

**Cavanna Group Management Services
Limited**

Financial Statements

For

4 December 2002

Company Registration Number 4214607



BISHOP FLEMING

Chartered Accountants & Registered Auditors
50 The Terrace
Torquay
Devon

Cavanna Group Management Services Limited

Financial Statements

Year Ended 4 December 2002

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Cavanna Group Management Services Limited**Officers and Professional Advisers**

The Board of Directors

J M Cavanna
P M Cavanna
A F Cavanna
M G Cavanna
J Cavanna

Company Secretary

E Rapson

Registered Office

302 Union Street
Torquay
Devon

Auditors

Bishop Fleming
Chartered Accountants
& Registered Auditors
50 The Terrace
Torquay
Devon

Bankers

Barclays Bank Plc
Exeter Corporate Banking Centre
3 Bedford Street
Exeter
Devon

Solicitors

Boyce Hatton
12 Tor Hill Road
Torquay
Devon

Cavanna Group Management Services Limited

The Directors' Report

Year Ended 4 December 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 4 December 2002.

Principal activities

The principal activity of the company during the period was that of a management services company providing staff for other Cavanna group companies.

The directors and their interests in shares of the company

The directors who served the company during the year were as follows:

J M Cavanna
P M Cavanna
A F Cavanna
M G Cavanna
J Cavanna

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 7, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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. The directors 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.

Auditors

A resolution to re-appoint Bishop Fleming as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Cavanna Group Management Services Limited

The Directors' Report *(continued)*

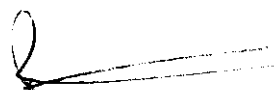
Year Ended 4 December 2002

Small company provisions

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

Registered office:
302 Union Street
Torquay
Devon

Signed by order of the directors



E Rapson
Company Secretary

Approved by the directors on ...25/2/3.....

Cavanna Group Management Services Limited

Independent Auditors' Report to the Shareholders

Year Ended 4 December 2002

We have audited the financial statements on pages 5 to 9 which 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 on page 7.

Respective responsibilities of the directors and the auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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

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.

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. Our responsibilities do not extend to any other information.

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 4 December 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



50 The Terrace
Torquay
Devon

BISHOP FLEMING
Chartered Accountants
& Registered Auditors

6 March 2003

Cavanna Group Management Services Limited

Profit and Loss Account

Year Ended 4 December 2002

	Note	Year to 4 Dec 02 £	Period from 11 May 01 to 4 Dec 01 £
Turnover		1,772,044	481,180
Administrative expenses		1,764,292	481,124
Operating profit		7,752	56
Interest payable		597	—
Profit on ordinary activities before taxation		7,155	56
Tax on profit on ordinary activities	3	1,466	57
Profit/(loss) on ordinary activities after taxation		5,689	(1)
Dividends	4	5,688	—
Retained profit/(loss) for the financial year		1	(1)

Cavanna Group Management Services Limited**Balance Sheet****4 December 2002**

	Note	2002 £	£	2001 £	£
Current assets					
Debtors	5	235,822		247,853	
Creditors: Amounts falling due within one year	6	<u>234,822</u>		<u>246,854</u>	
Net current assets			<u>1,000</u>		<u>999</u>
Total assets less current liabilities			<u>1,000</u>		<u>999</u>
Capital and reserves					
Called-up equity share capital	9		1,000		1,000
Profit and Loss Account	10		—		(1)
Shareholders' funds			<u>1,000</u>		<u>999</u>

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

These financial statements were approved by the directors on the 25/2/03 and are signed on their behalf by:



J M Cavanna
Director

Cavanna Group Management Services Limited

Notes to the Financial Statements

Year Ended 4 December 2002

1. Accounting policies

(a) Basis of accounting

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

(b) Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

(c) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(d) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

(e) Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis of tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 4 Dec 02 £	Period from 11 May 01 to 4 Dec 01 £
Aggregate emoluments	228,036	95,200
Value of company pension contributions to money purchase schemes	20,272	17,806
	<u>248,308</u>	<u>113,006</u>

During the year the following number of
directors:

Accrued retirement benefits under money purchase
pension scheme

<u>3</u>	<u>3</u>
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Cavanna Group Management Services Limited

Notes to the Financial Statements

Year Ended 4 December 2002

3. Tax on profit on ordinary activities

Taxation

	Year to 4 Dec 02 £	Period from 11 May 01 to 4 Dec 01 £
Current tax:		
UK Corporation tax based on the results for the year at 19.30% (2001 - 10%)	1,454	57
Over/under provision in prior year	12	—
Total current tax	1,466	57
Tax on profit on ordinary activities	1,466	57

4. Dividends

The following dividends have been paid in respect of the year:

	Year to 4 Dec 02 £	Period from 11 May 01 to 4 Dec 01 £
Dividend paid on ordinary shares	5,688	—

5. Debtors

	2002 £	2001 £
Amounts owed by group undertakings	220,915	245,235
VAT recoverable	2,511	377
Other debtors	12,396	2,241
	235,822	247,853

6. Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	13,054	8,499
Corporation tax	1,454	56
Other taxation and social security	48,139	41,363
Other creditors	172,175	196,936
	234,822	246,854

7. Contingencies

The company has entered into cross guarantees in respect of bank borrowings of other group companies amounting to £502,169 (2001 - £664,389).

Cavanna Group Management Services Limited

Notes to the Financial Statements

Year Ended 4 December 2002

8. Related party transactions

As a wholly owned subsidiary undertaking of Cavanna Group Limited, the company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Cavanna Group Limited.

9. Share capital

Authorised share capital:

	2002	2001
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	1,000	—
Issue of ordinary shares	—	1,000
	1,000	1,000

10. Profit and loss account

	Year to 4 Dec 02	Period from 11 May 01 to 4 Dec 01
	£	£
Balance brought forward	(1)	—
Retained profit/(accumulated loss) for the financial year	1	(1)
Balance carried forward	—	(1)

11. Ultimate parent company

The holding company is Cavanna Group Limited, a company incorporated in England. Copies of the financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.