

NANDO'S CHICKEN LIMITED
REPORT AND FINANCIAL STATEMENTS
31st DECEMBER 1998



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 1998.

Activities and Business Review

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

The directors are evaluating a number of further property acquisitions for the next financial year.

Results and Dividends

The loss for the financial year after taxation amounted to £4,623 and has been transferred to reserves. The directors do not recommend the payment of a dividend for the year.

Fixed Assets

Movements in fixed assets are set out in note 6.

Directors

Mr. C.F. Luyckx retires by rotation, but being eligible represents himself for appointment.

Year 2000

The directors believe that the company has taken all reasonable steps to eliminate any potential risks which may arise from the Year 2000 problem with regard to internal use of computer systems and embedded chips and has obtained similar assurances in connection with its principal relationships with third parties. The total costs of ensuring Year 2000 compliance have not yet quantified, but are not considered to be significant.

Nando's Chicken Limited

Report of the Directors (Continued)

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.

By Order of the Board

A handwritten signature in black ink, appearing to read 'C.F. Luyckx', written over the printed name.

Mr C.F. Luyckx

Secretary

Nando's Chicken Limited**Statement of Directors' Responsibilities
For the year ended 31st December 1998**

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.

**Report of the Auditors to the Members of
Nando's Chicken Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 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 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
London, EC4P 4BN

16 November 1999

Moore Stephens

MOORE STEPHENS

Chartered Accountants
Registered Auditor

Nando's Chicken Limited

Profit and Loss Account
For the year ended 31st December 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
Turnover	1(b)	397,913	218,433
Administrative expenses		409,850	202,276
Operating (loss)/profit	2	(11,937)	16,157
Interest receivable		9,998	-
Interest payable and similar charges	4	(684)	(230)
(Loss)/Profit on Ordinary Activities before Taxation		(2,623)	15,927
Taxation on result on ordinary activities	5	2,000	4,011
(Loss)/Profit for the Financial Year		£ (4,623)	£ 11,916

Summary of Retained Profits

At 1st January 1998		74,500	62,584
(Loss)/profit for the financial year		(4,623)	11,916
At 31st December 1998		£ 69,877	£ 74,500

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 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
Fixed Assets			
Tangible assets	6	2,184,123	1,601,571
Current Assets			
Debtors	7	109,897	435,267
Cash at bank and in hand		-	75,243
		<u>109,897</u>	<u>510,510</u>
Creditors, amounts falling due within one year	8	89,387	34,631
		<u> </u>	<u> </u>
Net Current Assets		20,510	475,879
		<u> </u>	<u> </u>
Total Assets Less Current Liabilities		2,204,633	2,077,450
		<u> </u>	<u> </u>
Creditors, amount falling due after more than one year	9	1,834,756	1,702,950
		<u> </u>	<u> </u>
Net Assets		£ 369,877	£ 374,500
		<u> </u>	<u> </u>
Capital and Reserves			
Called up equity share capital	10	300,000	300,000
Profit and loss account		69,877	74,500
		<u> </u>	<u> </u>
Equity Shareholders' Funds		£ 369,877	£ 374,500
		<u> </u>	<u> </u>

The financial statements were approved by the Board on 15 November 1999
and signed on its behalf by

R.A.'t HOOFT

C.F. LUYCKX

Directors




Nando's Chicken Limited**Financial Statements
For the year ended 31st December 1998****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.

(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 and leasehold property with a term in excess of 20 years are not depreciated. No depreciation is provided on the company's freehold and long leasehold buildings 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) Deferred taxation

Provision is made by the liability method for all material timing differences which are expected to be reversed in the foreseeable future.

(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 1998****Notes (Continued)****2. Operating (Loss)/Profit**

The operating (loss)/profit is stated after charging:

	<u>1998</u>	<u>1997</u>
Auditors' remuneration	3,200	3,000
Depreciation	14,583	8,609
Staff costs (note 3)	-	-
	<u> </u>	<u> </u>

3. Directors and Employees

The only employees during the year were the two directors (1997: 2). Staff costs during the year were £Nil (1997: £Nil).

4. Interest payable and similar charges

	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts	£ 684	£ 230
	<u> </u>	<u> </u>

5. Taxation on Ordinary Activities

	<u>1998</u>	<u>1997</u>
United Kingdom corporation tax	2,500	4,500
(Over)/provision in prior years	(500)	(489)
	<u> </u>	<u> </u>
	£ 2,000	£ 4,011
	<u> </u>	<u> </u>

Nando's Chicken Limited**Financial Statements
For the year ended 31st December 1998****Notes (Continued)****6. Tangible Fixed Assets**

	<u>Freehold Property</u>	<u>Short Leasehold Property</u>	<u>Total</u>
Cost			
At 1st January 1998	1,063,055	564,071	1,627,126
Additions in year	463,799	133,336	597,135
At 31st December 1998	<u>1,526,854</u>	<u>697,407</u>	<u>2,224,261</u>
Depreciation			
At 1st January 1998	-	25,555	25,555
Charge for the year	-	14,583	14,583
At 31st December 1998	<u>-</u>	<u>40,138</u>	<u>40,138</u>
Net book value			
At 31st December 1998	<u>£ 1,526,854</u>	<u>£ 657,269</u>	<u>£ 2,184,123</u>
At 31st December 1997	<u>£ 1,063,055</u>	<u>£ 538,516</u>	<u>£ 1,601,571</u>

The company's bankers hold a first legal charge on properties with a cost of £1,553,718 as security for a borrowing facility granted to a company under common control and for the company's own borrowings.

7. Debtors

	<u>1998</u>	<u>1997</u>
Amounts owed by group undertakings	-	331,527
Prepayments and accrued income	109,897	103,740
	<u>£ 109,897</u>	<u>£ 435,267</u>

Nando's Chicken Limited**Financial Statements
For the year ended 31st December 1998****Notes (Continued)****8. Creditors: amounts falling due within one year**

	<u>1998</u>	<u>1997</u>
Bank overdraft (secured) (note 6)	48,356	-
Other creditors	32,429	22,429
Corporation tax	2,500	4,500
Accruals and deferred income	6,102	7,702
	<u>£ 89,387</u>	<u>£ 34,631</u>

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

	<u>1998</u>	<u>1997</u>
Amount owed to group company	<u>£ 1,834,756</u>	<u>£ 1,702,950</u>

The above amount is due to Nando's Chickenland Limited and there is no fixed date for its repayment. Assurances have been received from the creditor company that repayment will not be sought until the financial position of the company permits.

10. Equity Share Capital

	<u>1998</u>	<u>1997</u>
Authorised, allotted, called up and fully paid 300,000 ordinary shares of £1 each	<u>£ 300,000</u>	<u>£ 300,000</u>

11. Operating Lease Commitments

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

	<u>1998</u>	<u>1997</u>
After five years	<u>£ 415,124</u>	<u>£ 237,000</u>

12. Capital Commitments

	<u>1998</u>	<u>1997</u>
Contracted for but not provided	<u>£ -</u>	<u>£ 54,000</u>

Nando's Chicken Limited
Financial Statements
For the year ended 31st December 1998

Notes (Continued)

13. Contingent Liabilities

As indicated in note 6, part of the company's properties are pledged as security for bank borrowings by Nando's Chickenland Limited. These borrowings amounted to £1,193,000 at 31st December 1998. Additionally the company is party to an unlimited cross guarantee in respect of Nando's Chickenland Limited's bank borrowings.

14. Related Party Transactions

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

15. 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.