Company No: 3766617

Eliance UK Ltd

Annual Report

Year ended 30 September 2002

CONTENTS OF THE ANNUAL REPORT

COMPANY INFORMATION

Directors	M S Nelson T J West G T Daniel
Secretary	G T Daniel
Registered office	Watchmaker Court 33 St Johns Lane London EC1M 4ND
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 2002.

Principal activities

The principal activities of the company are the provision of quality public concession catering services.

Business review and future developments

This financial year has seen many changes for the concession arm of the Elior Group within the UK. With a rapid growth in concession contracts within Leisure Centres, and our first Airport contract, we have also successfully concluded the acquisition of the remaining 80% of Digby Trout Restaurant shares. As a result of this acquisition we also acquired a holding company that we have renamed as Eliance Restaurants Limited. This company has now become the vehicle for growing our business within Leisure Centres, Airports, and Railway Stations as well as in the concession business in which Digby Trout Restaurants specialises. This now allows Eliance UK Limited to concentrate on developing and growing the Motorway Service Area business with a very clear focus on the dynamics of this key market segment.

Dividends

The directors do not recommend the payment of a dividend on the equity or non-equity shares for the year (2001: £Nil).

Share capital

On 21 November 2001, the company passed a special resolution increasing the company's authorised share capital to 4,700,100 by the creation of 900,000 ordinary shares at £1 each, ranking pari passu in all respects with the existing ordinary share capital.

On 14 June 2002, the company passed a special resolution increasing the company's authorised share capital to 6,370,100 by the creation of 1,670,000 ordinary shares at £1 each, ranking pari passu in all respects with the existing ordinary share capital.

Directors

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

All of the directors have served throughout the period since our last report.

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 Elior SCA, the most senior and ultimate parent undertaking, are disclosed in the accounts of that company.

Employee involvement

The company encourages the development of employee involvement in the individual operating units of its business. In recognition of its policies the company holds the 'Investor in People' award.

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 the directors' responsibilities for the Annual Report

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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report are prepared in accordance with company law in United Kingdom.

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 June 2003 and signed on its behalf by:

G T DANIEL
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELIANCE UK LIMITED

We have audited the financial statements on pages 5 to 14.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

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 2002 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

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Birmingham, England
24 June 2003

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2002

	Note	2002 £	2001 £
Turnover			
Current year acquisitions		800,990	-
Other continuing operations		6,818,505	5,059,413
Total turnover	2&3	7,619,495	5,059,413
Cost of sales		(8,695,137)	(7,073,473)
Gross loss		(1,075,642)	(2,014,060)
Administrative expenses		(709,539)	(2,366,750)
Analysis of operating profit/(loss)	3&4		
Current year acquisitions		10,244	-
Other continuing operations		(1,795,425)	(4,380,810)
Total operating loss		(1,785,181)	(4,380,810)
Interest receivable and similar income		1,952	33,268
Interest payable and similar charges	5	(114,877)	(107,936)
Loss on ordinary activities before taxation		(1,898,106)	(4,455,478)
Tax on loss on ordinary activities	8	696,236	1,099,867
Loss for the year	16	(1,201,870)	(3,355,611)

The company has no recognised gains or losses other than the loss shown for the last two financial years.

Full details of continuing and discontinued operations are disclosed within note 3 to these accounts.

BALANCE SHEET
at 30 September 2002

	Note	2002 £	2001 £
Fixed Assets			
Tangible fixed assets	9	2,559,804	1,672,683
Intangible fixed assets	10	156,500	-
		2,716,304	1,672,683
Current assets			
Stocks	11	178,736	68,432
Debtors	12	1,544,275	1,632,203
Cash in hand		301,869	498,048
		2,024,880	2,198,683
Creditors : Amounts falling due within one year	13	(3,254,796)	(3,753,108)
Net current liabilities		(1,229,916)	(1,554,425)
Total assets less current liabilities		1,486,388	118,258
Net assets		1,486,388	118,258
Capital and reserves			
Share capital	15	6,370,002	3,800,002
Profit and Loss account	16	(4,883,614)	(3,681,744)
Shareholders funds (including non-equity)	17	1,486,388	118,258

The financial statements were approved by the Board on 24 June 2003 and signed on its behalf by:

M S NELSON
Director

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

1. ACCOUNTING POLICIES

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

New accounting standards
FRS 19 "Deferred Tax" has been adopted for the first time in these accounts. Comparative figures have been restated to be consistent with the new accounting policy for deferred tax that is described below. The effect of the change is quantified in Note 9. FRS 18 "Accounting Policies" has also been adopted. It did not cause any other changes in policy, as after careful review, the directors are satisfied that the current accounting policies are the most appropriate for the company. FRS 17 "Retirement Benefits" does not effect these accounts as the company does not operate a defined benefit pension scheme.

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%

Goodwill
Positive goodwill is the excess of the cost of an acquired entity over the aggregate of the fair values of that entity's identifiable assets and liabilities. Positive goodwill relating to acquisitions made since 1 January 1998 is shown in the balance sheet as an asset. Positive goodwill, where treated as an asset, is amortised evenly over its estimated useful economic life of 20 years. In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified.

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 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.

Previously under SSAP 15 provision was only made for deferred taxation if it was probable that the tax would be payable or recoverable in the foreseeable future.

Pensions
The company participates in a defined contribution pension schemes for both directors and staff. The assets of the schemes are invested and managed independently of the finances of the group. Pension costs are charged to the profit and loss account in the year in which they are payable.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

2. TURNOVER

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

3. SEGMENTAL ANALYSIS

Class of business	2002 Turnover £	2002 Operating profit/ (loss) £	2001 Turnover £	2001 Operating profit/ (loss) £
Motorway Service Areas	2,278,859	(1,336,987)	1,543,488	(3,574,804)
Venues	4,539,646	(458,438)	3,515,925	(806,006)
Leisure and Airports	800,990	10,244	-	-
	7,619,495	(1,785,181)	5,059,413	(4,380,810)

With effect from 1 October 2002, the trade assets and liabilities attributable to the Venues business was transferred to Eliance Restaurants Limited, a fellow group undertaking, at book value.

As noted within note 10 to these accounts, the Leisure and Airports Business was acquired on 16 August 2002. With effect from 1 October 2002, the trade, assets and liabilities attributable to the Leisure and Airports business was transferred to Eliance Restaurants Limited, a fellow group undertaking, at book value.

The Motorway Service Areas business continues to trade within this company after the year end date.

4. OPERATING PROFIT/(LOSS)

This is arrived at after charging:

	2002 £	2001 £
Depreciation of tangible fixed assets	418,501	449,669
Auditors' remuneration		
- for audit services	15,000	12,050

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges comprises:

	2002 £	2001 £
Interest on loans wholly repayable within five years	114,877	107,936

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

6. EMPLOYEES

Average weekly number of employees, including directors:

	2002 No	2001 No
Dining rooms	646	548
Administration and selling	8	2
	654	550

Staff costs, including directors consist of:

	2002 £	2001 £
Wages and salaries	3,498,713	2,629,100
Social security costs	258,185	168,204
Other pension costs	31,173	39,418
	3,788,071	2,836,722

7. DIRECTORS

Emoluments of the company's directors:

	2002 £	2001 £
As directors	90,423	-
Pension contributions	8,000	-
	98,423	Nil
Number of directors accruing benefits under money purchase pension schemes	1	-

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

8. TAX ON LOSS ON ORDINARY ACTIVITIES

Taxation credit for the year:

	2002 £	2001 £
Corporation tax at 30%	(660,000)	(1,099,867)
Deferred tax at 30%	(90,000)	-
	(750,000)	(1,099,867)
Amendment of prior year estimates	53,764	-
	(696,236)	(1,099,867)

9. TANGIBLE ASSETS

	Short leasehold property and improvements £	Motor vehicles £	Computer equipment £	Fixtures, fittings and office equipment £	Total £
Cost					
At 1 October 2001	1,209,790	1,500	82,569	774,450	2,068,309
On acquisition of trade and assets	100,000	-	-	493,500	593,500
Additions	310,573	-	67,839	333,710	712,122
At 30 September 2002	1,620,363	1,500	150,408	1,601,660	3,373,931
Depreciation					
At 1 October 2001	208,524	125	24,863	162,114	395,626
Charged in year	205,644	500	36,973	175,384	418,501
At 30 September 2002	414,168	625	61,836	337,498	814,127
Net book value					
At 30 September 2002	1,206,195	875	88,572	1,264,162	2,559,804
At 30 September 2001	1,001,266	1,375	57,706	612,336	1,672,683

10. ACQUISITION OF TRADE AND ASSETS

On 16 August 2002, the company acquired certain trade and assets from SLF Group Limited.

The assets and liabilities acquired can be broken down as follows:

	Book value and fair value £
Tangible fixed assets	493,500
Property leases	100,000
	593,500
Goodwill arising	156,500
Consideration - cash	750,000

Due to the proximity of the acquisition to the year end, no amortisation of goodwill has been charged in the accounts for the year ended 30 September 2002.

As detailed within note 3 to these accounts, this trade was transferred to Eliance Restaurants Limited, a fellow group undertaking, with effect from 1 October 2002.

11. STOCKS

	2002 £	2001 £
Finished goods and goods for resale	178,736	68,432

12. DEBTORS

	2002 £	2001 £
Trade debtors	264,445	119,660
Prepayments and accrued income	529,830	476,695
Group relief receivable	660,000	1,035,848
Deferred taxation (note 14)	90,000	-
	1,544,275	1,632,203

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	1,055,586	904,119
Other taxation and social security	430,148	179,512
Accruals and deferred income	587,301	584,945
Amounts owed to group undertakings	1,181,761	2,084,532
	3,254,796	3,753,108

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	2001 £
Deferred taxation		
At 1 October 2001	-	-
Transferred from profit and loss account	(90,000)	-
At 30 September 2002	(90,000)	NIL
This is represented by		
Excess of depreciation and impairment provision over capital allowances	(90,000)	NIL

No amounts of deferred taxation are unprovided.

The above balance is included within debtors (note 12).

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

15. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
1,500,000 preference shares of £1 each	6,370,000	3,800,000
	6,370,100	3,800,100
Allotted and fully paid		
2 ordinary shares of £1 each	2	2
1,500,000 preference shares of £1 each	6,370,000	3,800,000
	6,370,002	3,800,002

Share capital

On 21 November 2001, the company passed a special resolution increasing the company's authorised share capital to 4,700,100 by the creation of 900,000 ordinary shares at £1 each, ranking pari passu in all respects with the existing ordinary share capital.

On 14 June 2002, the company passed a special resolution increasing the company's authorised share capital to 6,370,100 by the creation of 1,670,000 ordinary shares at £1 each, ranking pari passu in all respects with the existing ordinary share capital.

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, proposes 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.

16. RESERVES

	2002	2001
	£	£
Profit and loss account		
At 1 October 2001	(3,681,744)	(326,133)
Loss for the year	(1,201,870)	(3,355,611)
At 30 September 2002	(4,883,614)	(3,681,744)

NOTES TO THE FINANCIAL STATEMENTS
30 September 2002

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the year/period	(1,201,870)	(3,355,611)
Issue of shares	2,570,000	2,300,000
	1,368,130	(1,055,611)
Opening shareholders' funds	118,258	1,173,869
Closing shareholders' funds	1,486,388	118,258
Non-equity - preference	6,370,000	3,800,000
Equity	(4,883,612)	(3,681,742)
Total	1,486,388	118,258

18. FINANCIAL COMMITMENTS

Operating lease commitments

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

19. 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.

20. PARENT UNDERTAKING

On 15 June 2002 the company became a wholly owned subsidiary of Elior UK Limited. At the year end, the immediate parent undertaking was thus Elior UK Limited. Elior SCA, a company incorporated in France, is the most senior and ultimate parent undertaking of this company.

21. POST BALANCE SHEET EVENTS

As noted within note 3 to the accounts, with effect from 1 October 2002 the business relating to the Venues and the Leisure and Airports was transferred to Eliance Restaurants Limited, a fellow group undertaking.

The following page does not form part of the audited statutory financial statements and is for management purposes only

ELIANCE UK LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2002

For directors' use only

	£	£
Sales		
Cost of operations		7,619,495
Catering Supplies:		
Opening stock	68,432	
Purchases	2,627,795	
Closing stock	(177,277)	
	2,518,950	
Labour:		
Unit personnel costs	3,084,289	
Depreciation:		
- Computers (till system)	37,321	
- Fixtures and fittings and equipment	137,181	
- Tenants improvement	204,313	
- Light equipment	39,662	
Other unit operating costs	2,673,421	
	6,176,187	
Total cost of operations		(8,695,137)
Gross loss		(1,075,642)
Administrative expenses		
Office salaries	613,150	
National Insurance contribution	62,007	
Staff pension premiums	28,625	
General life insurance	7,276	
Computer bureau and support	16,806	
Car expenses	18,872	
Contract hire	49,087	
Travelling, subsistence and entertainment	25,252	
Sales promotion and advertising	36,503	
Printing and stationery	28,738	
Telephone	16,302	
Education and training	7,728	
Sundry expenses	84,614	
Bank charges and interest	14,674	
Audit	14,752	
Legal and professional	32,150	
Staff recruitment costs	17,538	
Office Costs	58,254	
Digby Trout Restaurants Administration Fee	(417,467)	
Interest Paid	107,603	
		822,464
Loss before tax		(1,898,106)