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DO & CO INTERNATIONAL CATERING LIMITED

DIRECTOR'S REPORT

AND

FINANCIAL STATEMENTS

31ST MARCH, 1998



s h i p l e y s

chartered accountants

DO & CO INTERNATIONAL CATERING LIMITED

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31ST MARCH, 1998

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DO & CO INTERNATIONAL CATERING LIMITED

COMPANY INFORMATION

Directors

A. Dogudan
G. Sattler

Secretary and Registered Office

St. James Services Limited
10 Orange Street,
Haymarket,
London WC2H 7DQ.

Auditors

Shipleys
10 Orange Street,
Haymarket,
London WC2H 7DQ.

Bankers

Barclays Bank plc.,
Pall Mall Business Centre,
1 Pall Mall East,
London SW1Y 5AX.

DO & CO INTERNATIONAL CATERING LIMITED**DIRECTORS' REPORT**

The directors submit their report together with the audited financial statements of the company for the year ended 31st March, 1998.

ACTIVITIES, RESULTS AND DIVIDENDS

The company's principal activity is the provision of catering services at sporting and entertainment events.

The results for the year are set out on page 4 of the accounts and relate predominantly to the provision of catering services at the Hanover ATP Tournament and for the European Motor Grand Prix. The directors are confident that the company will continue to trade profitably in the forthcoming period.

The directors do not recommend the payment of a dividend.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirms that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their interests in the shares of the company are as follows:-

Ordinary Shares of £1 Each
At 31st March, 1998 At 31st March, 1997

A. Dogudan	-	19,500
G. Sattler (Appointed 17th September, 1997)	-	-

With effect from the 1st January, 1998 the share capital of the company was transferred to Do & Co Restuarant & Catering A.G., a company registered in Austria. The interests of A. Dogudan in the share capital of that company are noted in its financial statements.

AUDITORS

A resolution to reappoint Shipleys as auditors will be proposed at the next Annual General Meeting.

By Order of the Board


 G. Sattler
 Director

20 MAY 1998



s h i p l e y s

c h a r t e r e d a c c o u n t a n t s

10 Orange Street, Haymarket, London WC2H 7DQ

Telephone (0171) 312 0000 Facsimile (0171) 312 0022

**AUDITORS' REPORT TO THE MEMBERS OF
DO & CO INTERNATIONAL CATERING 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 8.

Respective responsibilities of directors and auditors

As described on page 2 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 the company's affairs as at 31st March, 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



SHIPLEYS

Registered Auditors

1st June, 1998

DO & CO INTERNATIONAL CATERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1998

	Notes	Year ended 31st March, 1998 £	Period ended 31st March, 1997 £
TURNOVER - continuing operations	2	4,967,788	993,643
COST OF SALES		<u>(4,200,085)</u>	<u>(800,121)</u>
GROSS PROFIT		767,703	193,522
ADMINISTRATIVE EXPENSES		<u>(321,065)</u>	<u>(95,290)</u>
OPERATING PROFIT - continuing operations		446,638	98,232
INTEREST PAYABLE		(1,472)	(57)
INTEREST RECEIVABLE	3	<u>17,910</u>	<u>20</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4&5	463,076	98,195
TAXATION	6	<u>(150,000)</u>	<u>(29,990)</u>
RETAINED PROFIT FOR THE PERIOD		313,076	68,205
RETAINED PROFIT BROUGHT FORWARD		<u>68,205</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£381,281</u></u>	<u><u>£68,205</u></u>

The notes on pages 8 to 11 form part of these financial statements.

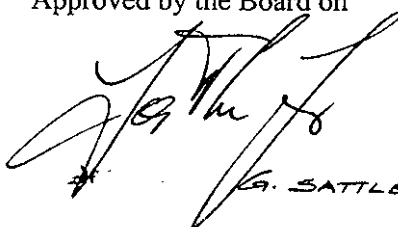
DO & CO INTERNATIONAL CATERING LIMITED

BALANCE SHEET

31ST MARCH, 1998

	Notes	£	1998 £	1997 £
FIXED ASSETS	7		5,577	-
CURRENT ASSETS				
Stock		2,258		-
Trade debtors		185,874		78,942
Other debtors		83,794		38,446
Prepayments and accrued income		83,395		7,992
Cash at bank and in hand		625,294		242,650
		<u>980,615</u>		<u>368,030</u>
CREDITORS: Amounts falling due within one year				
Trade creditors		55,383		72,034
Amounts due to related undertakings		82,136		152,007
Corporation tax		150,000		29,990
Other taxes and social security		135,706		1,030
Other creditors		6,982		1,855
Accruals and deferred income		155,204		23,409
		<u>585,411</u>		<u>280,325</u>
NET CURRENT ASSETS			<u>395,204</u>	<u>87,705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£400,781</u>	<u>£87,705</u>
CAPITAL AND RESERVES				
Called up share capital	8		19,500	19,500
Profit and loss account			<u>381,281</u>	<u>68,205</u>
EQUITY SHAREHOLDERS' FUNDS			<u>£400,781</u>	<u>£87,705</u>

Approved by the Board on 29 MAY 1998



G. SATTLER

DO & CO INTERNATIONAL CATERING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 1998

	1998 £	1997 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	446,638	98,232
Depreciation	1,859	-
Increase in stock	(2,258)	-
Increase in debtors	(227,683)	(125,380)
Increase in creditors	185,076	250,335
Net cash inflow from operating activities	<u>£403,632</u>	<u>£223,187</u>

CASH FLOW STATEMENT	£	£
Net cash inflow from operating activities	403,632	223,187
Taxation	(29,990)	-
Capital expenditure and financial investment (note 9)	(7,436)	-
Returns on investment and servicing of finance (note 9)	16,438	(37)
Financing (note 9)	-	19,500
Increase in cash	<u>£382,644</u>	<u>£242,650</u>

Reconciliation of net cash flow to movement in net debt (note 9) £	£
Increase in cash in the period	<u>382,644</u>
	242,650
Change in net debt	382,644
Net debt at 31st March, 1997	<u>242,650</u>
Net debt at 31st March, 1998	<u>£625,294</u>

DO & CO INTERNATIONAL CATERING LIMITED**OTHER PRIMARY FINANCIAL STATEMENTS****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31ST MARCH, 1998**

The retained profit for the period was the only recognised gain or loss in the period.

**HISTORICAL COST PROFIT AND LOSS
FOR THE PERIOD ENDED 31ST MARCH, 1998**

All assets are stated in the financial statements at historical cost and thus no adjustments are required to the reported profit which is stated on an unmodified historical cost basis.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE PERIOD ENDED 31ST MARCH, 1998**

	31st March, 1998 £	31st March, 1997 £
Shareholders' funds brought forward	87,705	-
Profit for the financial period	313,076	68,205
Share capital issued	-	19,500
Shareholders' funds carried forward	<u>£400,781</u>	<u>£87,705</u>

DO & CO INTERNATIONAL CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 1998

1. ACCOUNTING POLICIES**1.1 Accounting Convention**

The financial statements have been prepared under the historical cost convention.

1.2 Comparatives

The financial statements cover the year ended 31st March, 1998. The comparatives cover the seven month period from incorporation to 31st March, 1997.

1.3 Stocks and Work in Progress

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

1.4 Depreciation of Fixed Assets

Depreciation has been provided at rates calculated to write off expenditure over the useful lives of the assets. The rates are applied on the written down value as follows:

Fixtures and equipment - 25%

1.5 Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date, any differences being taken to the profit and loss account.

2. TURNOVER

Turnover represents income derived from the company's principal activity and was contributed by geographical areas as follows:-

	1998 £	1997 £
United Kingdom	447,010	-
European Union	3,997,315	993,643
Other Europe	338,655	-
Rest of the World	184,808	-
	<u>£4,967,788</u>	<u>£993,643</u>

3. INTEREST RECEIVABLE

Bank interest	<u>£17,910</u>	<u>£20</u>
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DO & CO INTERNATIONAL CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

31ST MARCH, 1998

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	31st March, 1998	31st March 1997
	£	£
The profit is stated after charging:-		
Auditors' remuneration	14,700	7,500
Foreign exchange loss	53,101	622
Rental of equipment	520,189	66,660
Depreciation - owned assets	1,859	-
	<u> </u>	<u> </u>
5. DIRECTORS AND EMPLOYEES	£	£
Staff costs (including executive directors) arising during the year amounted to:-		
Wages and salaries	1,293,877	217,192
Social Security costs	8,428	267
	<u> </u>	<u> </u>
	£1,302,305	£217,459
	<u> </u>	<u> </u>
The average number employed by the company was:-	Number	Number
Administration	5	2
Cost of sales - part time	1,279	45
	<u> </u>	<u> </u>
	1,284	47
	<u> </u>	<u> </u>
Staff costs include the following remuneration in respect of directors:-		
Emoluments	-	-
	<u> </u>	<u> </u>
6. TAXATION		
The charge for the year is made up as follows:		
United Kingdom corporation tax based on the profit for the year at 33%	£150,000	£29,990
	<u> </u>	<u> </u>
7. FIXED ASSETS	Fixtures and equipment	
	£	
Cost		
Additions and as at 31st March, 1998	7,436	
	<u> </u>	
Depreciation		
Charge for the year and as at 31st March, 1998	1,859	
	<u> </u>	
Net Book Value		
At 31st March, 1998	£5,577	
	<u> </u>	
At 31st March, 1997	£ -	
	<u> </u>	

DO & CO INTERNATIONAL CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

31ST MARCH, 1998

8.	SHARE CAPITAL	31st March, 1997 £	31st March, 1997 £	
	Authorised			
	25,000 shares of £1 each	£25,000	£25,000	
	Allotted, called up and fully paid			
	19,500 shares of £1 each	£19,500	£19,500	
9.	GROSS CASH FLOW			
	Capital expenditure and financial investment	£	£	
	Purchase of fixed assets	7,436	-	
	Returns on investments and servicing of finance	£	£	
	Interest received	17,910	20	
	Interest paid	(1,472)	(57)	
		£16,438	£(37)	
	Financing			
	Issue of ordinary share capital	£ -	£19,500	
10.	ANALYSIS OF CHANGES IN NET DEBT	At 31st March, 1997 £	Cash Flow £	At 31st March, 1998 £
	Cash at bank and in hand	£242,650	£382,644	£625,294

DO & CO INTERNATIONAL CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

31ST MARCH, 1998

11. RELATED PARTY TRANSACTIONS

During the period the company made purchases on an arm's length basis from companies in which A. Dogudan has an interest as follows:

	Value of Transactions		Amounts Owed	
	31st March, 1998 £	31st March, 1997 £	At 31st March, 1998 £	At 31st March, 1997 £
Do & Co Party Service und Catering GmbH:				
Purchases and equipment hire	1,717,962	132,380	58,303	152,007
Staff costs	164,254	-	-	-
Cooks	96,043	-	-	-
Computer equipment	3,365	-	-	-
	<u>2,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
Do & Co Italy S.R.L.				
	<u>2,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
Do & Co Catering Consult und Beteiligungs GmbH:				
Purchases	23,884	-	23,884	-
	<u>23,884</u>	<u>-</u>	<u>23,884</u>	<u>-</u>

12. ULTIMATE PARENT UNDERTAKING

During the year the company became a wholly owned subsidiary of Do & Co Restaurant & Catering A.G. a company registered in Austria.