

KITEVALE LIMITED

Report and Financial Statements

30 September 2003

Deloitte & Touche LLP
Birmingham



KITEVALE LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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KITEVALE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

REPORT AND FINANCIAL STATEMENTS 2003

DIRECTORS

C C J Copner
S M A Critoph
P Keegans

SECRETARY

T C Mason

REGISTERED OFFICE

Parklands Court
24 Parklands
Birmingham Great Park
Rubery
Birmingham
B45 9PZ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

KITEVALE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The principal activity of the company continued to be that of fish and chip restaurant and takeaway facilities. The company operates in the North West of England under the trading name Harry Ramsden's.

The year has been one of consolidation rather than growth and the directors are confident that the company will show increased profitability in the forthcoming year.

The results of the company are set out on page 5. Retained profit of £1,079,013 (2002 - £641,171) was transferred to reserves.

The assets of the business were transferred to Harry Ramsden's PLC on 30 September 2003 and from that date onwards the company acted as an undisclosed agent of Harry Ramsden's PLC.

From 30 September 2003 onwards, following its acquisition, costs associated with this company are borne by Harry Ramsden's PLC (the principal company) and the benefit of turnover is transferred to that company.

DIVIDENDS AND TRANSFERS TO RESERVES

The profit and loss account is set out on page 5 and shows the results for the year. The directors do not recommend the payment of a dividend (2002: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company throughout the year and subsequently were as follows:

P Keegans (appointed 3 July 2003)

C C J Copner

S M A Critoph

M Gammell (resigned 31 July 2003)

The directors had no interest in the shares of the company or any other group company other than Compass Group PLC.

The beneficial interests of the directors in the issued share capital of Compass Group PLC were as follows:

	2003	2002
	No.	No.
C C J Copner	66,278	66,278
S M A Critoph	-	-
P Keegans	2,835	10,748

The following directors held share options in Compass Group PLC:

	2002	Granted during period	Exercised	2003
	No	No	No	No
C C J Copner	354,559	35,000	-	389,559
S M A Critoph	90,773	15,000	-	105,773
P Keegans	81,425	17,500	-	98,925

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

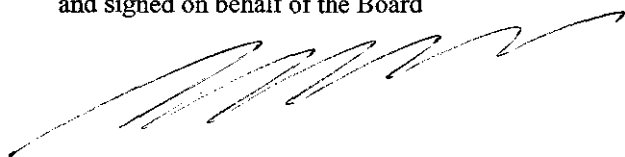
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors. An elective resolution has been passed to dispense with the need to re-appoint auditors annually and to hold Annual General Meetings.

Approved by the Board of Directors
and signed on behalf of the Board



T C MASON

Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KITEVALE LIMITED

We have audited the financial statements of Kitevale Limited for the year ended 30 September 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 30 September 2003 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

22 July 2004

KITEVALE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 September 2003

	Note	2003 £	2002 £
TURNOVER	2	3,467,709	3,596,583
Cost of sales		<u>(1,862,160)</u>	<u>(1,874,266)</u>
Gross profit		1,605,549	1,722,317
Administrative expenses		<u>(904,247)</u>	<u>(921,376)</u>
OPERATING PROFIT	4	701,302	800,941
Profit on disposal of fixed assets		351,711	-
Interest payable and similar charges	5	<u>-</u>	<u>(75,770)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,053,013	725,171
Tax on profit on ordinary activities	6	<u>26,000</u>	<u>(84,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	13,14	<u><u>1,079,013</u></u>	<u><u>641,171</u></u>

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for current and prior years. Accordingly, a statement of total recognised gains and losses is not given.

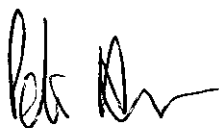
KITEVALE LIMITED

BALANCE SHEET 30 September 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	-	4,017,907
CURRENT ASSETS			
Stocks	8	-	45,968
Debtors	9	3,377,803	6,333
Cash at bank and in hand		-	15,760
		<u>3,377,803</u>	<u>68,061</u>
CREDITORS: amounts falling due			
Within one year	10	-	(1,751,084)
NET CURRENT ASSETS / (LIABILITIES)		<u>3,377,803</u>	<u>(1,683,023)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,377,803</u>	<u>2,334,884</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	-	(36,094)
NET ASSETS		<u><u>3,377,803</u></u>	<u><u>2,298,790</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	530,000	530,000
Profit and loss account	13	<u>2,847,803</u>	<u>1,768,790</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u><u>3,377,803</u></u>	<u><u>2,298,790</u></u>

These financial statements were approved by the Board of Directors on 13 July 2004

Signed on behalf of the Board of Directors



P Keegans

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These policies have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Under FRS1 Cash Flow Statements (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Compass Group plc, 100% of the voting rights are controlled within the group headed by the company. The consolidated financial statements of Compass Group plc, within which this company is included, can be obtained from the address given in note 18.

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
Long Leasehold buildings	2% per annum
Short leasehold improvements	Term of the lease
Plant and equipment	10% per annum
Fixtures and fittings	10% per annum
Computer equipment	33.3% per annum

Stocks

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

Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The pension costs charged against profits represent the amount of the contributions payable to the defined benefit scheme in respect of the accounting period.

2. TURNOVER

Turnover is solely generated within the United Kingdom from the one continuing activity of the company, a fish and chip restaurant and takeaway.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 No	2002 No
Average number of persons employed (including directors)		
Restaurant	138	130
	£	£
Staff costs during the period (including directors)		
Wages and salaries	1,050,768	1,013,078
Social security costs	44,162	41,775
Other pension costs	1,086	2,243
	1,096,016	1,057,096

Directors' remuneration is met by other group companies.

4. OPERATING PROFIT

	2003 £	2002 £
Operating profit is after charging:		
Depreciation of tangible fixed assets		
- Owned assets	85,729	191,451
Hire of plant and machinery	1,885	6,029

Auditors' remuneration is borne by Compass Contract Services (UK) Limited.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Loans wholly repayable within five years:		
Bank interest	-	18,650
ECSC loan	-	57,120
	-	75,770

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation is based on the profit for the year and comprises:	2003 £	2002 £
Current tax		
UK corporation tax at 30% (2002: 30%)	216,000	262,000
Adjustments in respect of prior years:		
UK corporation tax	(262,000)	-
Total current tax	(46,000)	262,000
Deferred tax		
Deferred taxation charge (credit)	45,000	(178,000)
Adjustments in respect of prior years:		
Deferred tax	(25,000)	-
Total deferred tax	20,000	178,000
Total tax on profit on ordinary activities	(26,000)	84,000

The adjustment in respect of prior years relates principally to group relief surrendered from other group companies for no consideration.

Reconciliation of the UK Statutory Tax Rate to the Effective Current Tax Rate

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 30%. The current tax charge for the period is above 30% for the reasons set out in the following reconciliation.

	2003 £	2002 £
Profit on ordinary activities before tax		
Tax Charge on profit on ordinary activities at the UK Statutory Rate 30%	30%	30%
Increase arising from :		
Permanent Differences	1%	2%
Capital Allowances for the period in deficit of depreciation charged	0%	4%
Accounting profit on disposal of qualifying assets	(4%)	
Accounting profit on disposal of non-qualifying assets taxed in fellow subsidiary following s.171A TCGA 1992 election	(6%)	0%
Adjustment in respect of prior year	(25%)	0%
Current tax charge for the year	4%	36%

KITEVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2003

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Long leasehold buildings £	Short leasehold improve- ments £	Equipment, fixtures and fittings £	Total £
Cost					
At 1 October 2002	2,164,746	1,193,951	603,673	1,491,272	5,453,642
Additions	-	-	-	83,305	83,305
Disposals	(648,865)	-	-	-	(648,865)
Transfer to Group Company	(1,515,881)	(1,193,951)	(603,673)	(1,574,577)	(4,888,082)
At 30 September 2003	-	-	-	-	-
Depreciation					
At 1 October 2002	47,495	39,386	240,974	1,107,880	1,435,735
Charge for the year	27,853	2,380	4,023	51,473	85,729
Transfer to Group Company	(75,348)	(41,766)	(244,997)	(1,159,353)	(1,521,464)
At 30 September 2003	-	-	-	-	-
Net book value					
At 30 September 2003	-	-	-	-	-
At 30 September 2002	2,117,251	1,154,565	362,699	383,392	4,017,907

8. STOCKS

	2003 £	2002 £
Goods for resale	-	45,968

The directors believe there is no material difference between the value above and replacement cost.

9. DEBTORS

	2003 £	2002 £
Trade debtors	-	742
Amounts due from group undertakings	3,377,803	-
Prepayments and accrued income	-	5,591
	3,377,803	6,333

All amounts are due within one year.

KITEVALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2003

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts owed to group companies	-	1,380,509
UK corporation tax	-	262,000
Other creditors	-	3,174
Accruals and deferred income	-	105,401
	<u>-</u>	<u>1,751,084</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Excess of capital allowances over depreciation	-	(36,094)
Deferred tax liability	-	(36,094)
	<u>-</u>	<u>(36,094)</u>

Deferred taxation has been provided in accordance with the accounting policy set out in note 1.

Movements on deferred taxation are as follows:

At 1 October 2002	(36,094)
Deferred tax charge to P&L for the period	(20,000)
Transfer to group company	56,094
	<u>-</u>
At 30 September 2003	<u>-</u>

12. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised, issued and fully-paid 530,000 ordinary shares of £1 each	<u>530,000</u>	<u>530,000</u>

13. RESERVES

	Profit and loss account £
At 1 October 2002	1,768,790
Retained profit for the year	<u>1,079,013</u>
At 30 September 2003	<u>2,847,803</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2003

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	1,079,013	641,171
Net increase in shareholders' funds	1,079,013	641,171
Opening shareholders' funds	2,298,790	1,657,619
Closing shareholders' funds	3,377,803	2,298,790

15. TRANSFER OF BUSINESS

On 30th September 2003, the trade, assets and liabilities of the company were transferred to Harry Ramsden's PLC, a company incorporated in England and a fellow subsidiary of Compass Group PLC.

Further details of the assets and liabilities transferred were as follows:

Net assets transferred:	£	£
Fixed assets		
Tangible fixed assets		3,366,618
Current assets		
Debtors:		
Stock	42,507	
Trade debtors	3,323	
Other debtors	276,040	
Cash	10,840	
	332,710	
Current liabilities		
Other creditors	(321,525)	
Net current assets	11,185	
Total assets less current liabilities		3,377,803
Book value of assets and liabilities transferred		3,377,803
Satisfied by:		
Intercompany debtor		(3,377,803)
Loss on Disposal on transfer of business		-

16. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Compass Group PLC, the company has taken advantage of the exemption contained in FRS8 Related Party Transactions and has therefore not disclosed transactions or balances with entities which form part of the group headed by Compass Group PLC.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2003

The directors confirm that there were no related party transactions other than those disclosed in these accounts.

17. PENSIONS

The company participated in the defined benefit and money purchase schemes operated by Compass Group PLC. The assets of the schemes are held in separate trustee administered funds.

Within the UK there are two main arrangements:

- (i) Compass Group Final Salary Pension Plan
- (ii) Compass Pension Scheme

A third arrangement, Compass Retirement Income Savings Plan (CRISP) was launched on 1 February 2003. This is the main vehicle for pension provision for new joiners in the UK but existing members of the two plans mentioned above will continue to accrue benefits under those arrangements. CRISP is a contracted-in money purchase arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 3%).

The Compass Group Final Salary Pension Plan and the Compass Pension Scheme are defined benefit arrangements operated on a prefunded basis. The funding policy is to contribute such variable amounts, on the advice of the Actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries.

Particulars of the actuarial valuation of the schemes may be found in the Compass Group PLC financial statements.

On 30 November 2000, the Accounting Standards Board introduced a new standard, FRS 17 "Retirement Benefits", that will replace SSAP 24 "Accounting for Pension Costs". Additional disclosures in respect of the Group's defined benefit pension schemes are required under the transitional provisions of FRS 17. They provide information which will be necessary for full implementation of FRS 17 in the year ended 30 September 2006.

The assets and liabilities of the UK plans operated by Compass Group PLC at 30 September 2003, excluding any transfers from Granada Group PLC Pension Scheme, show a net pension liability of £155M (2002 - £137M). As the pension scheme has members that are employed by more than one legal entity the directors do not consider that it is practical to provide the information on an individual company basis. As the assets and liabilities are not separately identifiable, the pension scheme is accounted for as a defined contribution scheme.

The pension cost for the year was £1,086 (2002: £2,243).

18. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The directors consider Compass Group PLC to be the ultimate parent and controlling company. Compass Group PLC is both the largest and smallest company into which this company is consolidated. Copies of the group accounts can be obtained from the Secretary, Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ. Harry Ramsden's PLC is the immediate parent undertaking.