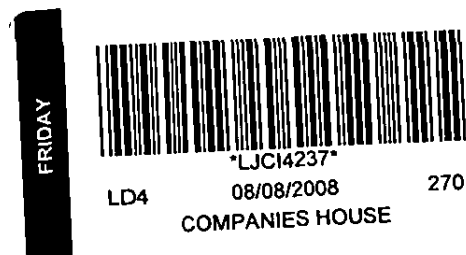




Financial Statements JRC Holdings Limited

For the period ended 25 November 2007



Company No. 05322705

Officers and professional advisers

Company registration number	05322705
Registered office	Harleyford Estate Henley Road Marlow Buckinghamshire SL7 2DX
Director	Mr J R Coppock
Secretary	Mr A G Purnell
Bankers	The Royal Bank of Scotland 62/63 Threadneedle Street London EC2R 8LA
Solicitors	DLA 3 Noble Street London EC2V 7EE
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

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Report of the director

The director presents his report and the financial statements of the company for the period from 27 November 2006 to 25 November 2007.

Principal activities

The company acts as a holding company.

Director

The director who served the company during the period was as follows:

Mr J R Coppock

Director's responsibilities

The director is responsible for preparing the report of the director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 director is 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.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'A G Purnell', with a small dot at the end.

Mr A G Purnell
Secretary



Report of the independent auditor to the members of JRC Holdings Limited

We have audited the financial statements of JRC Holdings Limited for the period ended 25 November 2007 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 15. 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 auditor's 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 director and auditor

The director's responsibilities for preparing the report of the director and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the report of the director is consistent with the financial statements

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the report of the director and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director 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.

Report of the independent auditor to the members of JRC Holdings Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 25 November 2007 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the director is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON TAMES VALLEY OFFICE
SLOUGH

5 August 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Going concern

The company's subsidiary undertaking (Scotco Restaurants Limited) has provided security in respect of bank loans, and has advanced funds to the company to enable it to meet its financial obligations as they fall due.

In order to continue meeting those obligations the company is reliant on its subsidiary's continued financial support. The directors have reviewed the financial position and facilities available to the subsidiary and to the group as a whole and are satisfied that sufficient facilities are available to enable both companies to continue trading for the foreseeable future and to meet their liabilities as they fall due.

For this reason the directors consider the going concern basis of preparation to be appropriate for the company's financial statements.

Consolidation

The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. These financial statements therefore present information about the company as an individual entity and not about its group.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Specific finance costs

In accordance with Financial Reporting Standard No. 4, all costs directly associated with the arrangement of a specific type of finance are carried forward and shown in the balance sheet against the finance to which they relate. These costs are written off over the term of the finance.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment

Profit and loss account

	Note	2007 £	2006 £
Turnover		-	-
Administrative expenses		(18,875)	(15,863)
Operating loss	1	(18,875)	(15,863)
Profit on sale of investment		180,595	-
Interest payable and similar charges	3	(359,667)	(264,987)
Loss on ordinary activities before taxation		(197,947)	(280,850)
Tax on loss on ordinary activities	4	113,563	-
Loss for the financial period		<u>(84,384)</u>	<u>(280,850)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

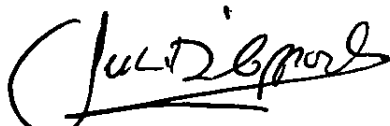
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Investments	5	<u>10,667,733</u>	<u>9,547,250</u>
Current assets			
Debtors	6	1	1
Creditors: amounts falling due within one year	7	<u>(751,055)</u>	<u>(538,293)</u>
Net current liabilities		<u>(751,054)</u>	<u>(538,292)</u>
Total assets less current liabilities		<u>9,916,679</u>	<u>9,008,958</u>
Creditors: amounts falling due after more than one year	8	<u>(4,521,188)</u>	<u>(3,529,083)</u>
		<u>5,395,491</u>	<u>5,479,875</u>
Capital and reserves			
Called-up equity share capital	11	5,101	5,101
Share premium account	12	4,995,000	4,995,000
Profit and loss account	12	395,390	479,774
Shareholders' funds	13	<u>5,395,491</u>	<u>5,479,875</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director and authorised for issue on 28 July 2008


Director

Cash flow statement

	Note	2007 £	2006 £
Net cash inflow from operating activities	15	298,344	734,986
Returns on investments and servicing of finance			
Interest paid		(359,667)	(264,987)
Taxation		113,563	-
Capital expenditure and financial investment			
Payments to acquire shares in subsidiary undertaking		(1,492,784)	-
Receipts from redemption of shares in subsidiary undertaking		552,896	-
Cash (outflow)/inflow before financing		(887,648)	469,999
Financing			
Increase in/(repayment of) bank loans		887,648	(469,999)
Net cash flow	15	-	-

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Operating loss

Operating loss is stated after charging:

	2007 £	2006 £
Audit fees	<u>2,500</u>	<u>2,500</u>

2 Employees and directors

The director was the sole employee during the period. He received no remuneration in respect of services to the company.

3 Interest payable

	2007 £	2006 £
On bank loans	240,874	215,887
On loans from group undertakings	<u>118,793</u>	<u>49,100</u>
	<u>359,667</u>	<u>264,987</u>

4 Taxation

(a) Analysis of charge in the period

	2007 £	2006 £
Current tax:		
Amount receivable for losses surrendered to group companies	(113,563)	-
Total current tax	<u>(113,563)</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower (2006: higher) than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007 £	2006 £
Loss on ordinary activities before tax	<u>(197,947)</u>	<u>(280,850)</u>
Loss before tax multiplied by standard rate of tax (30%)	(59,384)	(84,255)
Income not assessed for corporation tax purposes	(54,179)	-
Losses carried forward to offset against future profits	-	84,255
Total current tax	<u>(113,563)</u>	<u>-</u>

5 Investments

Shares in subsidiary undertakings

	£
Cost	
At 27 November 2006	9,547,250
Additions	1,492,784
Disposals	(372,301)
At 25 November 2007	<u>10,667,733</u>
Net book value	
At 25 November 2007	<u>10,667,733</u>
At 26 November 2006	<u>9,547,250</u>

The investment relates to shares in the subsidiary undertaking Scotco Restaurants Limited. During the period the company purchased the entire issued preferred ordinary capital and deferred share capital, this being added to the investment already held at 26 November 2006 which comprised 100% of the issued "A" ordinary and 90% of the issued "B" ordinary shares. Disposals relate to preferred ordinary shares which were subsequently redeemed by Scotco Restaurants Limited.

Scotco Restaurants Limited is incorporated in England & Wales and is engaged in the operation of fast food restaurants under franchise with Kentucky Fried Chicken (Great Britain) Limited. Its profit for the period to 25 November 2007 amounted to £1,105,791 (2006 - £666,211) and its net assets at 25 November 2007 were £3,220,489 (2006 - £2,114,698)

6 Debtors

	2007 £	2006 £
Unpaid share capital	<u>1</u>	<u>1</u>

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans	693,525	498,246
Other creditors	57,530	40,047
	<u>751,055</u>	<u>538,293</u>

8 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Bank loans	2,925,789	2,233,420
Amounts owed to group undertakings	1,595,399	1,295,663
	<u>4,521,188</u>	<u>3,529,083</u>

9 Creditors - loans

Bank loans are repayable as follows:

	2007 £	2006 £
Within one year	693,525	498,246
After one but within two years	739,360	498,246
After two but within five years	1,668,914	1,561,402
After more than five years	517,515	173,772
	<u>3,619,314</u>	<u>2,731,666</u>

The loans are secured by charges over all of the company's assets and those of its subsidiary undertaking and are repayable by 2014.

10 Related party transactions and ultimate controlling party

Scotco Restaurants Limited is a related party, being a subsidiary undertaking. During the period management charges of £6,000 (2006 - £6,000), and interest of £118,793 (2006 - £49,100) were charged by Scotco Restaurants Limited and JRC Holdings Limited charged Scotco Restaurants Limited £113,563 (2006 - £nil) in respect of tax losses surrendered. During the period Scotco Restaurants Limited paid legal and other fees on behalf of JRC Holdings Limited to the value of £51,784 (2006 - £4,113), loan repayments of £566,663 (2006 - £475,000) and interest of £222,955 (2006 - £208,221). At 25 November 2007 the amount owed by JRC Holdings was £1,595,398 (2006 - £1,295,663). Bank loans held by JRC Holdings Limited and Scotco Restaurants Limited are subject to a cross guarantee. The total balance of loans held by Scotco Restaurants Limited at 25 November 2007 was £1,660,603 (2006 - £1,648,959).

The ultimate controlling party is Mr J R Coppock by virtue of his ownership of all of the company's shares.

11 Share capital

Authorised share capital:

	2007 £	2006 £
100,000 Ordinary shares of £0.10 each	<u>10,000</u>	<u>10,000</u>

Allotted and called up:

	2007 No	£	2006 No	£
Ordinary shares of £0.10 each	<u>51,010</u>	<u>5,101</u>	<u>51,010</u>	<u>5,101</u>

Included in the allotted share capital is £1 which remains unpaid.

12 Reserves

	Share premium account £	Profit and loss account £
At 27 November 2006	4,995,000	479,774
Loss for the period	-	(84,384)
At 25 November 2007	<u>4,995,000</u>	<u>395,390</u>

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial period	(84,384)	(280,850)
Opening shareholders' funds	5,479,875	5,760,725
Closing shareholders' funds	<u>5,395,491</u>	<u>5,479,875</u>

14 Contingent liabilities

The company has guaranteed certain loans and property leases of related parties as disclosed in note 10 above.

15 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating loss	(18,875)	(15,863)
Increase in creditors	317,219	750,849
Net cash inflow from operating activities	<u>298,344</u>	<u>734,986</u>

Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Increase in cash in the period	-	-
Net cash (inflow)/outflow from bank loans	(887,648)	469,999
Change in net debt	<u>(887,648)</u>	<u>469,999</u>
Net debt at 27 November 2006	(2,731,666)	(3,201,665)
Net debt at 25 November 2007	<u>(3,619,314)</u>	<u>(2,731,666)</u>

Analysis of changes in net debt

	At 27 Nov 2006 £	Cash flows £	At 25 Nov 2007 £
Net cash:			
Cash in hand and at bank	-	-	-
Debt:			
Bank loans due within 1 year	(498,246)	(195,279)	(693,525)
Bank loans due after more than 1 year	(2,233,420)	(692,369)	(2,925,789)
Total debt and net debt	<u>(2,731,666)</u>	<u>(887,648)</u>	<u>(3,619,314)</u>