



**NLC (HOLDINGS) LIMITED**

**Report and Financial Statements**

**27 September 1998**



**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**

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**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

T C Mason  
A A Roestenburg  
D O'Regan (appointed 9/12/97)

**SECRETARY**

T C Mason

**REGISTERED OFFICE**

Parklands Court  
24 Parklands  
*Birmingham Great Park*  
Rubery  
Birmingham  
B45 9PZ

**SOLICITORS**

Edge & Ellison  
Rutland House  
148 Edmund Street  
Birmingham

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 27 September 1998.

## **PRINCIPAL ACTIVITIES**

The principal activity of the company is that of a holding company to subsidiaries involved in the provision of catering services at various sites throughout the country.

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

On 14 May 1997, the entire share capital of the company was acquired by Letheby & Christopher Limited, a company which provides catering facilities in the United Kingdom.

## **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not recommend the payment of a dividend (9 months ended 28 December 1997 - £Nil).

## **DIRECTORS AND THEIR INTERESTS**

The present directors of the company are shown on page 1.

No director had any interests in the share capital of the company, or any fellow subsidiary.

On 15 June 1998, following a 2 for 1 share split, the 5p ordinary shares in Compass Group Plc were converted into 2.5p ordinary shares.

The interests of the directors in the ultimate parent, Compass Group Plc are shown below.

	Ordinary shares of 2.5p each		Ordinary shares of 5p each
	27 September 1998 No	28 September 1997 or from date of appointment No	28 September 1997 No
T C Mason	37,932	3,258	1,629
A A Roestenburg	5,216	-	-
D S O'Regan	-	-	-

### **Share allocations under LITP scheme**

A A Roestenburg	5,216	-	-
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T C Mason and D S O'Regan do not have any interests in the share allocations under the LITP scheme.


**DIRECTORS' REPORT (continued)**

The interests of the directors in options to buy shares of the ultimate parent company, Compass Group Plc, are set out below:

	At 27 September 1998 Ordinary shares of 2.5p each under option No	Granted in the period No	Exercised in the period No	Conversion of opening share options into Ordinary shares of 2.5p each under option No	At 28 September 1997 or date of appointment Ordinary shares of 5p each under option No
<b>Executive Scheme</b>					
T C Mason	80,000	20,000	54,874	114,874	57,437
A A Roestenburg	220,000	20,000	46,332	246,332	123,166
D S O'Regan	8,000	8,000	-	-	-
<b>SAYE Scheme</b>					
T C Mason	9,655	419	2,130	11,366	5,683
A A Roestenburg	-	-	-	-	-
D S O'Regan	-	-	-	-	-

**YEAR 2000**

The directors have considered the impact of the Year 2000 on its systems and operations and have taken all appropriate action, to the best of their knowledge and belief, to ensure that there is no significant disruption to the business. The cost of carrying out any modification work in relation to the above is not considered material.

**AUDITORS**

Deloitte & Touche were appointed auditors during the period. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

T C MASON

Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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
- state whether applicable accounting standards have been followed
- 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 to 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' REPORT TO THE MEMBERS OF

### NLC (HOLDINGS) LIMITED

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### 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 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 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 of the state of the company's affairs at 27 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

19 July 1999

Chartered Accountants and Registered Auditors


**PROFIT AND LOSS ACCOUNT**  
**9 months ended 27 September 1998**

	Note	Year ended 27 September 1998 £	9 months ended 28 September 1997 £
Interest payable and similar charges	4	-	146,703
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	(146,703)
Tax on loss on ordinary activities	5	-	45,478
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		-	(101,225)
Cancellation of accrued dividend	6	325,500	518,422
Finance costs of non equity shares	6	-	(325,500)
<b>RETAINED PROFIT FOR THE PERIOD</b>		325,000	91,697

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the financial period. Accordingly, no statement of total recognised gains and losses is given.




**BALANCE SHEET**  
**27 September 1998**

	Note	27 September 1998		28 September 1997	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investments	7		9,630,087		9,630,087
<b>CURRENT ASSETS</b>					
Debtors	8	936,205		936,205	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(4,152,617)</u>		<u>(4,478,117)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(3,216,412)</u>		<u>(3,541,912)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,413,675		6,088,175
<b>CREDITORS: amounts falling due after more than one year</b>	10		<u>-</u>		<u>-</u>
			<u>6,413,675</u>		<u>6,088,175</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		5,500,000		5,500,000
Share premium account	12		900,000		900,000
Profit and loss account	12		<u>(13,675)</u>		<u>(311,825)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	13		<u>6,413,675</u>		<u>6,088,175</u>
Attributable to equity shareholders			213,675		(437,325)
Attributable to non-equity shareholders			<u>6,200,000</u>		<u>6,525,500</u>
			<u>6,413,675</u>		<u>6,088,175</u>

These financial statements were approved by the Board of Directors on 16<sup>th</sup> JULY 1999

Signed on behalf of the Board of Directors

Director

T.C. MASON



**NOTES TO THE ACCOUNTS**  
**9 months ended 27 September 1998**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Consolidated accounts**

The company is exempt from preparing group accounts as it is itself a wholly owned subsidiary of an EU parent company which publishes group accounts and thus these financial statements present information about the undertaking as an individual and not about its group.

**Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

**Tax**

The charge for tax is based on the result for the period and takes into account tax deferred because of timing differences between the treatment of certain items for tax and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**2. SEGMENTAL INFORMATION**

The directors consider that the group has only one class of business, that of an intermediate holding company. All its profits and losses arise from that business within the United Kingdom.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The directors did not receive any remuneration from the company in the period. There were no employees.

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 27 September 1998 £	9 months ended 28 September 1997 £
Bank loans, overdrafts and other loans repayable within five years	-	146,703

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	Year ended 27 September 1998 £	9 months ended 28 September 1997 £
Tax credit due to group relief	-	45,478


**NOTES TO THE ACCOUNTS**  
**9 months ended 27 September 1998**
**6. FINANCE COSTS OF NON EQUITY SHARES**

	Year ended 27 September 1998 £	9 months ended 28 September 1997 £
Preference shares £0.07 per share	-	283,500
'A' Ordinary shares £0.07 per share	-	42,000
	<u>-</u>	<u>325,500</u>

The company is obliged under the terms of its Articles of Association to declare an annual dividend of £0.07 per share to its Preference and 'A' Ordinary shareholders. These dividends are cumulative and the payment of the dividends will be subject to the approval of the company's bankers.

The £325,500 has been accrued in the company's profit and loss account in 1997 and the figure of £325,500 has been included in shareholders' funds attributable to non equity shareholders on the face of the company balance sheets.

The preference dividend which had accumulated up to the point of acquisition by Letheby & Christopher Limited on 14 May 1997 was waived by the new parent. Accordingly, the accrued dividend has been cancelled and credited through the profit and loss account for the year.

**7. INVESTMENTS HELD AS FIXED ASSETS**

	Shares in subsidiaries £
<b>Cost and net book value</b>	
At 28 September 1997 and 27 September 1998	<u>9,630,087</u>

**Interests in subsidiaries**

NLC (Holdings) Limited owns the following investments:-

Company	Holding	Type of shares
National Leisure Catering Limited	100%	Ordinary shares
	100%	Preference shares
NLC (Wembley) Limited	100%	Ordinary shares
Kingsbridge Catering Limited*	100%	Ordinary shares

\*held by National Leisure Catering Limited

The subsidiaries are all registered in England and Wales. All of the above companies are engaged in the provision of catering services.



**NOTES TO THE ACCOUNTS**  
**9 months ended 27 September 1998**

**8. DEBTORS**

	1998	1997
	£	£
Amounts due from subsidiary undertakings:		
Unpaid dividends from prior years	1,295,700	1,295,700
Other amounts due to subsidiary undertakings	(359,495)	(359,495)
	<u>936,205</u>	<u>936,205</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Bank loans and overdrafts	-	-
10% unsecured loan notes	-	-
Amounts due to parent	4,152,617	4,152,617
Accrued dividend	-	325,500
	<u>4,152,617</u>	<u>4,478,117</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1998	1997
	£	£
10% unsecured loan notes	<u>-</u>	<u>-</u>

The 10% unsecured loan notes were repaid upon acquisition of the company by Letheby & Christopher Limited on 14 May 1997.


**NOTES TO THE ACCOUNTS**  
**9 months ended 27 September 1998**
**11. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
<b>Authorised</b>		
800,000 'A' Ordinary shares 10p each	80,000	80,000
52,631 'B' Ordinary shares 10p each	5,263	5,263
200,000 'C' Ordinary shares 10p each	20,000	20,000
6,200,000 7% Cumulative Preference shares £1 each	6,200,000	6,200,000
	<u>6,305,263</u>	<u>6,305,263</u>
<b>Allotted, called up and fully paid</b>		
800,000 'A' Ordinary shares 10p each	80,000	80,000
200,000 'C' Ordinary shares 10p each	20,000	20,000
5,400,000 7% Cumulative Preference shares £1 each	5,400,000	5,400,000
	<u>5,500,000</u>	<u>5,500,000</u>

The entire share capital of NLC (Holdings) Limited was acquired by Letheby & Christopher Limited on 14 May 1997. The 7% Cumulative Preference shares are to be redeemed by the company during the forthcoming financial year. No premium is payable on redemption.

No voting rights are attached to the Preference shares.

In the event of the winding up of the company, the Preference shares carry enhanced rights over ordinary shareholders as to the return of the capital subscribed. The Series A and Series C ordinary shares rank pari passu and carry enhanced rights over the Series B ordinary shares.

The holders of both the Preference shares and the Series A Ordinary shares are entitled to a fixed cumulative cash dividend of £0.07 per share per annum. As a result, both types of shares are non equity shares. The nominal value of these shares, together with the related share premium and the 1997 dividends which have been accrued in the company's profit and loss account, are disclosed on the face of the company's balance sheet as shareholders' funds attributable to non equity shareholders.

**12. RESERVES**

	Share premium account £	Profit and loss account £
At 28 September 1997	900,000	(311,825)
Retained profit for the period	-	325,500
	<u>900,000</u>	<u>13,675</u>
At 27 September 1998		



**NOTES TO THE ACCOUNTS**

**9 months ended 27 September 1998**

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998	1997
	£	£
Profit/(loss) for the financial period	325,500	91,697
Opening shareholders' funds	6,088,175	5,996,478
	<hr/>	<hr/>
Closing shareholders' funds	6,413,675	6,088,175
	<hr/>	<hr/>

**14. CONTINGENT LIABILITIES**

No amounts are provided for deferred tax. Additionally, no amounts are unprovided for deferred tax at the year end (1997 - £Nil).

**15. PARENT COMPANY**

The company has taken advantage of the exemptions contained in FRS 8 (Related Party Transactions), which allow it not to disclose transactions with group entities or investees of the group qualifying as related parties.

The company's immediate parent company is Letheby & Christopher Ltd. The smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Compass Group Plc. Copies of the group accounts referred to above can be obtained from Queen's Wharf, Queen Caroline Street, London, W6 9RJ.