

KITEVALE LIMITED

Financial Statements 2000



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KITEVALE LIMITED

Annual Report and Financial Statements for the year ended 27th September 2000

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Directors

M. Gammell
C. C. J. Copner
S. M. A. Critoph

Secretary and Registered Office

T. C. Mason
P.O. Box 218
Toddington
Bedfordshire.
LU5 6QG

Auditors

Dale Pickard & Co.
Registered Auditors and Chartered Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

Company Number

Company Number 2522705 (England and Wales)

KITEVALE LIMITED

Report of the Directors' for the year ended 27th September 2000

The directors present their report together with the audited financial statements for the year ended 27th September 2000.

Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year.

The directors recommend that no final dividend be paid for the year (1999 : £Nil).

Principal activities, trading review and future developments.

The principal activity of the company continues to be that of a Fish and Chip Restaurant and Takeaway Facility. The company operates a franchise in the North West of England under the trading name "Harry Ramsden's".

The directors are disappointed with the results for the year and with the financial position of the company at the year end. However, they remain confident in the future prospects of the company.

Fixed assets

Details of movements in fixed assets are set out in the notes to the financial statements.

In the opinion of the directors' the value of the company's freehold land and buildings is not materially different from the book value included in these financial statements.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were :

		Ordinary Shares of £1 each	
		2000	1999
		No.	No.
J. F. Mallinson	(Resigned 14 th December 2000)	-	-
G. T. Parr	(Resigned 14 th December 2000)	-	-
M. J. Barnes	(Resigned 18 th August 2000)	-	-
M. Gammell	(Appointed 18 th August 2000)	-	-
		<hr/>	<hr/>

Following the year end Messrs. C. C. J. Copner and S. M. A. Critoph were appointed as directors on 14th December 2000.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee Involvement

The flow of information to staff has been maintained by our staff newspaper. Management regularly visit branches and discuss with members of staff matters of current interest and concern to the business.

Auditors

As described in notes 19 and 20 to the financial statements, the company formed part of the Compass Group Plc. from 1st February 2001.

As a result Dale Pickard & Co. will not be seeking reappointment as auditors at the next Annual General Meeting.

KPMG as auditors of the Compass Group Plc. will be proposed for appointment in accordance with Section 385 of the Companies Act 1985.

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 of the profit or loss of the company for that year. 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.


KITEVALE LIMITED

Report of the Directors' for the year ended 27th September 2000 (Continued.....)

Statement of Directors' Responsibilities (Continued.....)

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 ensure that the financial statements comply with the Companies Act. 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.

By order of the board


.....

T. C. Mason - Secretary

15th June 2001

Report of the Auditors to the Members of Kitevale Limited

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 9.

Respective Responsibilities of the Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

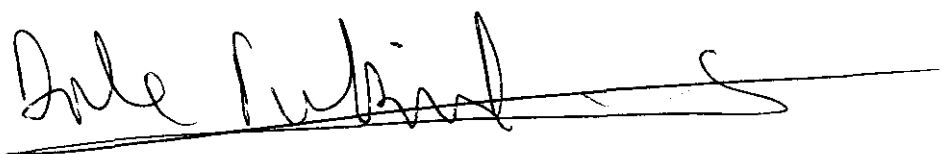
Basis of Opinion

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 affairs of the company at 27th September 2000 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Dale Pickard', with a long horizontal line extending to the right.

Dale Pickard & Co.
Registered Auditors and
Chartered Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

15th June 2001

KITEVALE LIMITED

Profit and Loss Account for the year ended 27th September 2000

	Note	2000 £	1999 £
Turnover	1	3,690,840	4,031,744
Cost of sales		2,160,570	2,328,647
Gross profit		1,530,270	1,703,097
Administrative costs		1,430,804	1,433,166
Operating profit		99,466	269,931
Interest receivable		351	37,043
		99,817	306,974
Interest payable	2	129,221	193,999
(Loss)/Profit on ordinary activities before taxation	3	(29,404)	112,975
Taxation	5	14,277	21,825
(Loss)/Profit on ordinary activities after taxation for the year		(43,681)	91,150
Dividend	6	-	-
Retained (loss)/profit - for the year	16	(43,681)	91,150
- brought forward		994,251	903,101
- carried forward		950,570	994,251

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses other than those recognised in the profit and loss account.

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

KITEVALE LIMITED

Balance Sheet at 27th September 2000

	Notes	£	2000	£	£	1999	£
Fixed Assets							
Intangible assets	7		212,757			226,905	
Tangible assets	8		3,508,681			3,659,318	
			<u>3,721,438</u>			<u>3,886,223</u>	
Current Assets							
Stocks	9	103,901			115,776		
Debtors	10	185,870			177,105		
Cash at bank and in hand		210,020			373,956		
		<u>499,791</u>			<u>666,837</u>		
Creditors							
Amounts falling due within one year	11	1,371,212			2,026,593		
		<u></u>			<u></u>		
Net current liabilities				(871,421)			(1,359,756)
				<u></u>			<u></u>
Total assets less current liabilities				2,850,017			2,526,467
				<u></u>			<u></u>
Creditors							
Amounts falling due after more than one year	12	1,155,353			780,462		
Provisions for liabilities and charges	13	214,094			221,754		
		<u></u>			<u></u>		
				1,369,447			1,002,216
				<u></u>			<u></u>
Net Assets				1,480,570			1,524,251
				<u></u>			<u></u>
Capital and reserves							
Called up share capital	14	530,000			530,000		
Profit and loss account		950,570			994,251		
		<u></u>			<u></u>		
Equity shareholders fund	16	1,480,570			1,524,251		
		<u></u>			<u></u>		

These financial statements were approved by the Board of Directors on 15th June 2001.

M. Gammell

S. M. A. Critoph

) Directors

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

Cash Flow Statement for the year ended 27th September 2000

Reconciliation of operating profit to net cash inflow from operating activities	Notes	2000 £	1999 £
Operating profit		99,466	269,931
Depreciation charges		233,129	175,084
Amortisation charges		14,148	19,859
Decrease in stocks		11,875	19,699
Increase in debtors		(8,765)	(34,593)
Decrease in creditors		(134,590)	(87,556)
Loss/(Profit) on sale of assets		3,094	(1,105)
Investment written off		-	7,300
		<u>218,357</u>	<u>368,619</u>
Net cash inflow from continuing operations			
Cash flow statement			
Net cash flow from operating activities		218,357	368,619
Returns on investments and servicing of finance	17	(128,870)	(156,956)
Taxation		(25,807)	-
Capital expenditure	17	(85,586)	(108,915)
		<u>(21,906)</u>	<u>102,748</u>
Management of liquid resources			
Financing	17	(101,109)	(2,633)
(Decrease)/Increase in cash	18	<u>(123,015)</u>	<u>100,115</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash in the year		(123,015)	100,115
New finance lease and hire purchase contracts		-	(57,317)
Cash to repay lease financing		21,109	29,950
Cash to repay brewery loan		30,000	30,000
Cash to repay bank loan		50,000	-
		<u>(21,906)</u>	<u>102,748</u>
Change in net debt			
Net debt at 26 th September 1999		<u>(1,603,573)</u>	<u>(1,706,321)</u>
Net debt at 27 th September 2000	19	<u>(1,625,479)</u>	<u>(1,603,573)</u>

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

Accounting Policies

Basis of Accounting

There have been no changes in accounting policy during the year.

The financial statements have been prepared under the historical cost convention, and include the results of the company's operations, all of which are continuing.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, except land over their expected useful lives. It is calculated on the original cost of the assets at the following rates :

Freehold Buildings	2% per annum
Leasehold Buildings	2% per annum
Short leasehold improvements	Period of Lease
Plant and Equipment	10.0% per annum
Motor Vehicle	20.0% per annum
Fixtures and Fittings	10.0% per annum
Computer	33.3% per annum

Intangible Assets

The franchise agreement, with associated legal costs, is capitalised and amortised over a period the lower of 21 years or the life of the franchise.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Accounting Policies (Continued.....)

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as "operating leases". Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes forming part of the Financial Statements for the year ended 27th September 2000

1. Turnover and results

Turnover and results are generated within the United Kingdom from the one continuing activity of the company, fish and chip restaurant and takeaway.

2. Interest payable	2000	1999
Loans wholly repayable within five years.	£	£
Bank loan, not by instalments	61,760	80,365
Lease interest, by instalments	1,007	12,113
ECSC loan, not by instalments	59,712	92,665
Brewery loan, by instalments	6,742	-
	<hr/>	<hr/>
	129,221	185,143
Loans partly repayable after five years.		
Brewery loan, by instalments	-	8,856
	<hr/>	<hr/>
	129,221	193,999

3. (Loss)/Profit on ordinary activities before taxation

	2000	1999
This is arrived at after charging :	£	£
Amortisation	14,148	19,859
Depreciation of tangible fixed assets		
- owned by the company	164,938	120,740
- held under finance leases	68,191	54,344
Auditors' remuneration	10,000	9,780
Staff costs (Note 4)	1,134,665	1,228,719
Loss/(Profit) on disposal of assets	3,094	(1,105)
Directors' emoluments (Note 15)	25,500	27,676
Hire of plant and machinery	31,267	33,652

4. Employees

	2000	1999
Staff costs consist of :	£	£
Wages and Salaries	1,066,091	1,154,468
Social Security costs	64,299	70,106
Other pension costs	4,275	4,145
	<hr/>	<hr/>
	1,134,665	1,228,719

The average monthly number of employees during the year was as follows :

	2000 Number	1999 Number
Part time	51	64
Full time	92	99

5. Taxation	2000 £	1999 £
Based on profits for the year		
UK corporation tax at 20% (1999 : 20.5%) current year	21,937	25,395
Deferred taxation current year	(7,660)	(3,570)
	<u>14,277</u>	<u>21,825</u>
6. Dividend	2000 £	1999 £
No dividend was paid or proposed during the year.	-	-
7. Intangible assets		
Franchise Agreements		£
Cost		
At beginning and end of year		285,333
Amortisation		
At beginning of year		58,428
Charge for the year		14,148
At end of year		<u>72,576</u>
Net Book Value :		
At 27 th September 2000		<u>212,757</u>
At 26 th September 1999		<u>226,905</u>

8. Tangible assets

	Freehold Land and Buildings £	Long Leasehold Buildings £	Short Leasehold Improvements £	Equipment Fixtures & Fittings £	Total £
Cost					
At beginning of year	1,424,819	1,193,951	599,937	1,385,049	4,603,756
Additions	-	-	-	88,589	88,589
Disposals	-	-	-	(49,869)	(49,869)
At end of year	1,424,819	1,193,951	599,937	1,423,769	4,642,476
Depreciation					
At beginning of year	-	-	196,532	747,906	944,438
Charge for the year	20,496	19,879	28,803	163,951	233,129
Disposals	-	-	-	(43,772)	(43,772)
At end of year	20,496	19,879	225,335	868,085	1,133,795
Net Book Value :					
At 27 th September 2000	1,404,323	1,174,072	374,602	555,684	3,508,681
At 26 th September 1999	1,424,819	1,193,951	403,405	637,143	3,659,318

The net book value of Equipment Fixtures and Fittings includes an amount of £214,511 (1999 : £282,702) in respect of assets held under finance leases for which depreciation of £68,191 (1999 : £54,344) has been charged during the year.

9. Stocks	2000	1999
	£	£
Goods for resale	43,331	46,517
Consumable stock	60,570	69,259
	<u>103,901</u>	<u>115,776</u>

The replacement cost of stock is not materially different from the amount stated above.

10. Debtors	2000	1999
	£	£
Trade debtors	14,973	9,977
Other debtors	79,719	95,042
Prepayments	91,178	72,086
	<u>185,870</u>	<u>177,105</u>

All amounts shown under debtors fall due for payment within one year.

11. Creditors falling due within one year	2000	1999
	£	£
Trade creditors	319,551	401,618
Other creditors	31,815	15,004
Creditor for taxation and social security	14,893	22,416
Value Added Tax	144,165	160,214
Bank overdraft	507,041	547,962
Brewery loan (Note 12)	30,000	30,000
Obligations under finance leases (Note 12)	18,105	19,105
Accruals	159,117	204,879
Corporation tax	21,525	25,395
ECSC loan	-	600,000
Bank loan (Note 12)	125,000	-
	<u>1,371,212</u>	<u>2,026,593</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company. Bank loans outstanding at the year end amounted to £550,000 (1999: £Nil) payable in bi-annual instalments plus interest at a rate of 3% over the bank base rate, as follows:

	2000	1999
	£	£
Within one year	125,000	-
Between one and two years	150,000	-
Between two and five years	275,000	-
	<u>550,000</u>	<u>-</u>

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 27th September 2000 (Continued....)

12. Creditors falling due after more than one year	2000 £	1999 £
Brewery loan	71,250	101,250
ECSC loan	641,000	641,000
Obligations under finance leases	18,103	38,212
Bank loan (Note 11)	425,000	-
	<u>1,155,353</u>	<u>780,462</u>

Two brewery loans are outstanding at the year end. The first is for ten years, with monthly capital repayments of £1,250, expiring in July 2002. The second is also for ten years with monthly capital repayments of £1,250, expiring in February 2005. Both loans bear interest at 6% per annum.

The finance leases are secured on the assets concerned. The future minimum payments to which the company is committed under finance leases are as follows:

	2000 £	1999 £
Within one year	22,461	23,463
Between one and two years	22,461	23,463
Between two and five years	-	23,461
	<u>44,922</u>	<u>70,387</u>
Interest included above	8,714	13,070
	<u>36,208</u>	<u>57,317</u>
	<u>18,105</u>	<u>19,105</u>
Obligations payable within one year		
	<u>18,103</u>	<u>38,212</u>

The European Coal & Steel Community Loans (ECSC) is due to be repaid on 15th February 2002, interest is charged at 9.29% per annum. The loans provide a rebate on the interest charge depending on the number of jobs created and is secured by a fixed and floating charge over the assets of the company.

Notes forming part of the Financial Statements for the year ended 27th September 2000 (Continued....)

13. Provision for liabilities and charges	2000	1999
	Total potential liability and amount provided	Total potential liability and amount provided
	£	£
Deferred taxation		
Accelerated capital allowances	171,542	178,592
Other timing differences	42,552	43,162
	<u>214,094</u>	<u>221,754</u>
14. Share capital	Authorised, Issued and fully paid	
	2000	1999
	£	£
Ordinary shares of £1 each	530,000	530,000
	<u>530,000</u>	<u>530,000</u>
15. Transactions with directors		

During the year the company purchased the following services at normal commercial terms, with the following connected businesses (including connected persons) :

	Harry Ramsden's Plc	Fast Food Premium
	£	£
Management services	421,333	-
	<u>421,333</u>	<u>-</u>
	£	£
Amounts due (to)/from connected businesses as at 27 th September 2000 included within		
- trade creditors (note 11)	(28,653)	-
- accruals (note 11)	(36,554)	-
- other debtors (note 10)	2,040	32,277
	<u>(63,167)</u>	<u>32,277</u>

Mr. G.T. Parr and Mr. J.F. Mallinson have a 100% interest in the equity of Fast Food Premium.

16. Reconciliation of movement in shareholders funds	2000 £	1999 £
Shareholders funds at beginning of year	1,524,251	1,433,101
(Loss)/Profit for the year	(43,681)	91,150
	<u> </u>	<u> </u>
Shareholders funds at end of year	1,480,570	1,524,251
	<u> </u>	<u> </u>
17. Gross cash flows	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	351	37,043
Interest paid including interest on finance lease and hire purchase rental payments	(129,221)	(193,999)
	<u> </u>	<u> </u>
	(128,870)	(156,956)
	<u> </u>	<u> </u>
Investing activities		
Payments to acquire tangible fixed assets excluding those on finance leases and hire purchase contracts	(88,589)	(135,196)
Receipts from sales of tangible fixed assets	3,003	26,281
	<u> </u>	<u> </u>
	(85,586)	(108,915)
	<u> </u>	<u> </u>
Financing		
Brewery loan	(30,000)	(30,000)
Capital payments of finance lease and hire purchase rental payments	(21,109)	(29,950)
New finance lease and hire purchase contracts	-	57,317
Bank loan paid	(50,000)	-
	<u> </u>	<u> </u>
	(101,109)	(2,633)
	<u> </u>	<u> </u>

Notes forming part of the Financial Statements for the year ended 27th September 2000 (Continued....)

18. Analysis of changes in net debt	At 26 th Sept. 1999 £	Cash Flows £	Other Changes £	At 27 th Sept. 2000 £
Cash at bank and in hand	373,956	(163,936)	-	210,020
Overdrafts	(547,962)	40,921	-	(507,041)
	<u>(174,006)</u>	<u>(123,015)</u>	<u>-</u>	<u>(297,021)</u>

Debt due within one year

Finance lease and hire purchase agreements	(19,105)	1,000	-	(18,105)
ECSC loan	(600,000)	-	600,000	-
Brewery loan	(30,000)	-	-	(30,000)
Bank loan	-	50,000	(175,000)	(125,000)

Debt due after one year

Finance lease and hire purchase agreements	(38,212)	20,109	-	(18,103)
Brewery loan	(101,250)	30,000	-	(71,250)
ECSC loan	(641,000)	-	-	(641,000)
Bank loan	-	-	(425,000)	(425,000)
	<u>(1,603,573)</u>	<u>(21,906)</u>	<u>-</u>	<u>(1,625,479)</u>

19. Post Balance Sheet Event

Following the year end the whole of the share capital of the company was acquired by Harry Ramsden's PLC.

20. Ultimate Holding Company

At the time of acquisition by Harry Ramsden's PLC the ultimate parent company and controlling party was Granada Compass PLC. On 27th July 2000 Granada Group PLC merged with Compass Group PLC to form a new holding company Granada Compass PLC which the directors considered to be the ultimate parent and controlling company for the rest of the financial year.

With effect from 1st February 2001, when the Compass Group PLC demerged from Granada Compass PLC, the parent and the ultimate controlling company became Compass Group PLC. Copies of group accounts may be obtained from: the Secretary, Cowley House, Guildford Street, Chertsey, Surrey KT16 9BA.