

THE SHELL BAY CAFE LIMITED
(FORMERLY AVERDOME LIMITED)

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 1997



THE SHELL BAY CAFE LIMITED
(FORMERLY AVERDOME LIMITED)

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31ST MARCH 1997

The directors present herewith their first annual report, together with the audited financial statements of the company for the period ended 31st March 1997.

RESULTS AND DIVIDENDS

The loss for the period after taxation was £68,332.

The directors do not recommend payment of a dividend for the current period.

REVIEW OF THE BUSINESS

The company was incorporated on the 11th March 1996 under the name Averdome Limited and changed its name to The Shell Bay Cafe Limited on the 29th March 1996.

The company's principal activity during the period was the operation of a restaurant, cafe and shop.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period and their interests in the share capital of the company at the beginning and end of the period were as follows:

	<u>Ordinary shares of £1 each</u>	
	<u>31st March 1997</u>	<u>11th March 1996</u>
N.A. Girkins - appointed 3rd April 1996	-	-
D.J. Mumford - appointed 3rd April 1996	10	-
J.L. Miller - appointed 3rd April 1996 and resigned on 20th January 1997	-	-
K.P. Foley - appointed 20th January 1997	-	-
Combined Secretarial Services Limited - appointed 11th March 1996 and resigned 3rd April 1996	-	1
Combined Nominees Limited - appointed 11th March 1996 and resigned 3rd April 1996	-	1

The company is a subsidiary of The Shell Bay Holding Company Limited a company in which N.A. Girkins is a director and shareholder.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the accounts.

AUDITORS


Wilkins Kennedy were appointed as auditors of the company by the directors during the period. It is proposed that the company's present auditors be re-appointed for the ensuing year.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

REGISTERED OFFICE

40 North Park
Gerrards Cross
Bucks
SL9 8JP

By Order of the Board


K.P. Foley
Secretary

Company Number 3170764

31st December 1997

THE SHELL BAY CAFE LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 1997

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The directors are obliged under company law to prepare financial statements for each financial year and to present them annually to the Company's members in Annual General meeting.

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the result for that period, and they must comply with applicable accounting standards.

The directors are also responsible for the adoption of suitable accounting policies, their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The directors confirm that the above requirements have been complied with in the financial statements.

In addition, the directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
THE SHELL BAY CAFE LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 of the financial statements, 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.

GOING CONCERN

At 31st March 1997 the company had net liabilities of £68,232.

In forming our opinion we have considered the necessity of continued support by its creditors.

The financial statements do not include any adjustments that would result from a withdrawal of the support of the creditors.

In view of the matters referred to above we consider that there is concern as to the appropriateness of the going concern basis and that this inherent uncertainty is fundamental to the financial statements as a whole. However, our opinion is not qualified in this respect, and on the basis of our discussions with the directors and other information we obtained during our audit, we consider that it is appropriate for the directors to prepare the financial statements on a going concern basis.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1997 and of its result for the year then ended have been properly prepared in accordance with the Companies Act 1985

Risborough House,
38-40 Sycamore Road,
Amersham,
Bucks. HP6 5DZ

31st December 1997

W. Wilkins Kennedy
Wilkins Kennedy
Chartered Accountants
Registered Auditors

THE SHELL BAY CAFE LIMITED
(FORMERLY AVERDOME LIMITED)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1997

	<u>Notes</u>	<u>Period ended</u> <u>31st March 1997</u> <u>£</u>
TURNOVER	2	277,289
COST OF SALES		(150,128)
GROSS PROFIT		----- 127,161
ADMINISTRATIVE EXPENSES		(185,683)
OPERATING (LOSS)/PROFIT	3	----- (58,522)
Interest receivable	4	193
Interest payable	5	(10,003)
		----- (9,810)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(68,332)
Tax on ordinary activities		-
RETAINED (DEFICIT)/PROFIT CARRIED FORWARD		----- £ (68,332) =====

The notes on pages 6 to 11 form part of these financial statements.

The company had no recognised gains or losses other than those included in the profit and loss account.

There are no acquisitions or discontinued operations during the current period.

The loss on ordinary activities before taxation and the retained loss have been calculated on the historical cost basis.

THE SHELL BAY CAFE LIMITED
(FORMERLY AVERDOME LIMITED)

BALANCE SHEET
AS AT 31ST MARCH 1997

	<u>Notes</u>	<u>£</u>	<u>1997</u> <u>£</u>
FIXED ASSETS			
Intangible assets	6		45,000
Tangible assets	7		60,626

			105,626
CURRENT ASSETS			
Stocks	8	2,400	
Debtors	9	7,586	
Cash at bank and in hand		9,110	

		19,096	
CREDITORS - amounts falling due within one year	10	(192,954)	

NET CURRENT (LIABILITIES)/ASSETS			(173,858)

NET (LIABILITIES)/ASSETS			£ (68,232)
			=====

Represented by:

CAPITAL AND RESERVES


Called up share capital	11		100
Profit and loss account			(68,332)

	12		£ (68,232)
			=====

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

The notes on pages 6 to 11 form part of these financial statements.

The financial statements on pages 4 to 11 were approved by the Board of Directors on 31st December 1997 and were signed on its behalf by:



 K.P. Foley - Director

THE SHELL BAY CAFE LIMITED (FORMERLY AVERDOME LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 1997

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The directors have taken advantage of the exemption available to small companies under Financial Reporting Standard No.1, consequently no cash flow statement has been prepared.

1.2 Turnover

This represents the invoiced amounts of goods sold and services provided, net of value added tax.

1.3 Depreciation of intangible assets

The Company's policy is to write off goodwill evenly over its economic life of 10 years.

1.4 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold property:	evenly over the lease term
Leasehold improvements:	25% reducing balance
Office equipment, fixtures and fittings:	25% reducing balance
Plant and machinery:	25% reducing balance

1.5 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.6 Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

1.7 Pensions

The company operates a defined contribution pension scheme. Premiums paid during the year have been charged to the Profit and Loss Account.

2. TURNOVER

The turnover and pre-tax Loss/profit are wholly attributable to the company's main activity.

The turnover arises entirely in the U.K.

THE SHELL BAY CAFE LIMITED (FORMERLY AVERDOME LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 1997 - continued

3.	OPERATING (LOSS)/PROFIT	<u>1997</u>
		£
	This is stated after charging (crediting):	
	Directors' remuneration	-
	Auditors' remuneration	3,000
	Depreciation	7,955
	Amortisation of goodwill	5,000
	Operating lease payments	8,919
		=====
4.	INTEREST RECEIVABLE	<u>1997</u>
		£
	Bank interest	193
		=====
5.	INTEREST PAYABLE	<u>1997</u>
		£
	On bank overdrafts repayable within 5 years	3
	On other loans	10,000

		£ 10,003
		=====
6.	INTANGIBLE FIXED ASSETS	
		<u>Goodwill</u>
		£
	Cost:	
	Additions	50,000

	At 31st March 1997	50,000

	Amortisation:	
	Charge for the period	5,000

	At 31st March 1997	5,000

	Net book value at 31st March 1997	£45,000
		=====

THE SHELL BAY CAFE LIMITED (FORMERLY AVERDOME LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 1997 - continued

7. TANGIBLE FIXED ASSETS

	Leasehold Property £	Leasehold Improve- ments £	Office Equipment Fixtures and fittings £	Plant and machinery £	Total £
Cost:					
Additions	31,800	612	19,995	16,174	68,581
	-----	-----	-----	-----	-----
At 31st March 1997	31,800	612	19,995	16,174	68,581
	-----	-----	-----	-----	-----
Depreciation:					
Charge for the period	2,385	13	4,167	1,390	7,955
	-----	-----	-----	-----	-----
At 31st March 1997	2,385	13	4,167	1,390	7,955
	-----	-----	-----	-----	-----
Net book value at 31st March 1997	£29,415	£ 599	£15,828	£14,784	£60,626
	=====	=====	=====	=====	=====

8. STOCKS

	<u>1997</u> £
The amounts attributable to the different categories are as follows:	
Raw materials and consumables	2,400
	=====

9. DEBTORS

	<u>1997</u> £
Amounts owed by group companies	3,414
Social security and other taxes	942
Prepayments	3,230

	£ 7,586
	=====

10. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>1997</u> £
Trade creditors	18,374
Amounts owed to group companies	862
Amounts owed to related companies	56,272
Other taxes and social security costs	1,920
Directors' current accounts	77,740
Other creditors	24,786
Accruals	13,000

	£192,954
	=====

THE SHELL BAY CAFE LIMITED (FORMERLY AVERDOME LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 1997 - continued

11. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>
	£	<u>1997</u> £
Ordinary shares of £1 each	100	100
	=====	=====

12. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	<u>1997</u> £
(loss) for the period	(68,332)
Issue of shares	100
Dividends	-

Net reduction in shareholders' funds	(68,232)
Shareholders' funds at 11th March 1996	-

Shareholders' funds at 31st March 1997	£(68,232)
	=====

13. ULTIMATE CONTROLLING PARTY

The company is under the control of its holding company, The Shell Bay Holding Company Limited, the directors consider there is no ultimate controlling party.

14. OPERATING LEASE COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year.

	<u>1997</u> £
	Land and Buildings
Expiring: after five years	8,500
	=====

THE SHELL BAY CAFE LIMITED (FORMERLY AVERDOME LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 1997 - continued

15. TRANSACTIONS WITH RELATED PARTIES

<u>Name of Related Party</u>	<u>Nature of Relation-ship</u>	<u>Description of Transactions</u>	<u>Amount Owed (by) to as at</u>	
			<u>Amount</u>	<u>31/3/97</u>
Amounts owed by related companies (Aggregated)	Common Directors/ Shareholders	Movement on loans by the company	£3,414	£3,414
Amounts owed to related companies (Aggregated)	Common Directors/ Shareholders	Movement on loans to the company	£(57,134)	£(57,134)
N.A. Girkins & Mrs C Girkins	Director Shareholder of holding company	Rent payable by the company	£8,919	£3,030
Roxylight Limited	Common Directors/ Shareholders	Managements fees paid the company	£7,200	
N.A. Girkins	Director/ Shareholder of holding company	Movement on loan to the company	£(59,750)	£(59,750)
C Girkins	Close family of Director/ Shareholder of holding Company	Movement on loan to the company	£(1,750)	£(1,750)
D.J. Mumford	Director/ Shareholder	Movement on loan to the company	£(17,990)	£(17,990)
C Mumford	Employee/ Shareholder	Movement on loan to the company	£(13,990)	£(13,990)
K Shaw	Employee/ Shareholder	Movement on loan to the company	£(8,353)	£(8,353)
N.A. Girkins & Mrs C Girkins	Director/ Shareholder of holding company	Interest on loan to the company		£10,000

Related companies includes the following:-

Roxylight Limited
The Shell Bay Holding Company Limited
The Shell Bay Marine Limited

THE SHELL BAY CAFE LIMITED (FORMERLY AVERDOME LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 1997 - continued

16. GOING CONCERN

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The directors have projected information for the current financial period and consider that the continued support of its creditors will be a necessity.

The directors believe that the creditors will continue to support the company as they have done in the past. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of support by the company's creditors.