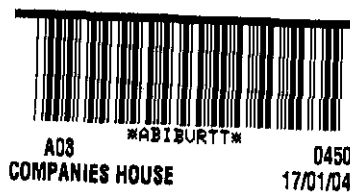


Eliance UK Ltd

Annual Report

Year ended 30 September 2003



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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 2003

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

This financial year has seen many changes for the concession arm of the Elinor Group. Following the acquisition of the Digby Trout Restaurants business it was decided to consolidate all business activities with the exception of the Motorway Service Areas into the newly renamed Eliance Restaurants Limited, a sister company of Eliance UK Limited. The sale of these interests reinforced the company's liquidity.

Eliance UK Limited is now responsible for the MSA business in the UK in respect of which a provision for all contractual losses of £1.5m was made in the year.

The company will concentrate on building the trade in its existing outlets and continues to see a number of positive opportunities in this sector in the future.

Transfer of trade and assets

On 1 October 2002, the business relating to the concession Venues, Leisure and Airport sectors was transferred to Eliance Restaurants Limited, a fellow group undertaking.

Results and dividends

The directors do not recommend the payment of a dividend on the equity or non-equity shares for the year (2002 £Nil).

Directors and their interest

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

T J Doubleday was appointed as Director on 1 July 2003

All of the other 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

On 3 May 2003, the auditors RSM Robson Rhodes transferred their business to RSM Robson Rhodes LLP.

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 12 January 2004 and signed on its behalf by:


T J DOUBLEDAY
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 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 2003 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
12 January 2004

Profit and Loss Account

for the year ended 30 September 2003

	Note	2003 £	2002 £
Turnover			
Continuing operations		2,800,492	2,278,859
Discontinued operations		-	5,340,636
		<hr/>	<hr/>
Total turnover	2	2,800,492	7,619,495
		<hr/>	<hr/>
Cost of sales		(3,297,832)	(8,695,137)
		<hr/>	<hr/>
Gross loss		(497,340)	(1,075,642)
Administrative expenses		(1,605,698)	(709,539)
		<hr/>	<hr/>
Analysis of operating loss	3		
Continuing operations		(2,103,038)	(1,336,987)
Discontinued operations		-	(448,194)
		<hr/>	<hr/>
Total operating loss		(2,103,038)	(1,785,181)
		<hr/>	<hr/>
Interest receivable and similar income		-	1,952
Interest payable and similar charges	4	-	(114,877)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(2,103,038)	(1,898,106)
Tax on loss on ordinary activities	7	607,113	696,236
		<hr/>	<hr/>
Loss for the year	16	(1,495,925)	(1,201,870)
		<hr/>	<hr/>

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

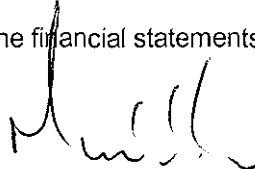
Continuing operations relate to the Motorway Service Areas.

Balance Sheet

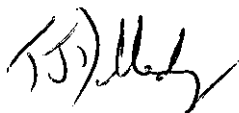
at 30 September 2003

	Note	2003 £	2002 £
Fixed Assets			
Tangible fixed assets	9	935,468	2,559,804
Intangible fixed assets	10	-	156,500
		<hr/>	<hr/>
		935,468	2,716,304
		<hr/>	<hr/>
Current assets			
Stocks	11	20,375	178,736
Debtors	12	2,161,734	1,544,275
Cash in hand		-	301,869
		<hr/>	<hr/>
		2,182,109	2,024,880
Creditors : Amounts falling due within one year	13	(1,627,114)	(3,254,796)
		<hr/>	<hr/>
Net current assets/(liabilities)		554,995	(1,229,916)
		<hr/>	<hr/>
Total assets less current liabilities		1,490,463	1,486,388
Provisions for liabilities and charges	14	(1,500,000)	-
		<hr/>	<hr/>
Net (liabilities)/assets		(9,537)	1,486,388
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	6,370,002	6,370,002
Profit and loss account	16	(6,379,539)	(4,883,614)
		<hr/>	<hr/>
Shareholders funds (including non-equity)	17	(9,537)	1,486,388
		<hr/>	<hr/>

The financial statements were approved by the Board on 12 January 2004 and signed on its behalf by:



M S NELSON
Director



T J DOUBLEDAY
Director

Notes to the Financial Statements

30 September 2003

1. ACCOUNTING POLICIES

Basis of accounting

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

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.

Notes to the Financial Statements

30 September 2003

2. TURNOVER

The turnover is attributable to the company's principal activity, being the provision of public concession catering for three motorway service areas, all of which is carried out in the United Kingdom. The prior year turnover also included the turnover on the Venues and the Leisure and Airports businesses, which were transferred to Eliance Restaurants Limited on 1 October 2002.

3. OPERATING LOSS

Operating loss is arrived at after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets	282,091	418,501
Auditors' remuneration		
- for audit services	9,000	15,000
Contractual loss provision	1,500,000	-
	<u>1,791,091</u>	<u>433,501</u>

In accordance with FRS 12 a provision of £1.5m has been included within administrative expenses for the year in respect of all contractual losses expected to be incurred at one of the Motorway Service Area operations.

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges comprises:

	2003 £	2002 £
Interest on loans wholly repayable within five years	-	114,877
	<u>-</u>	<u>114,877</u>

5. EMPLOYEES

Average weekly number of employees, excluding directors:

	2003 No	2002 No
Dining rooms	131	646
Administration and selling	4	8
	<u>135</u>	<u>654</u>

Staff costs:

	2003 £	2002 £
Wages and salaries	1,050,454	3,498,713
Social security costs	98,255	258,185
Other pension costs	-	31,173
	<u>1,148,709</u>	<u>3,788,071</u>

Notes to the Financial Statements

30 September 2003

6. DIRECTORS

Emoluments of the company's directors:

	2003 £	2002 £
As directors	-	90,423
Pension contributions	-	8,000
	<hr/>	<hr/>
	-	98,423
	<hr/>	<hr/>
Number of directors accruing benefits under money purchase pension schemes	-	1
	<hr/>	<hr/>

7. TAXATION

Taxation credit for the year:

	2003 £	2002 £
Current taxation		
United Kingdom Corporation tax	(615,724)	(660,000)
Adjustments in respect of prior periods	(10,345)	53,764
	<hr/>	<hr/>
Current taxation	(626,069)	(606,236)
Deferred tax		
Origination and reversal of timing differences	18,956	(90,000)
	<hr/>	<hr/>
Tax on loss on ordinary activities	(607,113)	(696,236)
	<hr/>	<hr/>
Current tax reconciliation		
Loss on ordinary activities before taxation	(2,103,038)	(1,898,106)
	<hr/>	<hr/>
Theoretical tax at UK Corporation Tax rate of 30%	(630,911)	(569,432)
Effects of:		
- adjustments in respect of prior years	(10,345)	53,764
- other expenditure that is not tax deductible	34,143	-
- accelerated capital allowances	(18,956)	(90,000)
- rounding adjustment	-	(568)
	<hr/>	<hr/>
Actual current taxation credit	(626,069)	(606,236)
	<hr/>	<hr/>

Notes to the Financial Statements

30 September 2003

8. TRANSFER OF TRADE AND ASSETS

On 3 October 2002 the company transferred all its business and operations apart from the Motorway Service Area operations to Eliance Restaurants Limited, a related undertaking. The following assets and liabilities were transferred to Eliance Restaurants Limited as part of this transaction:

	£
Net assets transferred	1,696,000

9. TANGIBLE ASSETS

	Short leasehold property and improvements £	Motor vehicles £	Computer equipment £	Fixtures, fittings and office equipment £	Total £
Cost					
At 1 October 2002	1,620,363	1,500	150,408	1,601,660	3,373,931
Additions	8,425	-	10,500	8,433	27,358
Disposals	(12,374)	-	(162)	(76,970)	(89,506)
On transfer of trade and assets	(661,872)	(1,500)	(93,915)	(1,032,825)	(1,790,112)
At 30 September 2003	954,542	-	66,831	500,298	1,521,671
Depreciation					
At 1 October 2002	414,168	625	61,836	337,498	814,127
Charged in year	169,943	-	22,150	89,997	282,091
On transfer of trade and assets	(284,007)	(625)	(30,347)	(195,035)	(510,014)
At 30 September 2003	300,104	-	53,639	232,460	586,204
Net book value					
At 30 September 2003	654,438	-	13,192	267,838	935,468
At 30 September 2002	1,206,195	875	88,572	1,264,162	2,559,804

Notes to the Financial Statements

30 September 2003

10. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 October 2002	156,500
On transfer of trade and assets	(156,500)
	<hr/>
At 30 September 2003	-
	<hr/>
Amortisation	
At 1 October 2002	-
On transfer of trade and assets	-
Charge for the year	-
	<hr/>
At 30 September 2003	-
	<hr/>
Net book value	
At 30 September 2003	-
	<hr/>
At 30 September 2002	156,500
	<hr/>

11. STOCKS

	2003 £	2002 £
Finished goods and goods for resale	20,375	178,736
	<hr/>	<hr/>

12. DEBTORS

	2003 £	2002 £
Trade debtors	1,864	264,445
Prepayments and accrued income	396,737	529,830
Group relief receivable	615,724	660,000
Deferred taxation (note 14)	32,007	90,000
Amounts owed from group undertakings	1,111,078	-
Other debtors	4,324	-
	<hr/>	<hr/>
	2,161,734	1,544,275
	<hr/>	<hr/>

Amounts owed from group undertakings include amounts totally £550,000 (2002: £Nil) which is due for receipt after more than one year.

Notes to the Financial Statements

30 September 2003

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank Overdraft	610,632	-
Trade creditors	663,052	1,055,586
Other taxation and social security	196,743	430,148
Accruals and deferred income	127,131	587,301
Amounts owed to group undertakings	-	1,181,761
Other creditors	29,556	-
	<u>1,627,114</u>	<u>3,254,796</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Contractual loss provision	1,500,000	-
	<u>1,500,000</u>	<u>-</u>

In accordance with FRS 12 a provision of £1.5m has been included within administrative expenses for the year in respect of all contractual losses expected to be incurred at one of the Motorway Service Area operations.

	2003 £	2002 £
Deferred taxation		
At 1 October 2002	(90,000)	-
Transferred from profit and loss account	57,993	(90,000)
	<u>(32,007)</u>	<u>(90,000)</u>
At 30 September 2003	(32,007)	(90,000)
	<u>(32,007)</u>	<u>(90,000)</u>
This is represented by Excess of depreciation and impairment provision over capital allowances	(32,007)	(90,000)
	<u>(32,007)</u>	<u>(90,000)</u>

No amounts of deferred taxation are unprovided.

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

Notes to the Financial Statements

30 September 2003

15. SHARE CAPITAL

	2003 £	2002 £
Authorised		
100 ordinary shares of £1 each	100	100
1,500,000 preference shares of £1 each	6,370,000	6,370,000
	<hr/>	<hr/>
	6,370,100	6,370,100
	<hr/>	<hr/>
	2003 £	2002 £
Allotted and fully paid		
2 ordinary shares of £1 each	2	2
1,500,000 preference shares of £1 each	6,370,000	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.

16. RESERVES

	2003 £	2002 £
Profit and loss account		
At 1 October 2002	(4,883,614)	(3,681,744)
Loss for the year	(1,495,925)	(1,201,870)
	<hr/>	<hr/>
At 30 September 2003	(6,379,539)	(4,883,614)
	<hr/>	<hr/>

Notes to the Financial Statements

30 September 2003

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the year	(1,495,925)	(1,201,870)
Issue of shares	-	2,570,000
	<hr/>	<hr/>
Opening shareholders' funds	(1,495,925) 1,486,388	1,368,130 118,258
	<hr/>	<hr/>
Closing shareholders' funds	(9,537)	1,486,388
	<hr/>	<hr/>
Non-equity - preference	6,370,000	6,370,000
Equity	(6,379,537)	(4,883,612)
	<hr/>	<hr/>
Total	(9,537)	1,486,388
	<hr/>	<hr/>

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

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.