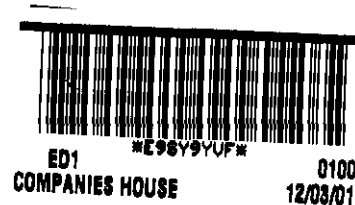


SANDS CATERING COMPANY LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 AUGUST 2000**

REGISTERED NUMBER: 1272521



SANDS CATERING COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

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SANDS CATERING COMPANY LIMITED

COMPANY INFORMATION
AT 31 AUGUST 2000

DIRECTORS

R Rapacioli
Mrs R Rapacioli
D Rapacioli
M Rapacioli

SECRETARY

Mrs R Rapacioli

REGISTERED OFFICE

353 City Road
London
EC1V 1LR

BUSINESS ADDRESS

353 City Road
London
EC1V 1LR

AUDITORS

Nunn Hayward
Chartered Accountants
66/70 Coombe Road
New Malden
Surrey
KT3 4QW

SANDS CATERING COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 August 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were that of a management company.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £44,634.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors do not consider that the costs of the introduction of the single European currency will materially affect the company.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

		Number of Shares	
		2000	1999
R Rapacioli	Ordinary shares of £1 each	12,950	12,950
Mrs R Rapacioli	Ordinary shares of £1 each	4,550	4,550
D Rapacioli		-	-
M Rapacioli		-	-

DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year 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;
- 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 maintaining 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.

SANDS CATERING COMPANY LIMITED

DIRECTORS' REPORT

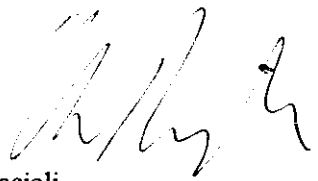
AUDITORS

The auditors, Nunn Hayward, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

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

By order of the board:



Mrs R Rapacioli
Secretary

Date: 6 February 2001

SANDS CATERING COMPANY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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.

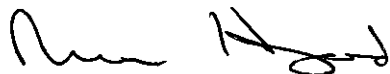
BASIS OF OPINION

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 as to whether 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 affairs of the company as at 31 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Nunn Hayward
Chartered Accountants
Registered Auditor
66/70 Coombe Road
New Malden
Surrey
KT3 4QW

Date: 6 February 2001

SANDS CATERING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2000

	Notes	2000 £	1999 £
TURNOVER	2	323,870	314,243
Cost of sales		-	13,069
GROSS PROFIT		323,870	301,174
Administrative expenses		268,374	402,566
		55,496	(101,392)
Other operating income	3	-	23,400
OPERATING PROFIT / (LOSS)	4	55,496	(77,992)
Interest payable and similar charges	5	(2,049)	(13,037)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		53,447	(91,029)
Tax on profit / (loss) on ordinary activities	8	(8,813)	(4,816)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		44,634	(95,845)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

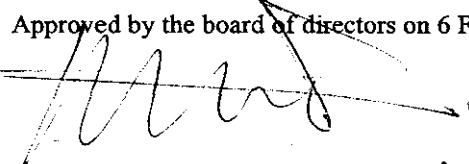
SANDS CATERING COMPANY LIMITED

BALANCE SHEET AT 31 AUGUST 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	9		11,513		16,278
Investments	10		14,617		14,617
			<u>26,130</u>		<u>30,895</u>
CURRENT ASSETS					
Debtors	12	221,498		232,864	
Cash at bank and in hand		<u>32,140</u>		<u>12,576</u>	
		253,638		245,440	
CREDITORS: amounts falling due within one year	13	<u>(95,652)</u>		<u>(171,575)</u>	
NET CURRENT ASSETS			157,986		73,865
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>184,116</u>		<u>104,760</u>
CREDITORS: amounts falling due after more than one year	14		<u>(34,722)</u>		<u>-</u>
NET ASSETS			<u>149,394</u>		<u>104,760</u>
CAPITAL AND RESERVES					
Called up share capital	15		17,500		17,500
Profit and loss account	16		<u>131,894</u>		<u>87,260</u>
TOTAL SHAREHOLDERS' FUNDS	17		<u>149,394</u>		<u>104,760</u>

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

Approved by the board of directors on 6 February 2001 and signed on its behalf by:



R Rapacioli
Director

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

1. STATEMENT OF ACCOUNTING POLICIES

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

Consolidation

The company forms part of a medium group. The ultimate parent company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Short leasehold land and buildings	Over the life of the lease
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	25% reducing balance

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. TURNOVER

Turnover is attributable to the one principal activity of the company and arose wholly in the United Kingdom.

3. OTHER OPERATING INCOME

	2000	1999
	£	£
Management rent	-	23,400
	-	23,400

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

4. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated	2000	1999
	£	£
After charging:		
Depreciation of fixed assets	2,032	2,390
Auditors' remuneration	<u>1,000</u>	<u>1,000</u>
After crediting:		
Rent received	<u>-</u>	<u>23,400</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans and overdrafts	2,049	12,743
Other interest	-	294
	<u>2,049</u>	<u>13,037</u>

6. INFORMATION ON DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Staff costs		
Wages and salaries	192,853	172,264
Social security costs	20,053	19,210
Other pension costs	<u>8,200</u>	<u>26,000</u>
	<u>221,106</u>	<u>217,474</u>

	2000	1999
	No.	No.
The average number of employees during the year was made up as follows:		
Office and management	<u>6</u>	<u>6</u>

	2000	1999
	£	£
Directors' emoluments		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	<u>137,017</u>	<u>123,167</u>

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

6. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	2000 No.	1999 No.
During the year the following number of directors:		
Accrued benefits under money purchase (defined contribution) pension schemes	<u>4</u>	<u>4</u>

7. PENSION COSTS

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £8,200 (1999: £26,000).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
The taxation charge comprises:		
Corporation tax at -% (1999 - 21%)	-	4,816
Payment in respect of group relief	8,813	-
	<u>8,813</u>	<u>4,816</u>

9. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost:	
At 1 September 1999	21,667
Disposals	(2,732)
At 31 August 2000	<u>18,935</u>
Depreciation:	
At 1 September 1999	5,390
Charge for year	2,032
At 31 August 2000	<u>7,422</u>
Net book value:	
At 31 August 2000	<u>11,513</u>
At 31 August 1999	<u>16,278</u>

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

10. INVESTMENTS

	2000	1999
	£	£
Cost		
At 1 September 1999	264,734	261,175
Additions	-	34,109
Disposals	-	(30,550)
At 31 August 2000	<u>264,734</u>	<u>264,734</u>
Less: provisions	(250,117)	(250,117)
At 31 August 2000	<u>14,617</u>	<u>14,617</u>

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

11. INVESTMENTS - FINANCIAL INFORMATION

Financial information summary

Significant holdings in undertakings, the aggregate amount of capital and reserves, and the results of these undertakings for the last financial year were as follows:-

Name of undertaking	Country of incorporation	Class of share held	Proportion held	Capital and reserves £	Profit or loss for year £
Supernote Ltd	UK	Ordinary	75 %	34,088	107,130
Sands Investments Ltd	UK	Ordinary *	100 %	(147,377)	-
Goldnew Ltd	UK	Ordinary *	76 %	20,000	-
Yearminster Ltd	UK	Ordinary	76 %	(353,779)	-
Paramart Ltd	UK	Ordinary	76 %	(188,215)	(67,584)
Shirepond Ltd	UK	Ordinary *	100 %	(184,764)	(184,766)

* - denotes held directly by Sands Catering Company Limited

12. DEBTORS

	2000 £	1999 £
Trade debtors	-	793
Amounts owed by group undertakings	211,085	202,284
Other debtors	2,413	7,956
Prepayments and accrued income	8,000	21,831
	<u>221,498</u>	<u>232,864</u>

13. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,549	6,689
Amounts owed to group undertakings	10,718	10,718
Corporation tax	-	4,816
Other taxes and social security costs	9,840	71,000
Other creditors	49,885	67,082
Accruals and deferred income	23,660	11,270
	<u>95,652</u>	<u>171,575</u>

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

14. CREDITORS: amounts falling due after more than one year

	2000	1999
	£	£
Other creditors	<u>34,722</u>	<u>-</u>

15. SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
Equity interests:		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid:		
Equity interests:		
17,500 Ordinary shares of £1 each	<u>17,500</u>	<u>17,500</u>

16. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Retained profit as at 1 September 1999	87,260	183,105
Profit / (loss) for the year	<u>44,634</u>	<u>(95,845)</u>
Retained profit as at 31 August 2000	<u>131,894</u>	<u>87,260</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit / (loss) for the year	44,634	(95,845)
Opening shareholders' funds	<u>104,760</u>	<u>200,605</u>
Closing shareholders' funds	<u>149,394</u>	<u>104,760</u>
Represented by:-		
Equity interests	<u>149,394</u>	<u>104,760</u>

18. CONTROLLING PARTY

The company was controlled throughout the current and previous year by the directors by virtue of their shareholding.

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2000

19. CONTINGENT LIABILITIES

The company has contingent liabilities in respect of guarantees given to secure the bank borrowings, commercial loans and finance leases of certain related companies.

The aggregate amount of these borrowings at 31 August 2000 was £631,034 (1999 - £483,274).