321)	(1,894,046)
		<hr/>	<hr/>

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

KITEVALE LIMITED

Accounting Policies

Basis of Accounting

There have been no changes in accounting policy during the year.

The financial statements have been prepared under the historical cost convention, and include the results of the company's operations, all of which are continuing.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Freehold and long leasehold properties are not depreciated, it being company policy to maintain them to such a standard that the estimated residual value, based on prices prevailing at the time of acquisition or subsequent valuation, are at least equal to their book value. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, except freehold and long leasehold properties over their expected useful lives. It is calculated on the original cost of the assets at the following rates :

Short leasehold improvements	Period of Lease
Plant and Equipment	10.0%
Motor Vehicle	20.0%
Fixtures and Fittings	10.0%
Computer	33.3%

Intangible Assets

Pre-opening costs, categorised as pre-trading expenditure, are capitalised and amortised over a period of five years.

The franchise agreement, with associated legal costs, is capitalised and amortised over a period the lower of 21 years or the life of the franchise.

Stocks

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

KITEVALE LIMITED

Accounting Policies (Continued.....)

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as "operating leases". Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998

1. Turnover and results

Turnover and results are generated within the United Kingdom from the one continuing activity of the company, fish and chip restaurant and takeaway.

2. Interest payable

	1998 £	1997 £
Loans wholly repayable within five years.		
Bank loan, not by instalments	144,032	154,969
Lease interest, by instalments	18,109	28,255
ECSC loan, not by instalments	100,542	24,991
	<hr/>	<hr/>
	262,683	208,215
Loans partly repayable after five years.		
Brewery loan, by instalments	8,656	11,153
	<hr/>	<hr/>
	271,339	219,368

3. Loss on ordinary activities before taxation

	1998 £	1997 £
This is arrived at after charging :		
Amortisation	28,107	37,616
Depreciation of tangible fixed assets		
- owned by the company	123,143	125,723
- held under finance leases	52,805	52,805
Auditors' remuneration	9,500	9,000
Staff costs (Note 4)	1,248,575	1,295,187
Loss on disposal of assets	10,286	4,033
Directors' emoluments (Note 16)	38,848	39,668
Hire of plant and machinery	28,589	27,352

4. Employees

	1998 £	1997 £
Staff costs consist of :		
Wages and Salaries	1,167,016	1,210,231
Social Security costs	77,492	80,070
Other pension costs	4,067	4,886
	<hr/>	<hr/>
	1,248,575	1,295,187

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

	1998 Number	1997 Number
Part time	56	77
Full time	118	113

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued....)

5. Taxation		1998 £	1997 £
Based on profits for the year			
UK corporation tax at 21% (1997 : 24.5%)			
current year		-	(25,339)
prior year		(5,288)	1,305
Deferred taxation			
current year		1,227	(1,407)
prior year		22,877	432
change in rate		(123,253)	(20,997)
		<u>(104,437)</u>	<u>(46,006)</u>
6. Dividend		1998 £	1997 £
Dividends paid and payable		-	-
		<u>-</u>	<u>-</u>
7. Intangible assets	Franchise Agreement £	Pre-trading Expenditure £	Total £
Cost			
At beginning and end of year	285,333	182,825	468,158
Amortisation			
At beginning of year	42,553	150,734	193,287
Charge for the year	8,004	20,103	28,107
At end of year	50,557	170,837	221,394
Net Book Value :			
At 27 th September 1998	234,776	11,988	246,764
At 28 th September 1997	242,780	32,091	274,871

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued....)

8. Tangible assets

	Freehold Land and Buildings £	Long Leasehold Buildings £	Short Leasehold Improvements £	Equipment Fixtures & Fittings £	Total £
Cost					
At beginning of year	1,413,623	1,193,951	579,915	1,324,109	4,511,598
Additions	-	-	25,022	54,721	79,743
Disposals	-	-	(5,000)	(14,345)	(19,345)
At end of year	1,413,623	1,193,951	599,937	1,364,485	4,571,996
Depreciation					
At beginning of year	-	-	135,178	545,548	680,726
Charge for the year	-	-	34,508	141,440	175,948
Disposals	-	-	(1,900)	(7,160)	(9,060)
At end of year	-	-	167,786	679,828	847,614
Net Book Value :					
At 27 th September 1998	1,413,623	1,193,951	432,151	684,657	3,724,382
At 28 th September 1997	1,413,623	1,193,951	444,737	778,561	3,830,872

The net book value of Plant and Equipment includes an amount of £259,099 (1997 : £311,904) in respect of assets held under finance leases for which depreciation of £52,805 (1997 : £52,805) has been charged during the year.

9. Investment

	1998 £	1997 £
Investment, at cost	7,300	7,300

The company has a minor holding in Cyberdrome Enterprises Limited, which is incorporated in England and Wales.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued....)

10. Stocks	1998	1997
	£	£
Goods for resale	50,999	59,097
Consumable stock	84,476	80,899
	<u>135,475</u>	<u>139,996</u>
11. Debtors	1998	1997
	£	£
Trade debtors	12,202	9,102
Other debtors	55,927	51,105
Prepayments	74,383	79,820
Corporation tax	-	24,034
	<u>142,512</u>	<u>164,061</u>

All amounts shown under debtors fall due for payment within one year.

12. Creditors falling due within one year	1998	1997
	£	£
Trade creditors	545,518	353,799
Other creditors	16,338	17,312
Creditors for taxation and social security	29,323	27,901
Value Added Tax	161,094	173,108
Bank overdraft	546,575	1,494,670
Brewery loan (Note 13)	30,000	30,000
Obligations under finance leases (Note 13)	29,950	89,964
Accruals	139,414	245,635
Corporation tax	-	5,250
ECSC loan	600,000	600,000
	<u>2,098,212</u>	<u>3,037,639</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

The European Coal and Steel Community Loan (ECSC) was due for repayment on 31st July 1998 but has not yet been demanded. Additional bank facilities have been arranged to meet this demand. Interest is currently charged at 8.13% per annum. The loan is secured by a fixed and floating charge over the assets of the company.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued....)

13. Creditors falling due after more than one year	1998 £	1997 £
Brewery loan	131,250	161,250
ECSC loan	641,000	641,000
	<u>772,250</u>	<u>802,250</u>

Two brewery loans are outstanding at the year end. The first is for ten years, with monthly capital repayments of £1,250, expiring in July 2002. The second is also for ten years with monthly capital repayments of £1,250, expiring in February 2005. Both loans bear interest at 6% per annum.

The finance leases are secured on the assets concerned. The future minimum payments to which the company is committed under finance leases are as follows :

	1998 £	1997 £
Within one year	38,000	114,172
Between one and two years	-	-
Between two and five years	-	-
	<u>38,000</u>	<u>114,172</u>
Interest included above	8,050	24,208
	<u>29,950</u>	<u>89,964</u>
Obligations payable within one year	<u>29,950</u>	<u>89,964</u>
Obligations payable after one year	-	-

The European Coal & Steel Community Loans (ECSC) is due to be repaid on 15th February 2002, interest is charged at 9.29% per annum. The loans provide a rebate on the interest charge depending on the number of jobs created and is secured by a fixed and floating charge over the assets of the company.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued...)

14. Provision for liabilities and charges	1998 Total potential liability and amount provided £	1997 Total potential liability and amount provided £
Deferred taxation		
Accelerated capital allowances	182,827	267,820
Other timing differences	42,497	56,653
	<u>225,324</u>	<u>324,473</u>
15. Share capital	Authorised, Issued and fully paid	
	1998 £	1997 £
Ordinary shares of £1 each	530,000	530,000
	<u>530,000</u>	<u>530,000</u>

16. Transactions with directors

During the year the company purchased the following services at normal commercial terms, with the following connected businesses (including connected persons) :

	Mr. G.T. Parr £	Harry Ramsden's Plc. £	All Age Leisure Limited £	Fast Food Premium £
Management services	30,000	558,958	33,150	-
Amounts due (to)/from connected businesses as at 27 th September 1998				
included within - trade creditors (note 12)	-	(271,886)	-	-
- accruals (note 12)	-	(42,021)	-	-
- trade debtors (note 11)	-	7,687	-	31,801
	<u>-</u>	<u>(206,220)</u>	<u>-</u>	<u>31,801</u>

Mr. J. Barnes and Mr. G.T. Parr are also directors of Harry Ramsden's Plc. which itself, owns 34% of the ordinary share capital of Kitevale Limited.

Mr. J.F. Mallinson is a director of All Age Leisure Limited.

Mr. G.T. Parr and Mr. J.F. Mallinson have a 100% interest in the ordinary share capital of Fast Food Premium.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued....)

17. Reconciliation of movement in shareholders funds	1998 £	1997 £
Shareholders funds at beginning of year	1,375,577	1,428,074
Profit/(loss) for the year	57,524	(52,497)
	<hr/>	<hr/>
Shareholders funds at end of year	1,433,101	1,375,577
	<hr/>	<hr/>
18. Gross cash flows	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	99,508	65,635
Interest paid including interest on finance lease and hire purchase rental payments	(271,339)	(219,368)
	<hr/>	<hr/>
	(171,831)	(153,733)
	<hr/>	<hr/>
Investing activities		
Payments to acquire tangible fixed assets excluding those on finance leases and hire purchase contracts	(79,743)	(35,457)
Receipts from sales of tangible fixed assets	-	3,931
	<hr/>	<hr/>
	(79,743)	(31,526)
	<hr/>	<hr/>
Financing		
Brewery loan	(30,000)	(30,000)
Capital payments of finance lease and hire purchase rental payments	(60,014)	(123,188)
European Coal & Steel Community Loans	-	641,000
	<hr/>	<hr/>
	(90,014)	487,812
	<hr/>	<hr/>

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 1998 (Continued....)

19. Analysis of changes in net debt

	At 28 th Sept. 1997 £	Cash Flows £	Other Changes £	At 27 th Sept. 1998 £
Cash at bank and in hand	1,122,839	(850,385)	-	272,454
Overdrafts	(1,494,670)	948,095	-	(546,575)
	<u>(371,831)</u>	<u>97,710</u>	<u>-</u>	<u>(274,121)</u>
Debt due within one year				
Finance lease and hire purchase agreements	(89,965)	60,015	-	(29,950)
ECSC loan	(600,000)	-	-	(600,000)
Brewery loan	(30,000)	-	-	(30,000)
Debt due after one year				
Brewery loan	(161,250)	30,000	-	(131,250)
ECSC loan	(641,000)	-	-	(641,000)
	<u>(1,894,046)</u>	<u>187,725</u>	<u>-</u>	<u>(1,706,321)</u>