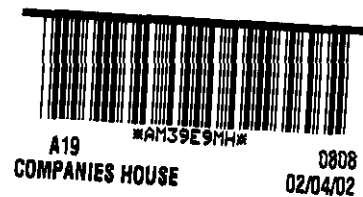


CHIPSMITHS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2001



CHIPSMITHS LIMITED

Company Information

<u>Directors</u>	P W Ryan S W Ganderton Mrs C M Ganderton Mrs J A Ryan
<u>Secretary</u>	S W Ganderton
<u>Company Number</u>	3512821
<u>Registered Office</u>	58A High Street Shepperton Middlesex TW17 9AU
<u>Accountants</u>	Billinge Blend & Co. Chartered Accountants 58A High Street Shepperton Middlesex TW17 9AU

CHIPSMITHS LIMITED

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The following page does not form part of the statutory accounts:

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CHIPSMITHS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2001

The directors present their report and the financial statements for the year ended 30th June 2001.

Principal Activity

The company's principal activity continues to be that of fish and chip retailing.

Directors

The directors at 30th June 2001 and their interests in the share capital of the company were as follows:

	At 30 th June 2001 Ordinary Shares	At 1 st July 2000 Or subsequent date of appointment Ordinary Shares
P W Ryan	1	1
S W Ganderton	1	1
Mrs C M Ganderton	-	-
Mrs J A Ryan	-	-

Small Company Rules

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

This report was approved by the board on
and signed by order of the board.

28 March

2002



S W GANDERTON
COMPANY SECRETARY

CHIPSMITHS LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS
OF CHIPSMITHS LIMITED

As described on the balance sheet, you are responsible for the preparation of the accounts for the year ended 30th June 2001 set out on pages 3 to 8, and you consider that the company is exempt from audit under the provisions of S.249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Billinge Blend & Co.
Chartered Accountants
58A High Street
Shepperton
Middlesex
TW17 9AU

Billinge Blend and Company

..... 28 March 2002

CHIPSMITHS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
		£	£
TURNOVER		261138	182809
Cost of Sales		(167451)	(108639)
GROSS PROFIT		93687	74170
Selling and distribution costs		(917)	(1750)
Administrative expenses		(95141)	(74453)
OPERATING PROFIT/(LOSS)	3	(2371)	(2033)
Profit (loss) on disposal of tangible fixed assets		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		(2371)	(2033)
Interest receivable		333	478
Interest payable		(5135)	(3080)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(7173)	(4635)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	(765)	206
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(7938)	(4429)
Dividends		-	-
RETAINED PROFIT/(LOSS) FOR THE YEAR		(7938)	(4429)
RETAINED BALANCE BROUGHT FORWARD		(7249)	(2820)
RETAINED BALANCE CARRIED FORWARD		(15187)	(7249)

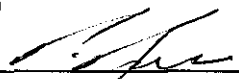
The notes on pages 5 to 8 form part of these financial statements.

CHIPSMITHS LIMITED
BALANCE SHEET AS AT 30th JUNE 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Intangible assets	5	128493	39969
Tangible assets	6	38382	19935
		166875	59904
CURRENT ASSETS			
Stocks		3449	2089
Debtors	7	8096	2320
Cash at bank and in hand		5477	16457
		17022	20866
CREDITORS: Amounts falling due within one year	8	(76504)	(87331)
NET CURRENT ASSETS (LIABILITIES)		(59482)	(66465)
TOTAL ASSETS LESS CURRENT LIABILITIES		107393	(6561)
CREDITORS: Amounts falling due after more than one year	9	(121127)	-
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(1450)	(685)
NET ASSETS		(15184)	(7246)
CAPITAL AND RESERVES			
Called up share capital	11	3	3
Profit and loss account		(15187)	(7249)
SHAREHOLDERS' FUNDS			
		(15184)	(7246)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of s.249A(1) of the Companies Act 1985. Members have not required the company under section 249B(2) of the Companies Act 1985 to obtain an audit for the year ended 30th June 2001. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with s.221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 30th June 2001 and of its loss for the year then ended in accordance with the requirements of S.226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 28 March 2002 and signed on its behalf.

 S W GANDERTON)
) DIRECTORS
 P W RYAN)

The notes on pages 5 to 8 form part of these financial statements.

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax.

1.3 Tangible fixed assets and depreciation/amortisation

Tangible fixed assets are stated at cost less depreciation/amortisation.

Depreciation/amortisation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property - Sutton	8.88% straight line basis
Leasehold property - Carshalton	6.3% straight line basis
Improvements to premises	6.3% straight line basis
Fixtures, fittings & equipment	25% reducing balance basis

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable net assets. It is amortised to profit and loss account over its estimated economic life (6.3% straight line basis for the Carshalton shop and 8.88% straight line basis for the Sutton shop).

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.7 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 TURNOVER

In the year to 30th June 2001, NIL % of the company's turnover was derived from markets outside the United Kingdom (2000 - NIL %).

CHIPSMITHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2001

3	<u>OPERATING PROFIT</u>	2001	2000
	The operating profit is stated after charging:	£	£
	Depreciation/amortisation of tangible fixed assets		
	- owned by the company	10263	4798
	- held under finance leases	-	-
	Directors' emoluments	27056	30606
		<u> </u>	<u> </u>
4	<u>TAXATION</u>	2001	2000
		£	£
	UK Corporation tax	-	-
	Transfer to (from) deferred taxation	765	(206)
		<u> </u>	<u> </u>
		765	(206)
		<u> </u>	<u> </u>
5	<u>INTANGIBLE FIXED ASSETS</u>	Goodwill	Total
		£	£
	<u>Cost</u>		
	At 1 st July 2000	47000	47000
	Additions	95000	95000
	Disposals	-	-
		<u> </u>	<u> </u>
	At 30 th June 2001	142000	142000
		<u> </u>	<u> </u>
	<u>Amortisation</u>		
	At 1 st July 2000	7031	7031
	Charge for the year	6476	6476
	Eliminated on disposal	-	-
		<u> </u>	<u> </u>
	At 30 th June 2001	13507	13507
		<u> </u>	<u> </u>
	<u>Net book values</u>		
	At 30 th June 2001	128493	128493
		<u> </u>	<u> </u>
	At 30 th June 2000	39969	39969
		<u> </u>	<u> </u>

CHIPSMITHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2001

6	<u>TANGIBLE FIXED ASSETS</u>	Land and Buildings £	Other Assets £	Total £
	<u>Cost</u>			
	As at 1 st July 2000	8374	25735	34109
	Additions	3000	25719	28719
	Disposals	-	-	-
	At 30 th June 2001	11374	51454	62828
	<u>Depreciation</u>			
	At 1 st July 2000	1251	12923	14174
	Charge for the year	639	9633	10272
	Eliminated on disposals	-	-	-
	At 30 th June 2001	1890	22556	24446
	<u>Net book values</u>			
	At 30 th June 2001	9484	28898	38382
	At 30 th June 2000	7123	12812	19935
7	<u>DEBTORS</u>		2001 £	2000 £
	<u>Due after more than one year</u>			
	Other debtors		-	-
	<u>Due within one year</u>			
	Trade debtors		-	-
	Other debtors		8096	2320
			8096	2320
8	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		2001 £	2000 £
	Bank loans and overdrafts		12559	-
	Trade creditors		4921	2440
	Corporation tax		-	-
	Net obligations under finance leases and hire purchase contracts		-	-
	Other creditors		59024	84891
			76504	87331

Included within other creditors is an amount of £27034 (2000 - £24860) relating to social security and other taxes. Of the creditors falling due within and after more than one year the bank loans and overdrafts totalling £76349 (2000 - £NIL) are secured.

Bank loans outstanding at the year end amounted to £75495 and include instalments due after more than five years of £17422 (2000 - £NIL). The directors, Mr and Mrs Ganderton and Mr and Mrs Ryan with Mr and Mrs Keogh have all given the bank joint and several guarantees for £30000 in support of the bank loan.

Also included within other creditors are unsecured amounts due to the directors as follows: Mr and Mrs Ganderton £9000, Mr and Mrs Ryan £9000, and to the employees Mr and Mrs Keogh £9000.

CHIPSMITHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2001

9	<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	2001 £	2000 £
	Bank loan	63880	-
	Other creditors	57247	-
		121127	-

Included within other creditors are unsecured loans from the directors and shop manager as set out in note 13.

Also included within other creditors are unsecured amounts due to the directors as follows: Mr and Mrs Ganderton £7664, Mr and Mrs Ryan £9096, and the employees Mr and Mrs Keogh £10487.

10	<u>DEFERRED TAXATION</u>	2001 £	2000 £
	Balance at 1 st July 2000	685	891
	Charge (credit) for the year	765	(206)
	Balance at 30 th June 2001	1450	685

The provision for deferred taxation is made up of accelerated capital allowances.

11	<u>SHARE CAPITAL</u>	2001 £	2000 £
	<u>Authorised</u>		
	Ordinary shares of £1 each	1000	1000
	<u>Allotted, called up and fully paid</u>		
	Ordinary shares of £1 each	<u>3</u>	<u>3</u>

12 OTHER COMMITMENTS

At 30 th June 2001 the company had annual cancellable operating leases as follows:	2001	2000
Expiry date:	£	£
Within one year	-	-
Between two and five years	-	-
In more than five years	22875	14875

13 TRANSACTIONS WITH DIRECTORS/RELATED PARTIES

Mr S W Ganderton has made loans to the company. At 1st July 2000 the balance outstanding was £11000, which had increased to £15000 by 30th June 2001. He received gross interest of £1163 for the year (2000 £1540). At 30th June 2001 the balance of interest payable was £NIL. (2000 £NIL)

Mrs J Ryan has made loans to the company. At 1st July 2000 the balance outstanding was £11000, which had reduced to £10000 by 30th June 2001. She received gross interest of £777 for the year (2000 £1540). At 30th June 2001 the balance of interest payable was £NIL. (2000 £NIL).

Mr D Keogh, shop manager, made a loan of £5000 to the company during the year. At 30th June 2001 the balance outstanding remained at £5000. he received gross interest of £200 for the year. At 30th June 2001 the balance of interest payable was £NIL.

Additional related party information is given in notes 8 and 9

The controlling parties are P W Ryan, S W Ganderton and D Keogh by virtue of their ownership of one each of the three issued shares in the company.