

**REGISTRAR OF  
COMPANIES**

**Executive Lounge Services Plc**

Report and Financial Statements

Period Ended

29 February 2000

3669797



**BDO**  
BDO Stoy Hayward  
Chartered Accountants

# **EXECUTIVE LOUNGE SERVICES PLC**

## **Report and financial statements for the period ended 29 February 2000**

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### **Directors**

D D Moëd FCA  
Y Conn

### **Secretary and registered office**

P E Bobroff FCA, 8 Baker Street, London, W1M 1DA.

### **Company number**

3669797

### **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

## **EXECUTIVE LOUNGE SERVICES PLC**

### **Report of the directors for the period ended 29 February 2000**

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The directors present their first report together with the audited financial statements for the period ended 29 February 2000. The company was incorporated on 13 November 1998 and changed its name from Peterborough plc on 11 December 1998.

#### **Results and dividends**

The profit and loss account is set out on page 4 and shows the profit for the period.

The directors do not recommend the payment of a dividend.

#### **Principal activities, trading review and future developments**

The principal activity of the company is the supply of catering and ancillary products and services.

On 12 December 1998, the company acquired the trade of Executive Lounge Services and commenced to trade in the existing business.

The directors are satisfied with the result for the period and look forward to the future with optimism.

There have been no significant events after the balance sheet date which materially affect the position of the company.

#### **Significant changes in fixed assets**

Movements in fixed assets are set out in notes 8 and 9 to the financial statements.

#### **Policy on the payment of creditors**

It is the policy of the company to settle the terms of payments with all suppliers when agreeing the terms of each transaction. Creditor days at the year end were 35.

#### **Year 2000**

The company has not experienced any problems in respect of the millennium date change but the directors will continue to monitor the issue. Steps were taken to ensure that the company's financial and operational systems were Year 2000 compliant. Any costs in respect of these matters were charged to the profit and loss account as incurred and were not material.

#### **Directors**

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

		Ordinary shares of £100 each	
		At 29 February 2000	At date of appointment
D D Moëd	(appointed 13 November 1998)	200	200
Y Conn	(appointed 13 November 1998)	300	300

In addition to the above directors, Hallmark Registrars Limited and C Power were appointed as directors on 13 November 1998. Both resigned on the same day.

## **EXECUTIVE LOUNGE SERVICES PLC**

### **Report of the directors for the period ended 29 February 2000 (*Continued*)**

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#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

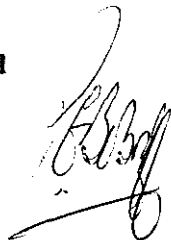
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

#### **Auditors**

BDO Stoy Hayward, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

**By order of the Board**

P E Bobroff FCA



**Secretary**

Date

9 June 2000

## EXECUTIVE LOUNGE SERVICES PLC

### Report of the auditors

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#### To the shareholders of Executive Lounge Services Plc

We have audited the financial statements on pages 4 to 15 which have been prepared under 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 the 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.

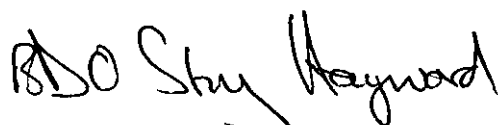
#### *Basis of opinion*

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 29 February 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**

*Chartered Accountants  
and Registered Auditors*  
London

9 June 2000

**EXECUTIVE LOUNGE SERVICES PLC****Profit and loss account for the period ended 29 February 2000**

	<b>Note</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	<b>3,262,229</b>
Cost of sales		<b>2,657,732</b>
		<hr/>
<b>Gross profit</b>		<b>604,497</b>
Distribution costs		<b>104,834</b>
Administrative expenses		<b>385,028</b>
		<hr/>
<b>Operating profit</b>		<b>114,635</b>
Interest payable	<b>4</b>	<b>22,202</b>
		<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>5</b>	<b>92,433</b>
Taxation on profit on ordinary activities	<b>7</b>	<b>33,954</b>
		<hr/>
<b>Profit on ordinary activities after taxation</b>		<b>58,479</b>
		<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

## **EXECUTIVE LOUNGE SERVICES PLC**

### **Reconciliation of movements in shareholders' funds for the period ended 29 February 2000**

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	<b>Note</b>	<b>£</b>
Profit for the period		<b>58,479</b>
New share capital subscribed	<b>15</b>	<b>50,000</b>
		<hr/>
<b>Shareholders' funds at 29 February 2000</b>		<b>108,479</b>
		<hr/> <hr/>

The notes on pages 8 to 15 form part of these financial statements.

**EXECUTIVE LOUNGE SERVICES PLC****Balance sheet at 29 February 2000**

	Note	£	£
<b>Fixed assets</b>			
Intangible assets	8	761,749	
Tangible assets	9	21,112	
			782,861
<b>Current assets</b>			
Stocks	10	50,348	
Debtors - due within one year	11	599,547	
- due after more than one year	11	84,020	
			733,915
<b>Creditors: amounts falling due within one year</b>	12	955,047	
<b>Net current liabilities</b>			(221,132)
<b>Total assets less current liabilities</b>			561,729
<b>Creditors: amounts falling due after more than one year</b>	13		453,250
<b>Provision for liabilities and charges</b>	14		-
			108,479
<b>Capital and reserves</b>			
Called up share capital	15		50,000
Profit and loss account			58,479
<b>Shareholders' funds - equity</b>			108,479

The financial statements were approved by the Board on 9 June 2000

Director



The notes on pages 8 to 15 form part of these financial statements.



**EXECUTIVE LOUNGE SERVICES PLC****Cash flow statement for the period ended 29 February 2000**

	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Net cash outflow from operating activities</b>	18		<b>(175,707)</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid			<b>(17,867)</b>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets			<b>(21,381)</b>
<b>Acquisitions and disposals</b>			
Acquisition of business	17		<b>(234,750)</b>
<b>Cash outflow before use of liquid resources and financing</b>			<b>(433,575)</b>
<b>Financing</b>			
Issue of ordinary share capital		<b>27,500</b>	
Short term loans advanced		<b>156,520</b>	
Short term loan repayments		<b>(40,000)</b>	
			<b>144,020</b>
<b>Decrease in cash</b>	19,20		<b>(305,685)</b>

The notes on pages 8 to 15 form part of these financial statements.

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Goodwill*

Goodwill arising on an acquisition of a business or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The goodwill arising on the acquisition of Executive Lounge Services is being amortised over 15 years.

#### *Turnover*

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

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Short leasehold	-	20% straight line
Motor vehicles	-	20% straight line
Fixtures, fittings and equipment	-	25% straight line

#### *Stocks*

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

#### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (*Continued*)

### 1 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 during the lease term. 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 analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. 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.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

### 2 Turnover

Turnover is derived from the principal activity of the company and arises solely on sales made within the United Kingdom.

### 3 Employees

£

Staff costs consist of:

Wages and salaries	312,134
Social security costs	27,052
Other pension costs	629
	<hr/>
	339,815
	<hr/>

The average number of employees during the period was 11.

### 4 Interest payable

£

Bank loans and overdrafts	22,202
	<hr/>

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (*Continued*)

<b>5 Profit on ordinary activities before taxation</b>	<b>£</b>
This is arrived at after charging:	
Depreciation	4,269
Amortisation of goodwill	69,250
Auditors' remuneration	7,500
Hire of plant and machinery	13,304
Hire of other assets – operating leases	39,380
	<u><u>          </u></u>

### 6 Directors' emoluments

No director received any remuneration during the period.

<b>7 Taxation on profit on ordinary activities</b>	<b>£</b>
U.K. corporation tax	33,954
	<u><u>          </u></u>

### 8 Intangible assets

	<b>Goodwill</b>
	<b>£</b>
<i>Cost</i>	
Additions and at end of period	830,999
	<u><u>          </u></u>
<i>Amortisation</i>	
Provided for the period and at end of period	69,250
	<u>          </u>
<i>Net book value</i>	
At 29 February 2000	761,749
	<u><u>          </u></u>

The goodwill arose on the acquisition of the Executive Lounge Services' business and is being amortised over 15 years.

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (*Continued*)

### 9 Tangible assets

	Short leasehold £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
Additions and at end of period	5,519	4,000	15,862	25,381
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
Provided for in the period and at end of period	749	1,450	2,070	4,269
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 29 February 2000	4,770	2,550	13,792	21,112
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 10 Stocks

	£
Finished goods and goods for resale	50,348
	<hr/> <hr/>

The directors consider that the replacement cost of stock is not materially different to the figure shown.

### 11 Debtors

	£
Due within one year	
Trade debtors	569,485
Prepayments and accrued income	7,562
Unpaid share capital	22,500
	<hr/>
	599,547
Due after more than one year	
Other debtors	84,020
	<hr/>
	683,567
	<hr/> <hr/>

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (Continued)

12 Creditors: amounts falling due within one year	£
Bank overdraft (secured - see below)	305,685
Trade creditors	226,289
Other creditors	2,288
Creditors for taxation and social security	16,600
Amounts owed to related parties (see note 21)	263,520
Corporation tax	33,954
Accruals	106,711
	<hr/>
	955,047
	<hr/>

The bank overdraft is secured by means of an all asset debenture in favour of the company's bankers.

13 Creditors: amounts falling due after more than one year	£
Amounts owed to related party (see note 21)	453,250
	<hr/>
The above amount owed to a related party is due for repayment as follows:	
In one to two years	147,000
In two to five years	306,250
	<hr/>
	453,250
	<hr/>

## 14 Provisions for liabilities and charges

Deferred taxation	Unprovided £	Provided £
Accelerated capital allowances	1,079	-
	<hr/>	<hr/>

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (*Continued*)

15 Share capital	£
<i>Authorised, issued and called up</i>	
500 ordinary shares of £100 each	50,000
	<hr/>
<i>Allotted and partly paid up</i>	
500 ordinary shares of £100 each	27,500
	<hr/>

The company was incorporated on 13 November 1998 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each. On 13 November 1998, the authorised share capital was consolidated from ordinary shares of £1 each into ordinary shares of £100 each.

On 13 November 1998, 200 shares were issued for cash fully paid at par, and a further 300 shares were issued for cash partly paid up at £25 per share.

## 16 Commitments under operating leases

As at 29 February 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £	Other £
Operating leases which expire:		
Within one year	-	3,857
In two to five years	-	34,826
After five years	84,020	-
	<hr/>	<hr/>
	84,020	38,683
	<hr/>	<hr/>

## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (*Continued*)

### 17 Business acquisitions

On 12 December 1998 the company acquired the business of Executive Lounge Services and commenced to trade in the existing business as follows:

	Consideration payable £
Goodwill, minor assets and contract	831,000
Motor vehicle	4,000
	<hr/>
	835,000
Less: Outstanding as at 29 February 2000	(600,250)
	<hr/>
Paid during the period	234,750
	<hr/> <hr/>

The directors consider that there is no material difference between the consideration payable and the fair value of the net assets acquired.

### 18 Reconciliation of operating profit to net cash outflow from operating activities

	£
Operating profit	114,635
Depreciation	4,269
Amortisation	69,250
(Increase) in stock	(50,348)
(Increase) in debtors	(661,067)
Increase in creditors	347,554
	<hr/>
Net cash outflow from operating activities	(175,707)
	<hr/> <hr/>

### 19 Reconciliation of net cash outflow to movement in net debt

	£
Decrease in cash in the period	(305,685)
Cash inflow from increase in debt financing	(716,770)
	<hr/>
Closing net debt	(1,022,455)
	<hr/> <hr/>



## EXECUTIVE LOUNGE SERVICES PLC

Notes forming part of the financial statements for the period ended 29 February 2000 (*Continued*)

### 20 Analysis of net debt

	Cashflow and at 29 February 2000 £
Overdrafts	(305,685)
Debt due after one year	(453,250)
Debt due within one year	(263,520)
	(716,770)
Total	(1,022,455)

### 21 Related party transactions

- a) Pourshins Plc is regarded by the directors as a related party due to close family relationships between D D Moëd and Y Conn and R Moëd, a director of Pourshins Plc.

During the period the following transactions took place with Pourshins Plc on an arms length basis:

- 1) Sales totalling £11,397;
- 2) Purchases totalling £586,112; and
- 3) The purchase of The Executive Lounge Services' business for £835,000. Further details are set out in note 17.

At 29 February 2000, the company owed £684,270 to Pourshins Plc.

- b) During the year, Y Conn, a director and shareholder advanced an interest free loan of £72,500 to the company. The amount outstanding at the year end was £32,500.

### 22 Controlling shareholder

The directors consider the controlling shareholder is Y Conn.