

3 Gates Services Limited

Report and Accounts

29 September 2000



Registration number 1953521

3 Gates Services Limited

Directors' Report

The directors present their report and accounts for the year ended 29 September 2000.

Principal activities and review of the business

The Company's principal activity during the year continued to be the operation of catering establishments.

The results for the year are shown in the annexed financial statements together with the notes thereto.

On 17 May 2000, Granada Group Plc and Compass Group Plc announced that they had agreed the terms of a merger between them to be followed by a demerger to create two focused groups. The merger was completed on 27 July 2000 when Granada Compass Plc became the company's ultimate parent. On 2 February 2001, the company became a subsidiary of a newly listed company, Compass Group Plc.

Dividends

The directors do not recommend the payment of a dividend for the year to 29 September 2000 (1999 - nil).

Future developments

The directors intend to continue and further develop the business.

Directors and directors' interests

The following were directors of the Company during the year:

H. K. Goodman (resigned 11th February 2000)

A. D. Hill (resigned 11th February 2000)

A. D. Storey (resigned 11th February 2000)

K. J. Wilson (resigned 11th February 2000)

Granada Food Services Limited (appointed 11th February 2000)

Employees

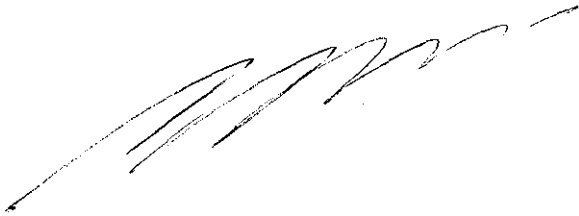
The Company recognises its obligation towards disabled persons and its policy and practice is to give full and fair consideration to applications for employment made by disabled persons, to encourage the training, career development and promotion of disabled persons on the basis of their aptitudes and abilities, and to re-train employees who become disabled.

The Company continues its practice of keeping all its employees informed on matters affecting them and of considering employees' views when making decisions which are likely to affect their interests.

3 Gates Services Limited
Directors' Report

Elective resolutions

The Company has passed elective resolutions to dispense with the laying of the Annual Report and Accounts before the Company in general meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.



T.C. Mason
Secretary

Date 27/7/01
Mulliner House
Flanders Road
Turnham Green
London W4 1NN

3 Gates Services Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

3 Gates Services Limited
Auditors' Report

Report of the auditors
to the shareholders of 3 Gates Services Limited

We have audited the accounts on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the accounts in accordance with applicable United Kingdom laws and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the director's report is not consistent with accounts, 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.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 29 September 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit PLC
Chartered Accountants
Registered Auditor

8 Salisbury Square, London, EC4Y 8BB.

30 July 2001

3 Gates Services Limited
Profit and Loss Account
for the year ended 29 September 2000

	Notes	2000 £ 000	1999 As restated £ 000
Turnover	2	2,159	4,105
Cost of sales		(2,842)	(3,860)
Gross (loss)/profit		<u>(683)</u>	<u>245</u>
Administrative expenses net of other operating income		429	(460)
Operating loss	3	<u>(254)</u>	<u>(215)</u>
Interest payable	6	-	-
Loss on ordinary activities before taxation		<u>(254)</u>	<u>(215)</u>
Taxation on loss on ordinary activities	7	-	-
Loss on ordinary activities after taxation		<u>(254)</u>	<u>(215)</u>
Dividend paid		-	-
Retained loss for the year	16	<u>(254)</u>	<u>(215)</u>

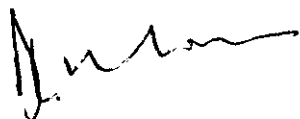
Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 13 form part of these financial statements.

3 Gates Services Limited
Balance Sheet
as at 29 September 2000

	Notes	2000	1999
		£ 000	As restated £ 000
Fixed assets			
Tangible assets	9	<u>41</u>	<u>82</u>
		41	82
Current assets			
Stocks	10	30	47
Debtors	11	358	436
Cash at bank and in hand		<u>5</u>	<u>1,695</u>
		393	2,178
Creditors: amounts falling due within one year	12	(870)	(2,396)
Net current liabilities		<u>(477)</u>	<u>(218)</u>
Total assets less current liabilities		<u>(436)</u>	<u>(136)</u>
Creditors: amounts falling due after more than one year	13	-	(46)
Provisions for liabilities and charges	14	(2)	(2)
Net liabilities		<u>(438)</u>	<u>(184)</u>
Capital and reserves			
Called up share capital	15	3	3
Profit and loss account	16	(441)	(187)
Shareholders' (deficit)/funds:			
Equity		<u>(438)</u>	<u>(184)</u>
Non-equity		-	-
	17	<u>(438)</u>	<u>(184)</u>



D.G. Mortimer

Director

Approved by the Board on 27th July 2001

The notes on pages 8 to 13 form part of these financial statements.

3 Gates Services Limited
Statement of Total Recognised Gains and Losses
for the year ended 29 September 2000

	2000	1999
	£ 000	As restated £ 000
Loss for the financial year	<u>(254)</u>	<u>(215)</u>
Note on prior period adjustment:		
Total recognised gains and losses relating to the year	(254)	
Prior period adjustment (Note 8)	(8)	
Total gains and losses recognised since the last annual report	<u>(262)</u>	

The statement of total recognised gains and losses for the year ended 29 September 2000 has been restated for the adoption of UITF Abstract 24.

3 Gates Services Limited
Notes to the Accounts
at 29 September 2000

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	over 5 years
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Stocks

Stock is valued at the lower of cost and net realisable value.

Taxation

Corporation tax payable is provided on taxable profit at the current rate.

Deferred taxation is provided on the liability method on all timing differences which are expected to crystallise in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The Company participated in a defined benefit pension scheme operated by Granada Group Plc.

The expected cost of pensions in respect of the Company's participation in this scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees based on pension costs across the Granada Group as a whole. Variations from the regular costs are spread over the remaining service lives of current employees in the scheme across the Granada Group. The pension cost is assessed in accordance with the advice of qualified actuaries and accounted for in accordance with Statement of Standard Accounting Practice No.24.

Particulars of the actuarial valuation of the Group Scheme may be found in the Granada Group Plc financial statements.

The members of the scheme are now contributing to a new Compass Pension Scheme which was set up to mirror the scheme operated by Granada Group Plc.

3 Gates Services Limited
Notes to the Accounts
at 29 September 2000

Cash Flow Statement

In accordance with paragraph 5a of FRS1 (revised), the Company is exempt from preparing a cash flow statement as the ultimate parent company includes a consolidated statement in its report and financial statements.

Exemption from FRS8 Disclosures

As the Company was a wholly owned subsidiary of Granada Compass Plc at 29 September 2000, the Company has taken advantage of the exemption to disclose related party transactions since such transactions are with other members of the group.

2 Turnover

Turnover represents amounts invoiced by the Company (excluding Value Added Tax) in respect of goods and services chargeable to clients for the operation of catering establishments, including amounts relating to the sale and rental of catering equipment.

All the Company's turnover is derived from the Company's principal activity and arose within the United Kingdom.

3 Operating loss

	2000 £ 000	1999 £ 000
This is stated after charging:		
Depreciation of owned fixed assets	29	21
Operating lease rentals - plant and machinery	13	14
Auditors' remuneration	4	4

4 Directors' emoluments

	2000 £ 000	1999 £ 000
Emoluments	-	71
Pension Scheme Contributions	-	7
	-	78

Number of directors in group pension scheme:

	2000 Number	1999 Number
Defined benefit schemes	4	3

5 Staff costs

	2000 £ 000	1999 £ 000
Wages and salaries	1,199	1,783
Social security costs	62	109
Other pension costs	10	5
	1,271	1,897

Average number of employees during the year

Administration	8	11
Catering	136	233
	144	244

3 Gates Services Limited
Notes to the Accounts
at 29 September 2000

6 Interest payable	2000	1999
	£ 000	£ 000

Bank loans and overdrafts	-	-
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7 Tax on loss on ordinary activities	2000	1999
	£ 000	£ 000

The tax charge is based on the loss for the year and comprises:

UK corporation tax at 30% (1999: 30.5%)	-	2
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8 Prior period adjustment

The prior period adjustment represents the effect of a change in the accounting policy for deferred set-up costs following the issue on 22 June 2000 of UITF Abstract 24 Accounting for start-up costs.

Previously administrative and other costs relating to new catering units, which were incurred prior to the catering sites opening were deferred and included within debtors. These costs were written off in equal instalments following the commencement of trading, over the life of of the contract. However, UITF 24 requires these costs to be written off as they are incurred.

The prior period adjustment gives rise to a cumulative debit adjustment to reserves of £7,664 in 2000 accounts, of which £3,787 relates to 1999, and the balance of £3,876 relates to 1998 and prior periods.

The comparative figures have been restated in accordance with the new policy, resulting in a increase on loss before tax of £5,411 and an increase in the loss after tax for the financial year of £3,788.

Had the new policy not been adopted in the current year, the loss before tax would have reduced by £9,266 and the after tax loss for the financial year would have been decreased by £6,486.

3 Gates Services Limited
Notes to the Accounts
at 29 September 2000

9 Tangible fixed assets

	Plant and machinery £ 000
Cost or valuation	
At 25 September 1999	246
Additions	10
Disposals	(66)
At 29 September 2000	<u>190</u>
Depreciation	
At 25 September 1999	164
Charge for the year	29
On disposals	(44)
At 29 September 2000	<u>149</u>
Net book value	
At 29 September 2000	<u>41</u>
at 25 September 1999	<u>82</u>

10 Stocks	2000 £ 000	1999 £ 000
Raw materials and consumables	<u>30</u>	<u>47</u>

11 Debtors	2000 £ 000	1999 £ 000
Trade debtors	219	285
Amounts owed by group undertakings and undertakings in which the company has a participating interest	131	30
Other debtors	1	32
Prepayments and accrued income	7	89
	<u>358</u>	<u>436</u>

12 Creditors: amounts falling due within one year

Trade creditors	240	407
Amounts owed by group undertakings and undertakings in which the company has a participating interest	524	1,129
Other taxes and social security costs	106	801
Accruals and deferred income	-	59
	<u>870</u>	<u>2,396</u>

13 Creditors: amounts falling due after one year	2000 £ 000	1999 £ 000
Obligations under finance lease and hire purchase contracts	-	46
Accruals and deferred income	-	-
	<u>-</u>	<u>46</u>

3 Gates Services Limited
Notes to the Accounts
at 29 September 2000

14 Provisions for liabilities and charges

	2000	1999
	£ 000	£ 000
Deferred taxation:		
At 25 September 1999	2	2
Utilised during the year	-	-
At 29 September 2000	<u>2</u>	<u>2</u>

15 Share capital

	2000	1999
	£ 000	£ 000
Authorised:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2000	1999
	No	No
	£ 000	£ 000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

16 Profit and loss account

	2000
	£ 000
Balance at the beginning of period:	
As previously reported	(179)
Prior year adjustment (Note 8)	<u>(8)</u>
As restated	(187)
Loss retained for the year	<u>(254)</u>
At the end of the year	<u>(441)</u>

17 Reconciliation of movements in shareholders' (deficit)/funds

	2000	1999
	£ 000	£ 000
Opening shareholders' funds, as previously reported	(176)	35
Prior year adjustment (Note 8)	<u>(8)</u>	<u>(4)</u>
Opening shareholders' funds, as restated	(184)	31
Loss for the financial year	(254)	(215)
Dividends	-	-
At the end of the year	<u>(438)</u>	<u>(184)</u>

3 Gates Services Limited
Notes to the Accounts
at 29 September 2000

18 Contingent Liabilities and Guarantees

The Company has an arrangement with Hospitality Holdings Limited whereby the bank account is operated as part of the Hospitality Holdings banking arrangements. Accordingly the Company and other associated companies are jointly and severally liable for all amounts outstanding on the aforementioned account to the value of £21,579 as at 29 September 2000.

Under a group registration the Company is jointly and severally liable for VAT due by the other companies within the group registration. At 29 September 2000 this contingent liability amounted to £11,828,122.

19 Other financial commitments

At the year end the Company had annual commitments under non-cancellable operating leases as set out below:

	Equipment 2000 £ 000	Equipment 1999 £ 000
Operating leases which expire:		
within one year	2	3
within two to five years	1	4
	<u>3</u>	<u>7</u>

20 Ultimate holding company

The company's immediate parent company is Compass Food Services Limited. At the start of the financial year, the ultimate parent company and controlling party was Granada Group Plc. On 27 July 2000, this company merged with Compass Group Plc to form a new holding company, Granada Compass Plc which the directors considered to be the ultimate parent and controlling company for the rest of the financial year. With effect from 1 February 2001, when Compass Group Plc demerged from Granada Compass Plc, the parent and ultimate controlling company became Compass Group Plc. Copies of the group accounts can be obtained from: the Secretary, Cowley House, Guildford Street, Chertsey, Surrey KT16 9BA.