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NANDO'S CHICKEN LIMITED

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2002



Nando's Chicken Limited

Directors

Mr. R.A. 't Hooft
Mr. C.F. Luyckx

Secretary and Registered Office

Mr. C.F. Luyckx
42 Vicarage Crescent, London, SW11 3LB

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Directors

The directors have pleasure in presenting their report and audited financial statements for the year ended 31st December 2002.

Activities and Business Review

The company's premises are leased to a related company for the operation of a "flame grilled chicken concept" within the quick service sector of the restaurant industry.

Results and Dividends

The loss for the financial year after taxation amounted to £44,841 (2001: £59,542) and has been set off against reserves. The directors do not recommend the payment of a dividend for the year.

Directors' Interests

None of the Directors had any interest as defined by the Companies Act 1985 in the share capital of the company at any time during the year.

Auditors

Moore Stephens were auditors during the financial year and have expressed their willingness to continue in office. A resolution proposing their reappointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Mr C.F. Luyckx

Director



Nando's Chicken Limited

Statement of Directors' Responsibilities
For the year ended 31st December 2002

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 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;
- state whether applicable 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 proper accounting records which 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 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.

Independent Auditors' Report to the Shareholders of *Nando's Chicken Limited*

We have audited the financial statements of Nando's Chicken Limited for the year ended 31st December 2002 set out on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 at 31st December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens

MOORE STEPHENS

Registered Auditor
Chartered Accountants

St. Paul's House
London, EC4P 4BN

31st October 2003

Nando's Chicken Limited

Profit and Loss Account
For the year ended 31st December 2002

	Note		2002		2001
Turnover	1(b)		639,082		616,210
Administrative expenses			(558,919)		(534,090)
Operating profit	2		80,163		82,120
Interest payable and similar charges	4		(115,200)		(150,167)
Loss on Ordinary Activities before Taxation			(35,037)		(68,047)
Taxation on result on ordinary activities	5		(9,804)		8,505
Loss for the Financial Year		£	(44,841)	£	(59,542)

Summary of Accumulated Losses

At 1st January 2002			(22,222)		37,320
Loss for the financial year			(44,841)		(59,542)
At 31st December 2002		£	(67,063)	£	(22,222)

There are no recognised gains or losses other than those included in the profit and loss account.

Nando's Chicken Limited

Balance Sheet - 31st December 2002

	Note	2002		2001	
Fixed Assets					
Tangible assets	6		2,116,807		2,130,726
Current Assets					
Debtors	7	170,867		271,225	
Creditors, amounts falling due within one year	8	(307,051)		(223,655)	
Net Current (Liabilities)/ Assets			(136,184)		47,570
Total Assets Less Current Liabilities			1,980,623		2,178,296
Creditors, amounts falling due after more than one year	9		(1,737,768)		(1,891,104)
Provision for liabilities and charges	10		(9,918)		(9,414)
Net Assets			£ 232,937		£ 277,778
Capital and Reserves					
Called up equity share capital	11		300,000		300,000
Profit and loss account			(67,063)		(22,222)
Equity Shareholders' Funds			£ 232,937		£ 277,778

The financial statements were approved by the Board on 30th October 2003
and signed on its behalf by

C.F. LUYCKX Director

Nando's Chicken Limited

Financial Statements
For the year ended 31st December 2002

Notes

1. **Principal Accounting Policies**

(a) Basis of accounting

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

They have been prepared on a going concern basis on the grounds that Nandos Chickenland Ltd, a company under common control and the tenant of all the company's properties, has agreed to provide all necessary financial support. No adjustments would be required if this basis were not appropriate.

(b) Turnover

Turnover consists of gross rental income from properties together with sales and services in the ordinary course of business, excluding sales of investment properties.

(c) Fixed assets and depreciation

Freehold property is not depreciated as it is the company's policy to maintain these buildings to a high standard and, because of this, such properties are expected to maintain residual disposal values in aggregate at least equal to their book values. The company's appraisal of residual values is based on prices prevailing at the time of acquisition or subsequent valuation of the property in question. Short leasehold properties are depreciated over the term of the lease.

(d) Current and deferred taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided on timing differences that have originated but not reversed by the balance sheet date on a non-discounted basis. Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted.

No provision is made where the amounts involved are not material.

(e) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling on the balance sheet date. Any resultant gains or losses on exchange are dealt with through the profit and loss account in the period in which they arise.

(f) Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Nando's Chicken Limited

Financial Statements
For the year ended 31st December 2002

Notes (Continued)

2. **Operating Profit**

The operating profit is stated after charging:

	2002	2001
Auditors' remuneration	3,500	3,300
Depreciation	39,929	40,070

3. **Directors and Employees**

The only employees during the year were the two directors (2001: 2). Staff costs during the year were £Nil (2001: £Nil).

4. **Interest payable and similar charges**

	2002	2001
Bank loans and overdrafts	£ 115,200	£ 150,167

5. **Taxation on Ordinary Activities**

(a) Analysis of tax charge/(credit) for the year:

	2002	2001
United Kingdom corporation tax	-	(9,300)
Under provision in respect of prior years	9,300	124
Total current tax	9,300	(9,176)
Deferred tax charge (Note 10)	504	671
Charge/(credit)	£ 9,804	£ (8,505)

(b) Factors affecting current tax charge for the year:

	2002 £	2001 £
Loss on ordinary activities before tax at 30%	(10,511)	(20,414)
Effects of:		
Depreciation in excess of capital allowances	11,316	11,114
Utilisation of tax losses	(805)	-
Adjustment to tax charge in respect of previous periods	9,300	124
Current tax charge/(credit) for the year	£ 9,300	£ (9,176)

Nando's Chicken Limited

Financial Statements
For the year ended 31st December 2002

Notes (Continued)

6. **Tangible Fixed Assets**

	Freehold Property	Short Leasehold Property	Total
Cost			
At 1st January 2002	1,526,854	751,407	2,278,261
Additions	-	26,010	26,010
At 31st December 2002	£ 1,526,854	£ 777,417	£ 2,304,271
Accumulated depreciation			
At 1st January 2002	-	147,535	147,535
Charge for the year	-	39,929	39,929
At 31st December 2002	£ -	£ 187,464	£ 187,464
Net book value			
At 31st December 2002	£ 1,526,854	£ 589,953	£ 2,116,807
At 31st December 2001	£ 1,526,854	£ 603,872	£ 2,130,726

The company's bankers hold a first legal charge on properties with a cost of £2,017,516 and a floating charge on the remaining of the company's assets in respect of the company's borrowings.

7. **Debtors**

	2002	2001
Amount owed by group company	-	102,578
Other debtors (rent deposits)	27,395	27,395
Corporation tax recoverable	-	9,300
Prepayments and accrued income	143,472	131,952
	£ 170,867	£ 271,225

Nando's Chicken Limited

Financial Statements
For the year ended 31st December 2002

Notes (Continued)

8. **Creditors: amounts falling due within one year**

	2002	2001
Bank loans and overdraft (secured) (note 6)	183,314	181,226
Amounts owed to group company	78,442	-
Other creditors	36,297	33,429
Accruals and deferred income	8,998	9,000
	£ 307,051	£ 223,655

The amount of £78,442 is due to Nando's Chickenland Limited and is interest free.

9. **Creditors: amounts falling due after more than one year**

	2002	2001
Bank loan	£ 1,737,768	£ 1,891,104

The loan is repayable as follows:	2002	2001
Due between one and two years	153,336	153,336
Due between two and five years	460,008	460,008
Due after five years	1,124,424	1,277,760
	£ 1,737,768	£ 1,891,104

The loan is secured on the company's properties (see note 6), bears interest at LIBOR + 1.75% and is repayable over 15 years.

10. **Provisions for Liabilities and Charges**

Deferred taxation	2002	2001
Accelerated capital allowances		
At 1st January 2002	9,414	8,743
Transfer from profit and loss account	504	671
At 31st December 2002	£ 9,918	£ 9,414

11. **Equity Share Capital**

	2002	2001
Authorised, allotted, called up and fully paid 300,000 ordinary shares of £1 each	£ 300,000	£ 300,000

12. Operating Lease Commitments

The company has the following annual commitments under operating non-cancellable leases in respect of properties which expire:

		2002		2001
After five years	£	525,878	£	500,727

13. Contingent Liabilities

The company is party to an unlimited cross guarantee in respect of Nando's Chickenland Limited's bank borrowings which amounted to £15,076,332 at 31st December 2002 (2001: £12,254,292).

14. Reconciliation of Movements in Shareholders' Funds

		2002		2001
Shareholders funds				
Opening shareholders funds		277,778		337,320
Loss for the year		(44,841)		(59,542)
Closing shareholders funds	£	232,937	£	277,778

15. Related Party Transactions

The company derived its income for the year from Nando's Chickenland Limited a company under common control.

16. Ultimate Holding and Parent Company

The Directors consider that the ultimate parent company is Tarofax Investments S.A. which is incorporated in Panama. The immediate parent company is IVM Intersurer B.V. incorporated in the Netherlands.