Company Registration No. 1272521 (England and Wales)

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SANDS CATERING COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2004

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SANDS CATERING COMPANY LIMITED

COMPANY INFORMATION

Directors	R Rapacioli Mrs R Rapacioli D J Rapacioli M U Rapacioli
Secretary	Mrs R Rapacioli
Company number	1272521
Registered office	353 City Road London EC1V 1LR
Auditors	Nunn Hayward 66/70 Coombe Road New Malden Surrey KT3 4QW
Business address	353 City Road London EC1V 1LR

SANDS CATERING COMPANY LIMITED

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SANDS CATERING COMPANY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2004

The directors present their report and financial statements for the year ended 31 August 2004.

Principal activities
The principal activity of the company continued to be that of a management company.

Directors
The following directors have held office since 1 September 2003:

R Rapacioli
Mrs R Rapacioli
D J Rapacioli
M U Rapacioli

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2004	**1 September 2003**
R Rapacioli	12,950	12,950
Mrs R Rapacioli	4,550	4,550
D J Rapacioli	-	-
M U Rapacioli	-	-

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Nunn Hayward be reappointed as auditors of the company will be put to the Annual General Meeting.

SANDS CATERING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

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 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 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.

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

On behalf of the board

Mrs R Rapacioli
Director
8 March 2005

SANDS CATERING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SANDS CATERING COMPANY LIMITED

We have audited the financial statements of Sands Catering Company Limited on pages 4 to 11 for the year ended 31 August 2004. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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.

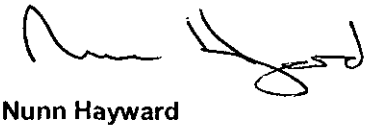
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Nunn Hayward

8 March 2005

Chartered Accountants
Registered Auditor

66/70 Coombe Road
New Malden
Surrey
KT3 4QW

SANDS CATERING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2004

	Notes	2004 £	2003 £
Turnover		457,418	553,354
Administrative expenses		(408,896)	(421,338)
Exceptional item	2	-	(320,000)
Operating profit/(loss)	3	48,522	(187,984)
Other interest receivable and similar income		-	22
Interest payable and similar charges		(28,235)	(8,574)
Profit/(loss) on ordinary activities before taxation		20,287	(196,536)
Tax on profit/(loss) on ordinary activities	4	-	-
Profit/(loss) on ordinary activities after taxation	12	20,287	(196,536)

SANDS CATERING COMPANY LIMITED

BALANCE SHEET
AS AT 31 AUGUST 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	5		6,010		7,070
Investments	6		85,167		14,617
			91,177		21,687
Current assets					
Debtors	7	390,040		448,643	
Cash at bank and in hand		23,386		100	
		413,426		448,743	
Creditors: amounts falling due within one year	8	(238,626)		(504,449)	
Net current assets/(liabilities)			174,800		(55,706)
Total assets less current liabilities			265,977		(34,019)
Creditors: amounts falling due after more than one year	9		(279,709)		-
			(13,732)		(34,019)
Capital and reserves					
Called up share capital	11		17,500		17,500
Profit and loss account	12		(31,232)		(51,519)
Shareholders' funds			(13,732)		(34,019)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 8 March 2005

R Rapacioli
Director

SANDS CATERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Going concern

In the opinion of the directors the company's bank overdraft facility together with the terms of the loan from the Sands Group Pension Fund as set out in note 9 are sufficient to enable the company and its subsidiaries to trade for at least 12 months from the date of approval of the financial statements. Accordingly the financial statements have been prepared on a going concern basis.

1.2 Compliance with and departure from accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	15% reducing balance

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

2 Exceptional item

	2004	2003
	£	£
Pension payment	-	320,000

3 Operating profit/(loss)

	2004	2003
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	1,060	1,248
Auditors' remuneration	3,000	1,500
Directors' emoluments	220,217	230,155

4 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

5 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 September 2003 & at 31 August 2004	18,935
Depreciation	
At 1 September 2003	11,865
Charge for the year	1,060
At 31 August 2004	12,925
Net book value	
At 31 August 2004	6,010
At 31 August 2003	7,070

6 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2003	264,734
Additions	70,550
Disposals	(250,117)
At 31 August 2004	85,167
Provisions for diminution in value	
At 1 September 2003	250,117
On disposals	(250,117)
At 31 August 2004	-
Net book value	
At 31 August 2004	85,167
At 31 August 2003	14,617

6 Fixed asset investments **(continued)**

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Supernote Limited	UK	Ordinary *	100
Goldnew Limited	UK	Ordinary*	76
Paramart Limited	UK	Ordinary	76
Shirepond Limited	UK	Ordinary*	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Supernote Limited	111,843	142,666
Goldnew Limited	20,000	-
Paramart Limited	(211,719)	36,101
Shirepond Limited	(346,771)	(55,939)

* - denotes held directly by Sands Catering Company Limited

On 7 August 2004 Sands Catering Company Limited acquired the entire share capital of Supernote Limited from it's subsidiary, Shirepond Limited.

An application has been made to strike the company's dormant subsidiaries, Sands Investments Limited and Yearnminster Limited off the company register and the company's investment in these companies has been written off.

7 Debtors	2004 £	2003 £
Amounts owed by group undertakings	380,148	447,827
Other debtors	9,348	304
Prepayments and accrued income	544	512
	390,040	448,643

The amounts owed by group undertakings have no fixed repayment terms. The company does not intend to seek repayment of the intercompany debt of £380,148 within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

8 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	-	228,060
Trade creditors	1,334	1,489
Amounts owed to group undertakings	128,219	132,225
Other creditors	-	8,000
Taxes and social security costs	8,996	28,219
Directors' loan accounts	64,123	96,405
Loan	25,137	1,389
Accruals and deferred income	10,817	8,662
	238,626	504,449

Bank overdrafts are secured by a fixed and floating charge on all the assets of the company.

9 Creditors: amounts falling due after more than one year	2004 £	2003 £
Loan	279,709	-
Analysis of loans		
Not wholly repayable within five years by instalments	304,846	-
Wholly repayable within five years	-	1,389
Included in current liabilities	(25,137)	(1,389)
	279,709	-
Instalments not due within five years	158,843	-
Loan maturity analysis		
In more than one year but not more than two years	27,022	-
In more than two years but not more than five years	93,844	-
In more than five years	158,843	-

10 Pension costs

The company operates a 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

11 Share capital

	2004 £	2003 £
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
17,500 Ordinary shares of £1 each	17,500	17,500

12 *Statement of movements on profit and loss account*

	Profit and loss account £
Balance at 1 September 2003	(51,519)
Retained profit for the year	20,287
Balance at 31 August 2004	(31,232)

13 Contingent liabilities

The company has contingent liabilities in respect of guarantees given to secure the bank borrowings of certain companies.
The aggregate amount of these borrowings at 31 August 2004 was £257,850 (2003 - £267,529).

14 Financial commitments

At 31 August 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004 £	2003 £
Expiry date:		
In over five years	-	80,500

15 Controlling party

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

16 Related party transactions

During the year ended 31 August 2004 R Rapacioli was owner of freehold buildings which the company rents. During the year ended 31 August 2003 R Rapacioli was a part owner of freehold buildings which the company rents. The rent paid for this year amounted to £9,127 (2003 - £ 6,762).

As at 31 August 2004 the company owed Sands Group Pension Fund £304,846 (2003 - £ NIL). Interest is payable at the rate of 3% over base rate and the loan is repayable by 1 December 2011.