

Registered number 7287742

SBARRO INTERNATIONAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 17 JUNE 2010 TO 31 DECEMBER 2010

TUESDAY



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COMPANIES HOUSE

SBARRO INTERNATIONAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

Anthony Missano
Stuart Steinberg

COMPANY SECRETARY

Taylor Wessing Secretaries Limited

COMPANY NUMBER

7287742

REGISTERED OFFICE

5 New Street Square
London
EC4A 3TW

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

SBARRO INTERNATIONAL SERVICES LIMITED

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SBARRO INTERNATIONAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the period from 17 June 2010 to 31 December 2010

The company was incorporated on 17 June 2010 and began trading from that date

PRINCIPAL ACTIVITIES

The principal activity of the company is to work with restaurant franchisees to execute strategic operations that uphold the standards of Sbarro while enhancing guest satisfaction and profitability

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements were

Anthony Missano
Stuart Steinberg

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

SBARRO INTERNATIONAL SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2010**

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on

3 FEBRUARY, 2012

and signed on its behalf

Director

A handwritten signature in black ink, appearing to be 'STUART STEINBERG', written over a horizontal line.

STUART STEINBERG

SBARRO INTERNATIONAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBARRO INTERNATIONAL SERVICES LIMITED

We have audited the financial statements of Sbarro International Services Limited for the period ended 31 December 2010 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The matters explained in note 1.2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.


SBARRO INTERNATIONAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBARRO INTERNATIONAL SERVICES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepared financial statements in accordance with the small company regime



Duncan Stratford (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date 7 FEBRUARY 2012

SBARRO INTERNATIONAL SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2010**

	Note	Period from 17 June 2010 to 31 December 2010 £
TURNOVER	1,2	208,921
Administrative expenses		(196,902)
OPERATING PROFIT	3	12,019
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,019
Tax on profit on ordinary activities	5	(3,944)
PROFIT FOR THE FINANCIAL PERIOD	9	8,075

All of the above figures, including comparatives relate to continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 9 form part of these financial statements

SBARRO INTERNATIONAL SERVICES LIMITED
REGISTERED NUMBER 7287742

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £
CURRENT ASSETS			
Debtors	6	209,019	
CREDITORS amounts falling due within one year	7	(200,844)	
NET CURRENT ASSETS			<u>8,175</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,175</u>
CAPITAL AND RESERVES			
Called up share capital	8		100
Profit and loss account	9		<u>8,075</u>
SHAREHOLDERS' FUNDS	10		<u>8,175</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Director



STUART STEINBERG
3 FEBRUARY, 2012

SBARRO INTERNATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The company is a subsidiary of Sbarro, Inc, a US SEC listed company. Payroll and other relevant costs incurred for the UK based employee are recharged on a cost plus basis to the parent company. As such, Sbarro International Services Limited is reliant on support from its parent, Sbarro, Inc.

Sbarro, Inc reached agreement on a pre-negotiated reorganization plan with significant support from key stakeholders to reduce indebtedness on 4 April, 2011, and commenced a voluntary, pre-arranged filing under Chapter 11 of the United States Bankruptcy Code. Sbarro, Inc completed reorganization and successfully emerged from Chapter 11 with significantly reduced debt on 30 November, 2011. Sbarro, Inc has indicated its continued ability and willingness to provide support as required to Sbarro International Services for at least 12 months from the time of approving these financial statements.

As such, the board of directors of Sbarro International Services Limited have formed a judgment, at the time of approving these financial statements, that there is reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months. For this reason, the board of directors continue to adopt the going concern basis of preparation.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

2 TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

During the period, no director received any emoluments.

The companies' auditors received remuneration of £3,500 in their capacity as auditors, £2,500 for preparation of financial statements and £2,750 for tax compliance.

SBARRO INTERNATIONAL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2010****4 STAFF COSTS**

Staff costs were as follows

	2010
	£
Wages and salaries	105,623
	<u><u> </u></u>

The average monthly number of employees, including the directors, during the period was as follows

2010
No.
1
<u><u> </u></u>

5 TAXATION

	2010
	£
UK corporation tax charge on profit for the period	3,944
	<u><u> </u></u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2010
	£
Profit on ordinary activities before tax	12,019
	<u><u> </u></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	3,365
Effects of:	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	579
	<u><u> </u></u>
Current tax charge for the period (see note above)	3,944
	<u><u> </u></u>

6 DEBTORS

	2010
	£
Amounts owed by group undertakings	209,019
	<u><u> </u></u>

SBARRO INTERNATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2010

7 CREDITORS: Amounts falling due within one year

	2010 £
Amounts owed to group undertakings	196,900
Corporation tax	3,944
	<u>200,844</u>

8. SHARE CAPITAL

	2010 £
Allotted, called up and fully paid	
100 Ordinary shares of £1 each	<u>100</u>

On commencement of the company 100 ordinary shares of £1 each were issued at par

9 RESERVES

	Profit and loss account £
Profit for the period	8,075
At 31 December 2010	<u>8,075</u>

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £
Opening shareholders' funds	-
Profit for the period	8,075
Shares issued during the period	100
Closing shareholders' funds	<u>8,175</u>

11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Sbarro International Services Limited is a wholly owned and controlled subsidiary of Sbarro Inc