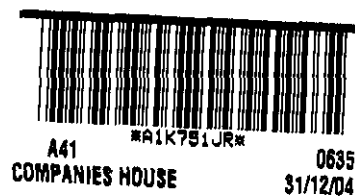


**ARAMARK Limited**

**Directors' report and financial  
statements**

**Registered number 983951**

**3 October 2003**



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## Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 53 weeks ended 3 October 2003.

### Principal activities

The principal activities of the group continue to be the management and provision of a range of food, vending and refreshment services for industry and commerce.

### Results and dividends

The turnover for the period was £301,690,000 (2002: £284,774,000) reflecting an increase of 5.9% (2002: 8.8%) on the previous year. Operating profit was £8,479,000 (2002: £10,305,000).

Group results and dividends are as follows:

	£'000
Retained profit, beginning of period	12,481
Profit on ordinary activities after taxation	5,082
Dividends paid	(5,400)
	<hr/>
Retained profit, end of period	12,163
	<hr/>

### Change of ownership

On 3 October 2003 the entire share capital of the company was transferred to ARAMARK Investments Limited.

### Directors and their interests

The directors who served during the period and subsequently are as shown below:

WJ Toner	
D Gerrard	(resigned 12 July 2004)
I Hall	(resigned 12 July 2004)
N Boston	(appointed 12 July 2004)

There are no directors' interests which require disclosure under Section 234 of the Companies Act 1985.

### Supplier payment policy

It is the group's policy to agree terms and conditions for its business transactions with suppliers. Payment is made on these terms subject to the terms and conditions being met by the supplier. The company's number of days outstanding in respect of trade creditors at 3 October 2003 was 37 days (2002: 43 days).

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

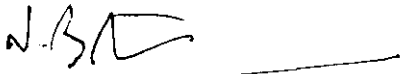
The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and the company magazine.

**Directors' report** *(continued)*

**Auditors**

The directors will place a resolution before the Annual General Meeting to reappoint KPMG LLP as auditors.

By order of the board

A handwritten signature in black ink, appearing to be 'N Boston', followed by a horizontal line.

**N Boston**  
*Director*

Millbank Tower  
28<sup>th</sup> Floor  
21-24 Millbank  
London  
SW1P 4QP

4 January 2005

## **Statement of 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 group and of the profit or loss 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

## **Independent auditors' report to the members of ARAMARK Limited**

We have audited the financial statements on pages 5 to 21.

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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit 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 affairs of the company and the group as at 3 October 2003 and of the profit of the group for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
*Leeds*

4 January 2005

**Consolidated profit and loss account**  
*for the 53 weeks ended 3 October 2003*

	<i>Note</i>	<b>2003</b> <b>£000</b>	<b>2002</b> <b>£000</b>
<b>Turnover</b>		<b>301,690</b>	284,774
Cost of sales		<b>(110,267)</b>	(106,645)
<b>Gross profit</b>		<b>191,423</b>	178,129
Other operating expenses	3	<b>(182,944)</b>	(167,824)
<b>Operating profit</b>		<b>8,479</b>	10,305
Profit on disposal of business		-	650
Investment income	4	<b>107</b>	11
Interest payable and similar charges	5	<b>(1,481)</b>	(1,275)
<b>Profit on ordinary activities before taxation</b>	6	<b>7,105</b>	9,691
Tax on profit on ordinary activities	8	<b>(2,023)</b>	(3,070)
<b>Profit on ordinary activities after taxation</b>		<b>5,082</b>	6,621
Equity dividends paid	9	<b>(5,400)</b>	(4,622)
<b>Retained (loss)/profit for the financial period</b>		<b>(318)</b>	1,999
Retained profit, beginning of period		<b>12,481</b>	10,482
<b>Retained profit, end of period</b>		<b>12,163</b>	12,481

All results in the year arose from continuing activities. There are no other recognised gains or losses other than the results reported above.

The accompanying notes are an integral part of this profit and loss account.

**Consolidated balance sheet**  
*at 3 October 2003*

	<i>Note</i>	<b>2003</b> <b>£000</b>	<b>2002</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	<b>13,880</b>	14,782
Tangible assets	<i>11</i>	<b>7,302</b>	7,244
		<hr/> <b>21,182</b>	<hr/> <b>22,026</b>
<b>Current assets</b>			
Stocks	<i>13</i>	<b>7,832</b>	7,244
Debtors	<i>14</i>	<b>51,758</b>	49,695
Cash at bank and in hand		<b>7,765</b>	334
		<hr/> <b>67,355</b>	<hr/> <b>57,273</b>
<b>Creditors: Amounts falling due within one year</b>	<i>15</i>	<b>(76,014)</b>	(57,033)
		<hr/> <b>(8,659)</b>	<hr/> <b>240</b>
<b>Net current (liabilities)/assets</b>			
		<hr/> <b>12,523</b>	<hr/> <b>22,266</b>
<b>Total assets less current liabilities</b>			
<b>Creditors: Amounts falling due after more than one year</b>	<i>16</i>	<b>-</b>	(9,425)
		<hr/> <b>12,523</b>	<hr/> <b>12,841</b>
<b>Net assets</b>		<hr/> <b>12,523</b>	<hr/> <b>12,841</b>
<b>Capital and reserves</b>			
Called up share capital	<i>17</i>	<b>137</b>	137
Capital reserve	<i>18</i>	<b>223</b>	223
Profit and loss account	<i>18</i>	<b>12,163</b>	12,481
		<hr/> <b>12,523</b>	<hr/> <b>12,841</b>
<b>Equity shareholders' funds</b>	<i>19</i>	<hr/> <b>12,523</b>	<hr/> <b>12,841</b>

The financial statements were approved by the board of directors on 4 January 2005 and were signed on its behalf by:

 \_\_\_\_\_

**N Boston**  
*Director*

The accompanying notes and statement of accounting policies are an integral part of this balance sheet.

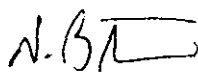


## Company balance sheet

at 3 October 2003

	<i>Note</i>	2003 £000	2002 £000
<b>Fixed assets</b>			
Intangible assets	10	13,880	14,782
Tangible assets	11	6,430	6,876
Investments	12	2,059	2,059
		<hr/> 22,369	<hr/> 23,717
<b>Current assets</b>			
Stocks	13	6,476	6,111
Debtors	14	55,117	50,391
Cash at bank and in hand		7,765	334
		<hr/> 69,358	<hr/> 56,836
<b>Creditors:</b> Amounts falling due within one year	15	(79,311)	(59,752)
		<hr/> (9,953)	<hr/> (2,916)
<b>Net current liabilities</b>			
		<hr/> 12,416	<hr/> 20,801
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> Amounts falling due after more than one year	16	-	(9,425)
		<hr/> 12,416	<hr/> 11,376
<b>Net assets</b>			
		<hr/> <hr/> 12,416	<hr/> <hr/> 11,376
<b>Capital and reserves</b>			
Called up share capital	17	137	137
Capital reserve	18	164	164
Profit and loss account	18	12,115	11,075
		<hr/> 12,416	<hr/> 11,376
<b>Equity shareholders' funds</b>	19		
		<hr/> <hr/> 12,416	<hr/> <hr/> 11,376

The financial statements were approved by the board of directors on 4 January 2005 and were signed on its behalf by:



**N Boston**  
Director

The accompanying notes and statement of accounting policies are an integral part of this balance sheet.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, is set out below.

#### ***Basis of accounting***

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### ***Basis of consolidation***

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 3 October 2003 after eliminating intercompany balances and transactions.

No profit and loss account is presented for ARAMARK Limited, as permitted by Section 230 of the Companies Act 1985. The company's profit for the period after taxation was £6,440,000 (2002: £6,012,000). Dividends of £5,400,000 (2002: £4,622,000) were paid to the parent company.

No cash flow statement is presented as allowed under the provisions of Financial Reporting Standard No. 1 (Revised) since the company is a wholly owned subsidiary undertaking of ARAMARK Corporation.

#### ***Turnover***

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

#### ***Foreign currency***

Transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included as exchange gains or losses in the profit and loss account.

#### ***Pension costs***

The amount charged to the profit and loss account for defined benefit schemes is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

#### ***Taxation***

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Leases***

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Finance leases granted to customers are reported as debtors and are stated at the value of the minimum rentals receivable less the finance charges allocated to future periods.

Finance income is allocated to accounting periods over the lives of the individual leases to produce a constant rate of return on the outstanding balance.

#### ***Intangible fixed assets – goodwill***

Goodwill, representing any excess of the fair value of consideration given over the fair value of the separable assets and liabilities acquired is capitalised as an intangible asset.

Goodwill is amortised in equal instalments over its useful economic life of 20 years.

## Notes (continued)

### *Tangible fixed assets*

Tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	5 years
Plant, machinery & equipment	2-10 years
Motor vehicles	4 years

Freehold property has been purchased in relation to an oil-industry contract and is being depreciated over the life of that contract.

### *Investments*

Investments are stated at cost less provision for any impairment.

### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

## 2 Segmental information

All turnover relates to the group's principal activities. An analysis of turnover by geographical origination and destination is shown below:

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
United Kingdom	285,157	272,418
Rest of the world	16,533	12,356
	<u>301,690</u>	<u>284,774</u>

## 3 Other operating expenses

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
Selling and distribution costs	15,108	14,395
Administrative expenses	167,836	153,429
	<u>182,944</u>	<u>167,824</u>

## Notes (continued)

### 4 Investment income

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
Interest receivable and similar income	107	11

### 5 Interest payable and similar charges

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
On intercompany loans	1,045	-
On bank loans/overdraft	436	1,275
	<u>1,481</u>	<u>1,275</u>

### 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
(Profit)/loss on disposal of fixed assets	(37)	72
Depreciation of tangible fixed assets	3,143	3,051
Auditors' remuneration	91	70
Amortisation of goodwill	902	896
Staff costs (note 7)	137,098	123,104
Operating leases		
- Land and buildings	1,851	1,360
- Motor vehicles	1,077	1,119
- Other	1,829	1,631
	<u>137,098</u>	<u>123,104</u>

### 7 Staff costs

Particulars of employees (including executive directors) are shown below:

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
Employee costs during the year amounted to:		
Wages and salaries	125,404	112,976
Social security costs	9,421	8,248
Other pension costs	2,273	1,880
	<u>137,098</u>	<u>123,104</u>

## Notes (continued)

### 7 Staff costs (continued)

The average monthly number of employees (including directors) was:-

	53 weeks ended 3 October 2003 Number	Year ended 27 September 2002 Number
Distribution	101	141
Service	10,600	10,330
Administration	298	283
	<u>10,999</u>	<u>10,754</u>

Directors' remuneration:

The employee costs shown above include the following remuneration in respect of directors of the company:

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
Emoluments	580	698
Company contributions to defined benefit pension schemes	47	53
	<u>627</u>	<u>751</u>

The directors' remuneration shown above (excluding pension contributions) included:

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
Highest paid director	287	291

The number of directors who participate in the group's defined benefit pension scheme is 3 (2002: 3).

### 8 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
UK corporation tax on profits of the period	2,550	3,105
Adjustments in respect of prior years	(627)	(35)
Overseas tax	350	-
Double tax relief	(250)	-
	<u>2,023</u>	<u>3,070</u>

## Notes (continued)

### 8 Tax on profit on ordinary activities (continued)

At 3 October 2003, there was a potential deferred tax asset of £585,000 (2002: £566,000) which has not been recognised in the financial statements.

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002: higher) than the standard rate of corporation tax in the UK of 30% (2002: 30%). The difference is explained below:

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	7,105	9,691
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	2,132	2,907
<b>Effects of:</b>		
Expenses not deductible for tax purposes	386	350
Depreciation in excess of capital allowances	32	120
Other timing differences	-	(12)
Utilisation of tax losses	-	(260)
Higher tax rates on overseas earnings	100	-
Adjustments to tax charge in respect of previous periods	(627)	(35)
	<hr/>	<hr/>
Total current tax charge (see above)	2,023	3,070
	<hr/>	<hr/>

### 9 Dividends

	53 weeks ended 3 October 2003 £000	Year ended 27 September 2002 £000
Dividend paid of £39.37 per share (2002: £33.70 per share)	5,400	4,622
	<hr/>	<hr/>

### 10 Intangible fixed assets – goodwill

	Group and company £000
<i>Cost</i>	
Beginning and end of period	17,297
	<hr/>
<i>Amortisation</i>	
Beginning of period	2,515
Charge for the period	902
	<hr/>
End of period	3,417
	<hr/>
<i>Net book value</i>	
End of period	13,880
	<hr/>
Beginning of period	14,782
	<hr/>

## Notes (continued)

### 11 Tangible fixed assets

The movement in the period was as follows:

	Group			
	Freehold property £000	Plant, machinery & equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>				
Beginning of period	1,310	17,505	503	19,318
Additions	-	4,683	90	4,773
Disposals	(456)	(4,004)	(153)	(4,613)
<b>End of period</b>	<b>854</b>	<b>18,184</b>	<b>440</b>	<b>19,478</b>
<i>Depreciation</i>				
Beginning of period	746	11,063	265	12,074
Charge for the period	70	2,962	111	3,143
Disposals	(34)	(2,874)	(133)	(3,041)
<b>End of period</b>	<b>782</b>	<b>11,151</b>	<b>243</b>	<b>12,176</b>
<i>Net book value</i>				
<b>End of period</b>	<b>72</b>	<b>7,033</b>	<b>197</b>	<b>7,302</b>
Beginning of period	564	6,442	238	7,244

## Notes (continued)

### 11 Tangible fixed assets (continued)

	Company			
	Freehold property £000	Plant, machinery & equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>				
Beginning of period	1,310	17,099	447	18,856
Additions	-	4,101	26	4,127
Disposals	(456)	(4,004)	(153)	(4,613)
<b>End of period</b>	<b>854</b>	<b>17,196</b>	<b>320</b>	<b>18,370</b>
<i>Depreciation</i>				
Beginning of period	746	10,989	245	11,980
Charge for the period	70	2,837	94	3,001
Disposals	(34)	(2,874)	(133)	(3,041)
<b>End of period</b>	<b>782</b>	<b>10,952</b>	<b>206</b>	<b>11,940</b>
<i>Net book value</i>				
<b>End of period</b>	<b>72</b>	<b>6,244</b>	<b>114</b>	<b>6,430</b>
Beginning of period	564	6,110	202	6,876

### 12 Fixed asset investments

	£000
<i>Cost</i>	
Beginning and end of period	2,059

The company's trading subsidiaries are Aramark (Kazakhstan) Limited, registered in Kazakhstan, ARAMARK Manning Services Limited, registered in England and Wales and Aramark (Guinea) Limited, registered in Guinea. All are wholly owned subsidiaries.

A list of other subsidiaries has been omitted, as they are all dormant companies.



## Notes (continued)

### 13 Stocks

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Goods for resale	7,540	6,948	6,184	5,815
Spare parts	292	296	292	296
	<u>7,832</u>	<u>7,244</u>	<u>6,476</u>	<u>6,111</u>

### 14 Debtors

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Amounts falling due within one year:				
Trade debtors	33,903	34,213	32,669	33,565
Amounts owed by other group undertakings	13,009	13,011	17,930	15,267
Corporation tax recoverable	664	-	646	-
Other debtors	660	136	661	133
Prepayments and accrued income	3,522	2,335	3,211	1,426
	<u>51,758</u>	<u>49,695</u>	<u>55,117</u>	<u>50,391</u>

### 15 Creditors: Amounts falling due within one year

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Bank loans and overdrafts	-	5,443	1,056	5,649
Trade creditors	15,448	15,030	15,313	15,030
Amounts owed to other group undertakings	51,217	26,396	54,166	28,612
Other creditors				
- Corporation tax payable	-	1,733	-	1,733
- VAT	2,168	2,112	2,168	2,267
- social security and PAYE	2,784	2,434	2,784	2,433
Accruals and deferred income	4,397	3,885	3,824	4,028
	<u>76,014</u>	<u>57,033</u>	<u>79,311</u>	<u>59,752</u>

### Notes (continued)

**16 Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>
	2003 £000	2002 £000	2003 £000
Bank loans	-	9,425	-
Amounts owed to other group undertakings	-	-	-
	-	9,425	-
	-	9,425	-
			2003 £000
<i>Bank loans are repayable as follows:</i>			2002 £000
Between one and two years			-
Between two and five years			3,263
			-
			9,425
Within one year			-
			2,538
			-
			11,963

The bank loans were repaid in full during the year, financed by inter-company borrowings.

**17      Called up share capital**

	2003 £000	2002 £000
<i>Authorised, allotted, called up and fully paid:</i>		
137,158 ordinary shares of £1 each	137	137

## 18 Reserves

	Group	
	Profit and loss account £000	Capital reserve £000
Beginning	12,481	223
Retained loss for period	(318)	-
<b>End of period</b>	<b>12,163</b>	<b>223</b>

	Company	
	Profit and loss account £000	Capital reserve £000
Beginning of period	11,075	164
Retained profit for the period	1,040	-
<b>End of period</b>	<b>12,115</b>	<b>164</b>

## Notes (continued)

### 19 Movement in equity shareholders' funds

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Profit for the financial period	5,082	6,621	6,440	6,012
Dividends	(5,400)	(4,622)	(5,400)	(4,622)
Net (reduction in)/addition to equity shareholders' funds	(318)	1,999	1,040	1,390
Opening equity shareholders' funds	12,841	10,842	11,376	9,986
Closing equity shareholders' funds	12,523	12,841	12,416	11,376

### 20 Guarantees and other financial commitments

#### a. Capital commitments

At the end of the period the group and company had capital commitments of £995,000 (2002: £1,223,000).

#### b. Financial commitments

There is a cross guarantee to the group's principal bankers between the company and its subsidiary undertakings and its parent for all liabilities of these companies.

#### c. Lease commitments

The group has entered into certain operating lease agreements and the minimum annual rentals under these leases are as follows:

	2003 Land and buildings £000	2003 Other £000	2002 Land and buildings £000	2002 Other £000
Operating leases which expire:				
- within 1 year	153	148	3	46
- within 2-5 years	255	364	395	788
- after 5 years	595	-	606	-
	1,003	512	1,004	834

## Notes (continued)

### 20 Guarantees and other financial commitments (continued)

#### d. Pension arrangements

The group makes contributions to two pension schemes covering executives, staff and offshore personnel. The assets of these funded schemes are held in separate trustee administered funds. One is a defined benefit scheme, the other a defined contribution scheme.

The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of a qualified, independent actuary. The amount charged in the profit and loss account for the pension cost of the company was £1,884,000 (2002: £1,322,000) and this represents the regular pension cost.

The latest valuation of the Pension Plan was carried out as at 1 April 2001, using the projected unit method for the Executive Section of the Plan and the attained age method for the staff section of the Plan.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would average 6% per annum and that present and future pensions would increase at the rate of 3.5% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £14,041,000 and that the actuarial value of those assets represented 86% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

With effect from 1 June 2002, the company contribution rates were increased from 8.4% to 12% of pensionable salaries in respect of the Staff section of the scheme and from 11% to 15.5% of pensionable salaries in respect of the Executive section of the scheme. The new rates will remain in force until the results of the next actuarial valuation as at 1 April 2004 are known.

The company made contributions of £507,000 (2002: £454,000) towards the defined contribution scheme during the year.

#### FRS 17

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under FRS 17 'Retirement benefits' the following transitional disclosures are required:

The valuation was completed by the actuary on an FRS 17 basis as at 3 October 2003. The major assumptions used in this valuation were:

The principal actuarial assumptions used as at 3 October 2003 for the purposes of FRS17 are shown below:

	2003 %	2002 %	2001 %
Rate of increase in salaries	4	4	4
Rate of increase of pensions in payment	2½	2½	2½
Discount rate	5½	5½	6
Inflation assumption	2½	2½	2½

## Notes (continued)

### 20 Guarantees and other financial commitments (continued)

#### d. Pension arrangements (continued)

The value of assets and liabilities of the pension scheme operated by ARAMARK Limited at 3 October 2003, along with the weighted average expected rates of return of the scheme's assets are shown below:

	2003		2002		2001	
	Total	Expected	Total	Expected	Total	Expected
	£000	% p.a	£000	% p.a	£000	%p.a.
Equities and property	13,240	7½	9,766	7½	11,036	7½
Bonds	2,238	5	2,410	5	2,273	5
Cash	745	4	601	4	1,195	4
	<u>16,223</u>		<u>12,777</u>		<u>14,504</u>	

Based on the assumption above illustrative balance sheet figures are as follows:

	2003	2002	2001
	£000	£000	£000
Present value of scheme liabilities	(27,401)	(24,017)	(20,011)
Market value of scheme assets	16,223	12,777	14,504
Deficit in the scheme	(11,178)	(11,240)	(5,507)
Related deferred tax asset	3,353	3,372	1,652
Net pension liability	<u>(7,825)</u>	<u>(7,868)</u>	<u>(3,855)</u>

If the amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve would be as follows:

	2003	2002	2001
	£000	£000	£000
Net assets excluding pension liability	12,523	12,841	10,842
Pension liability	(7,825)	(7,868)	(3,855)
Net assets including pension liability	<u>4,698</u>	<u>4,973</u>	<u>6,987</u>
Profit & loss reserve excluding pension liability	12,163	12,481	11,482
Pension liability	(7,825)	(7,868)	(3,855)
Profit & loss reserve including pension liability	<u>4,338</u>	<u>4,613</u>	<u>6,627</u>

## Notes (continued)

### 20 Guarantees and other financial commitments (continued)

#### d. Pension arrangements (continued)

The following amounts would have been recognised in the performance statements in the year to 3 October 2003 under the requirements of FRS 17:

##### Operating profit

	2003 £000	2002 £000
Current service costs	1,381	1,322
Past service costs	-	-
Total operating charge	<u>1,381</u>	<u>1,322</u>

##### Other finance income/(cost)

	2003 £000	2002 £000
Expected return on scheme assets	920	1,029
Interest on scheme liabilities	(1,351)	(1,227)
Other finance cost	<u>(431)</u>	<u>(198)</u>

##### Statement of total recognised gains and losses (STRGL)

	2003 £000	2002 £000
Actual return less expected return on scheme assets	1,261	(3,933)
Experience gains and losses arising on the scheme liabilities	(1,271)	1,121
Changes in assumptions underlying present value of the scheme liabilities	-	(2,626)
Actuarial loss recognised in STRGL	<u>(10)</u>	<u>(5,438)</u>

##### Movement in deficit during the period

	2003 £000	2002 £000
Deficit at start of period	(11,240)	(5,507)
Contributions	1,884	1,225
Current service cost	(1,381)	(1,322)
Other finance cost	(431)	(198)
Actuarial loss	(10)	(5,438)
Deficit at end of period	<u>(11,178)</u>	<u>(11,240)</u>

##### History of experience gains and losses

	2003 %	2003 £000	2002 %	2002 £000
Difference between the expected and actual return on scheme assets	7.8	1,261	(16.4)	(3,933)
Experience losses on scheme liabilities	(4.6)	(1,271)	4.7	1,121
Total amount recognised in STRGL	0.0	(10)	(22.6)	(5,438)

## **Notes** *(continued)*

### **21 Related party transactions**

The company is exempt from disclosing transactions with related parties under Financial Reporting Standard No.8 because it is a wholly owned subsidiary undertaking of ARAMARK Corporation, whose financial statements are publicly available.

### **22 Post Balance Sheet Events**

On 19 January 2004 ARAMARK Limited acquired the entire share capital of Catering Alliance Limited.

### **23 Ultimate parent company**

The company is a wholly owned subsidiary undertaking of ARAMARK Investments Limited, registered in England and Wales. The ultimate parent company is ARAMARK Corporation, incorporated in the State of Delaware, USA.

The largest and smallest groups in which the results of ARAMARK Limited are consolidated are those headed by ARAMARK Corporation and ARAMARK Investments Limited respectively. The financial statements of ARAMARK Corporation are available to the public at its head office ARAMARK Tower, 1101 Market Street, Philadelphia, PA 19107, USA.