

Eliance UK Limited

Annual Report

Year ended 30 September 2004



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Company Information

Directors	M S Nelson T J West G T Daniel T J Doubleday
Secretary	T J Doubleday
Registered office	Silk Court 68 Chestergate Macclesfield SK11 6DY
Registered number	3766617
Auditors	RSM Robson Rhodes LLP Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B3 2BH

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2004.

Principal activities

The principal activities of the company are the provision of quality public concession catering services to *three motorway service areas*.

Business review and future developments

Eliance UK Limited is responsible for three motorway service businesses in the UK, in respect of which a provision for all contractual losses of £2.25m was made in the year. This is in addition to the £1.5m provision made in the 2003 accounts. In addition, the remaining fixed assets of the company were written off.

On 15 February 2005 the company succeeded in exiting from these businesses.

Results and dividends

The directors do not recommend the payment of a dividend on the equity or non-equity shares for the year (2003: £Nil).

Directors and their interest

The present directors of the company are as set out on page 1.

All of the directors have served throughout the year.

None of the directors had any beneficial interest in, or the right to subscribe to, the issued share capital of the company.

The interests of the directors in the issued share capital of Elinor SCA, the most senior and ultimate parent undertaking, are disclosed in the accounts of that company.

Disabled employees

The company encourages the employment of disabled persons wherever practical and tries to assist existing disabled employees in all possible ways.

Report of the Directors

(Continued)

Statement of directors' responsibilities for the financial statements

Company law in the United Kingdom 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:

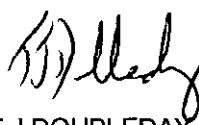
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

The auditors RSM Robson Rhodes LLP are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 24 February 2005 and signed on its behalf by:



T J DOUBLEDAY
Secretary

Independent Auditors' Report to the Shareholders of Elance UK Limited

We have audited the financial statements on pages 5 to 13.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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' 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 misstatement within it.

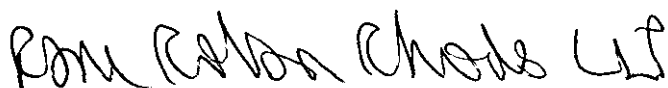
Basis of audit opinion

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 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 as at 30 September 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Birmingham, England
24 February 2005

Profit and Loss Account

for the year ended 30 September 2004

	Note	2004 £	2003 £
Turnover – continuing operations	2	2,532,370	2,800,492
Cost of sales		(3,007,181)	(3,297,832)
		<hr/>	<hr/>
Gross loss		(474,811)	(497,340)
Administrative expenses		(3,091,924)	(1,605,698)
		<hr/>	<hr/>
Operating loss – continuing operations	3	(3,566,735)	(2,103,038)
Interest receivable and similar income	4	4,381	-
Interest payable and similar charges	5	(29,093)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(3,591,447)	(2,103,038)
Tax on loss on ordinary activities	8	1,010,052	607,113
		<hr/>	<hr/>
Loss for the year	15	(2,581,395)	(1,495,925)
		<hr/>	<hr/>

The company has no recognised gains or losses other than those shown above.


Balance Sheet

at 30 September 2004

	Note	2004 £	2003 £
Fixed Assets			
Tangible fixed assets	9	-	935,468
		<hr/>	<hr/>
		-	935,468
		<hr/>	<hr/>
Current assets			
Stocks	10	16,884	20,375
Debtors	11	2,076,441	2,161,734
Cash in hand		194,219	-
		<hr/>	<hr/>
Creditors : Amounts falling due within one year	12	2,287,544 (2,378,476)	2,182,109 (1,627,114)
		<hr/>	<hr/>
Net current (liabilities)/assets		(90,932)	554,995
		<hr/>	<hr/>
Total assets less current liabilities		(90,932)	1,490,463
		<hr/>	<hr/>
Provisions for liabilities and charges	13	(2,500,000)	(1,500,000)
		<hr/>	<hr/>
Net liabilities		(2,590,932)	(9,537)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	6,370,002	6,370,002
Profit and loss account	15	(8,960,934)	(6,379,539)
		<hr/>	<hr/>
Shareholders funds (including non-equity)	16	(2,590,932)	(9,537)
		<hr/>	<hr/>

The financial statements were approved by the Board on 24 February 2005 and signed on its behalf by:


M S NELSON
Director


T J DOUBLEDAY
Director

Notes to the Financial Statements

30 September 2004

1. ACCOUNTING POLICIES

Basis of accounting

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

The financial statements have been prepared on the going concern basis. This basis assumes the continued support of the Immediate Parent Undertaking.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to customers in the year, all arising in the United Kingdom.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used to calculate depreciation are:

Short leasehold property and improvements	20%
Motor vehicles	20%
Fixtures, fittings and equipment	20% and 50%
Computer equipment	20%

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Deferred revenue expenditure

Certain costs incurred in the establishment of the concession are included in prepayments and are written off to the profit and loss account on a straight line basis over the shorter of the concession agreement and the expected useful life of the assets.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

2. TURNOVER

The turnover is attributable to the company's principal activity, being the provision of public concession catering at motorway service areas, all of which is carried out in the United Kingdom.

Notes to the Financial Statements

30 September 2004

3. OPERATING LOSS

Operating loss is arrived at after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets	177,673	282,091
Impairment of tangible fixed assets	771,378	-
Auditors' remuneration		
- for audit services	6,000	9,000
Contractual loss provision	2,250,000	1,500,000
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Other interest receivable	4,381	-
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges comprises:

	2004 £	2003 £
Interest on inter-company loans	29,093	-
	<u> </u>	<u> </u>

6. EMPLOYEES

Average weekly number of employees, excluding directors:

	2004 No	2003 No
Dining rooms	98	131
Administration and selling	3	4
	<u> </u>	<u> </u>
	101	135
	<u> </u>	<u> </u>

Staff costs:

	2004 £	2003 £
Wages and salaries	812,943	1,050,454
Social security costs	58,284	98,255
Other pension costs	-	-
	<u> </u>	<u> </u>
	871,227	1,148,709
	<u> </u>	<u> </u>

Notes to the Financial Statements

30 September 2004

7. DIRECTORS

No director received any remuneration from the company during the year (2003: £Nil).

8. TAXATION

Taxation credit for the year:

	2004 £	2003 £
Current taxation		
United Kingdom Corporation tax	(856,397)	(615,724)
Adjustments in respect of prior periods	10,917	(10,345)
	<hr/>	<hr/>
Current taxation	(845,480)	(626,069)
 Deferred tax		
Origination and reversal of timing differences	(164,572)	18,956
	<hr/>	<hr/>
Tax on loss on ordinary activities	(1,010,052)	(607,113)
	<hr/>	<hr/>
 Current tax reconciliation		
Loss on ordinary activities before taxation	(3,591,447)	(2,103,038)
	<hr/>	<hr/>
Theoretical tax at UK Corporation Tax rate of 30%	(1,077,434)	(630,911)
Effects of:		
- adjustments in respect of prior years	10,917	(10,345)
- other expenditure that is not tax deductible	7,550	34,143
- accelerated capital allowances	213,487	(18,956)
	<hr/>	<hr/>
Actual current taxation credit	(845,480)	(626,069)
	<hr/>	<hr/>

Notes to the Financial Statements

30 September 2004

9. TANGIBLE ASSETS

	Short leasehold property and improvements £	Computer equipment £	Fixtures, fittings and office equipment £	Total £
Cost				
At 1 October 2003	954,542	66,831	500,298	1,521,671
Additions	-	24,049	3,909	27,958
Disposals	-	(11,516)	(10,371)	(21,887)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2004	954,542	79,364	493,836	1,527,742
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 October 2003	300,105	53,639	232,460	586,204
Charged in year	85,737	11,902	80,034	177,673
Disposals	-	(2,800)	(4,712)	(7,512)
Impairment provision	568,700	16,623	186,055	771,378
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2004	954,542	79,364	493,836	1,527,742
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2004	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2003	654,438	13,192	267,838	935,468
	<hr/>	<hr/>	<hr/>	<hr/>

10. STOCKS

	2004 £	2003 £
Finished goods and goods for resale	16,884	20,375
	<hr/>	<hr/>

Notes to the Financial Statements

30 September 2004

11. DEBTORS

	2004 £	2003 £
Trade debtors	5,932	1,864
Prepayments and accrued income	43,042	396,737
Group relief receivable	845,480	615,724
Deferred taxation (note 14)	196,579	32,007
Amounts owed by group undertakings	985,408	1,111,078
Other debtors	-	4,324
	<u>2,076,441</u>	<u>2,161,734</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank Overdraft	-	610,632
Trade creditors	206,361	663,052
Other taxation and social security	85,685	196,743
Accruals and deferred income	69,031	127,131
Amounts owed to group undertakings	1,996,023	-
Other creditors	21,376	29,556
	<u>2,378,476</u>	<u>1,627,114</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Contractual loss provision	<u>2,500,000</u>	<u>1,500,000</u>
At 1 October 2003	1,500,000	-
Provision during year	2,000,000	1,500,000
Costs incurred	(1,000,000)	-
At 30 September 2004	<u>2,500,000</u>	<u>1,500,000</u>

Notes to the Financial Statements

30 September 2004

13. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

	2004 £	2003 £
Deferred taxation		
At 1 October 2003	(32,007)	(90,000)
Transferred from profit and loss account	(164,572)	57,993
	<hr/>	<hr/>
At 30 September 2004	(196,579)	(32,007)
	<hr/>	<hr/>
 This is represented by Excess of depreciation and impairment provision over capital allowances	 (196,579)	 (32,007)
	<hr/>	<hr/>

No amounts of deferred taxation are unprovided.

The above balance is included within debtors (note 11).

14. SHARE CAPITAL

	2004 £	2003 £
Authorised		
2,570,100 ordinary shares of £1 each	2,570,100	100
3,800,000 preference shares of £1 each	3,800,000	6,370,000
	<hr/>	<hr/>
	6,370,100	6,370,100
	<hr/>	<hr/>
	 2004 £	 2003 £
Allotted and fully paid		
2,570,002 ordinary shares of £1 each	2,570,002	2
3,800,000 preference shares of £1 each	3,800,000	6,370,000
	<hr/>	<hr/>
	6,370,002	6,370,002
	<hr/>	<hr/>

Preference shareholders' rights

Preference shareholders have no entitlement in respect of income. The preference shares are redeemable at par at any time at the option of the company and at any time after the second anniversary of their issue at the option of the holder of any preference shares. On an earlier winding up the preference shares carry priority over the ordinary shares to the extent of their par value. The preference shares normally carry no votes or rights to attend general meetings of the company. If however the company has failed to redeem preference shares by a due date, proposals to change the rights of the preference shareholder in any way, if the business of the meeting includes the consideration of any resolution for winding up the company or reducing its share capital or share premium, then the preference shareholders are entitled to attend meetings and each share will carry one vote.

Notes to the Financial Statements

30 September 2004

15. RESERVES

	2004 £	2003 £
Profit and loss account		
At 1 October 2003	(6,379,539)	(4,883,614)
Loss for the year	(2,581,395)	(1,495,925)
	<hr/>	<hr/>
At 30 September 2004	(8,960,934)	(6,379,539)
	<hr/>	<hr/>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the year	(2,581,395)	(1,495,925)
Opening shareholders' funds	(9,537)	1,486,388
	<hr/>	<hr/>
Closing shareholders' funds	(2,590,932)	(9,537)
	<hr/>	<hr/>
Non-equity - preference	3,800,000	3,800,000
Equity	(6,390,932)	(3,809,537)
	<hr/>	<hr/>
Total	(2,590,932)	(9,537)
	<hr/>	<hr/>

17. FINANCIAL COMMITMENTS

There were no operating lease commitments entered into during the year.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions under FRS 8, Related Party Disclosures, not to disclose transactions and balances with group undertakings as consolidated financial statements for the most senior and ultimate parent company, Elior SCA, are publicly available.

19. PARENT UNDERTAKING

The immediate parent undertaking is Elior UK Limited, a company incorporated in England and Wales.

The company considers Elior SCA, a company incorporated in France, as its the most senior and ultimate parent undertaking.

20. POST BALANCE SHEET EVENTS

On 15 February 2005 the company succeeded in exiting the remaining Motorway Service Areas. The Directors consider that the contractual loss provision will be sufficient to cover costs arising.