

Registration number 05566787

Gondola Holdings Limited

Directors' Report and Financial Statements

for the 52 Weeks Ended 26 June 2011

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Gondola Holdings Limited
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Gondola Holdings Limited
Company Information

Directors	N Carter H Smyth
Company secretary	N Carter
Registered office	Fifth Floor 2 Balcombe Street London NW1 6NW
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors First Point Buckingham Gate Gatwick RH6 0PP

Gondola Holdings Limited

Directors' Report for the 52 weeks ended 26 June 2011

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 26 June 2011

Directors of the company

The directors who held office during the period were as follows

N Carter - Company secretary and director

H Smyth

Principal activities

The principal activity of the Company is that of a holding company

Results and dividends

The Company's profit for the year, after taxation, amounted to £155,463,822 (2010 loss of £6,889,556). This is as a result of the Company disposing of its investment in Gondola Investments Limited during the period for a profit of £160,000,000, as part of a wider Gondola Group corporate restructure.

The directors do not recommend the payment of a dividend (2010: £nil).

Business review

Given the holding company nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. This is achieved instead through its operating subsidiaries, the performance of which is measured through the use of three key performance indicators being sales and profitability versus annual budget and the number of trading restaurants.

Financial instruments

The directors consider that the Company's key financial instruments are amounts owed by and owed to the intermediate parent Company and fellow subsidiaries. As the interest is intercompany and fixed, no hedging is considered necessary. The directors will revisit the appropriateness of the policy should the Company's operations change in size or nature.

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Gondola Holdings Limited
Directors' Report for the 52 weeks ended 26 June 2011

..... continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Directors' indemnities

The Company maintains liability insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 24 October 2011 and signed on its behalf by


N Carter

Company secretary and director

Independent Auditors' Report to the Members of Gondola Holdings Limited

We have audited the financial statements of Gondola Holdings Limited for the 52 week period ended 26 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 26 June 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditors' Report to the Members of
Gondola Holdings Limited**

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Rosemary Shapland

Rosemary Shapland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Gatwick

24 October 2011

Gondola Holdings Limited

Profit and Loss Account for the 52 weeks ended 26 June 2011

		52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Administrative expenses		(928)	(141)
Exceptional administrative expenses	2	<u>(550)</u>	<u>-</u>
Operating loss	2	(1,478)	(141)
Profit on disposal of subsidiary undertaking	3	160,000	-
Interest receivable and similar income	6	1,067	-
Interest payable and similar charges	7	<u>(5,859)</u>	<u>(9,634)</u>
Profit/(loss) on ordinary activities before taxation		153,730	(9,775)
Tax on profit/(loss) on ordinary activities	8	<u>1,734</u>	<u>2,885</u>
Profit/(loss) for the financial period	15	<u><u>155,464</u></u>	<u><u>(6,890)</u></u>

Operating profit derives wholly from continuing operations

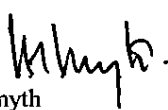
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents

The company has no recognised gains or losses for the period other than the results above, and therefore no separate statement of total recognised gains and losses has been presented

Gondola Holdings Limited
(Registration number: 05566787)
Balance Sheet as at 26 June 2011

	Note	26 June 2011 £ 000	27 June 2010 £ 000
Fixed assets			
Tangible fixed assets	9	2,289	1,736
Investments	10	412,762	12,762
		<u>415,051</u>	<u>14,498</u>
Current assets			
Debtors	11	87,366	572,794
Cash at bank and in hand		512	262
		<u>87,878</u>	<u>573,056</u>
Creditors Amounts falling due within one year	12	<u>(231,467)</u>	<u>(471,588)</u>
Net current (liabilities)/assets		<u>(143,589)</u>	<u>101,468</u>
Total assets less current liabilities		271,462	115,966
Provisions for liabilities	13	<u>(202)</u>	<u>(170)</u>
Net assets		<u>271,260</u>	<u>115,796</u>
Capital and reserves			
Called up share capital	14	33,691	33,691
Share premium account	15	147,296	147,296
Profit and loss account	15	<u>90,273</u>	<u>(65,191)</u>
Total shareholders' funds	16	<u>271,260</u>	<u>115,796</u>

Approved by the Board on 24 October 2011 and signed on its behalf by


H Smyth
Director

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards in the United Kingdom and with the Companies Act 2006. The principal accounting policies, which have been applied consistently throughout the year are set out below.

The Company is exempt under Companies Act 2006 section 400 from the obligation to prepare and deliver group financial statements as it is itself a wholly owned subsidiary of a larger group drawing up consolidated financial statements, as detailed in note 18. As a consequence, these financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

The directors have considered the financial position of the company and concluded that it is appropriate to prepare the financial statements on a going concern basis. This is after taking account of the assurances provided by its fellow group undertaking that it will not seek any repayment of the amounts owed by the Company so as to enable the Company to meet its financial obligations as they fall due for the foreseeable future.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at original historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful economic life on a straight line basis:

Asset class	Depreciation method and rate
Equipment	20% per annum
Furniture, fixtures and fittings	10% per annum

Short leasehold improvements are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that all of the leases are readily extendable by an additional 14 years. The maximum depreciation period for short term leasehold properties is 30 years.

Assets under construction include tangible fixed assets under construction including costs directly attributable to bringing the asset into use. Assets are transferred to short leasehold, equipment or furniture, fixtures and fittings when the asset is completed. No depreciation is provided on assets under construction as these assets have not been brought into working condition for intended use by the company.

Fixed asset investments

Investments are held at cost less provision for any impairment in value.

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

Deferred tax

Corporation tax payable is provided on taxable profits at the current rate

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date which are due to transactions or events which have occurred at that date and which will result in an obligation to pay more, or a right to pay less, tax in the future

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the deferred tax assets resulting from the underlying timing differences can be recovered

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pensions

The Company operates a defined contribution pension scheme and the pension costs charged to the profit and loss account are the amounts paid by the Company to the scheme during the period

2 Operating loss

Operating loss is stated after charging

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Operating leases - other assets	526	476
Depreciation of tangible fixed assets	267	114
Auditor's remuneration - audit of the Company's annual accounts	<u>46</u>	<u>40</u>

During the period, operating costs of £9.9 million (2010 £10.7million) were recharged to subsidiary undertakings. These costs were incurred in the provision of services to those subsidiary undertakings.

Exceptional costs of £0.6 million were incurred during the period to 26 June 2011 (2010 £nil), relating to professional fees incurred in the corporate restructure of the Gondola Group.

During the period statutory audit fees of £46,000 were paid to the Company's auditors (2010 £40,000). The audit fees included amounts chargeable to other Group companies, including Gondola Group Limited, the Company's intermediate parent undertaking but were not recharged to those Companies. In addition, tax compliance and advisory fees of £11,494 were paid (2010 £33,502).

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

3 Profit on disposal of subsidiary undertaking

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Profit on disposal of fixed assets	<u>160,000</u>	<u>-</u>

The profit on disposal relates to the disposal of the Company's investment in Gondola Investments Limited and its subsidiaries to PizzaExpress Holdings Limited

4 Particulars of employees

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows

	52 weeks ended 26 June 2011 Number	52 weeks ended 27 June 2010 Number
Administration and support	<u>141</u>	<u>145</u>

The aggregate payroll costs were as follows

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Wages and salaries	5,936	6,706
Social security costs	581	512
Staff pensions	<u>203</u>	<u>194</u>
	<u>6,720</u>	<u>7,412</u>

5 Directors' remuneration

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Remuneration	<u>705</u>	<u>1,058</u>

The Group does not operate a defined benefit pension scheme. Pension contributions of £73,000 (2010 £72,000) were paid into individual personal pension plans in relation to two (2010 two) directors.

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

In respect of the highest paid director

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Remuneration	357	593
Company contributions to personal pension schemes	<u>41</u>	<u>38</u>
	<u>398</u>	<u>631</u>

6 Interest receivable and similar income

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Group interest receivable	<u>1,067</u>	<u>-</u>

7 Interest payable and similar charges

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Group interest payable	5,858	9,634
Other interest payable	<u>1</u>	<u>-</u>
	<u>5,859</u>	<u>9,634</u>

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... *continued*

8 Taxation

Tax on profit/(loss) on ordinary activities

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Current tax		
UK Corporation tax credit	(1,766)	(2,871)
Total current tax	(1,766)	(2,871)
Deferred tax		
Origination and reversal of timing differences	47	215
Deferred tax adjustment relating to previous years	-	(229)
Effect of changes in tax rates	(15)	-
Total deferred tax	32	(14)
Total tax on profit/(loss) on ordinary activities	(1,734)	(2,885)

Factors affecting current tax charge for the period

Tax on profit/(loss) on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 27.5% (2010 - 28%)

The differences are reconciled below

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Profit/(loss) on ordinary activities before taxation	153,730	(9,775)
Profit on ordinary activities multiplied by standard rate of corporation tax in UK 27.5% (2010 - 28%)	42,276	(2,737)
Capital allowances in excess of depreciation	(47)	(134)
Expenses not deductible for tax purposes	(43,995)	-
Total current tax	(1,766)	(2,871)

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... *continued*

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 27.5% and will be taxed at 26% from 1 April 2011 and then at 25% from 1 April 2012.

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

9 Tangible fixed assets

	Short leasehold land and buildings £ 000	Assets under construction £ 000	Fixtures and fittings £ 000	Equipment £ 000	Total £ 000
Cost or valuation					
At 28 June 2010	408	344	75	1,550	2,377
Additions	37	620	4	86	747
Intra group transfers	-	44	-	35	79
Transfers	-	(1,007)	-	1,007	-
At 26 June 2011	445	1	79	2,678	3,203
Accumulated depreciation					
At 28 June 2010	19	-	40	582	641
Charge for the period	13	-	7	247	267
Intra group transfers	-	-	-	6	6
At 26 June 2011	32	-	47	835	914
Net book value					
At 26 June 2011	413	1	32	1,843	2,289
At 27 June 2010	389	344	35	968	1,736

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

10 Fixed assets investments

	26 June 2011 £ 000	27 June 2010 £ 000
Shares in group undertakings	<u>412,762</u>	<u>12,762</u>
Shares in group undertakings and participating interests		
		Subsidiary undertakings £ 000
Cost		
At 28 June 2010		12,762
Additions		412,762
Disposals		<u>(12,762)</u>
At 26 June 2011		<u>412,762</u>
Net book value		
At 26 June 2011		<u>412,762</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets

During the period, the Company disposed of its investment in Gondola Investments Limited and acquired three trading groups being ASK Central Limited, Byron Hamburgers Limited and PizzaExpress Holdings Limited

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... *continued*

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
ASK Central Limited*	Ordinary shares	100%	Holding Company
Byron Hamburgers Limited*	Ordinary shares	100%	Operation of restaurants
PizzaExpress Limited*	Ordinary shares	100%	Holding Company
PizzaExpress Limited (Franchises)	Ordinary shares	100%	Management of international franchise operations
Gondola Investments Limited	Ordinary shares	100%	Holding Company
ASK Restaurants Limited	Ordinary shares	100%	Operation of restaurants
Gondola Finance Limited	Ordinary shares	100%	Holding Company
Risposte Limited	Ordinary shares	100%	Holding Company
PandoraExpress 2 Limited	Ordinary shares	100%	Holding Company
PandoraExpress 3 Limited	Ordinary shares	100%	Holding Company
PandoraExpress 4 Limited	Ordinary shares	100%	Holding Company
GondolaExpress PLC	Ordinary shares	100%	Holding Company
PizzaExpress (Restaurants) Limited	Ordinary shares	100%	Operation of restaurants
Bookcash Trading Limited	Ordinary shares	100%	Operation of restaurants
PizzaExpress (Wholesale) Limited	Ordinary shares	100%	Manufacture and supply of dough
PizzaExpress (Merchandising) Limited	Ordinary shares	100%	Sale of PizzaExpress branded merchandise
Al Rollo Limited	Ordinary shares	100%	Operation of restaurants
Agenbite Limited	Ordinary shares	100%	Operation of restaurants
PizzaExpress Limited (Jersey)	Ordinary shares	100%	Operation of restaurants

* Shares directly held

All subsidiaries other than Agenbite Limited and PizzaExpress (Jersey) Limited are unlisted and are registered and operate in England and Wales. PizzaExpress (Jersey) Limited is incorporated and operates in Jersey, Channel Islands and Agenbite Limited is incorporated and operates in Ireland.

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

11 Debtors

	26 June 2011 £ 000	27 June 2010 £ 000
Amounts owed by group undertakings	86,850	572,258
Other debtors	-	51
Prepayments and accrued income	516	485
	<u>87,366</u>	<u>572,794</u>

Amounts owed by group undertakings accrue interest at 4 per cent and are repayable on demand

12 Creditors: Amounts falling due within one year

	26 June 2011 £ 000	27 June 2010 £ 000
Amounts owed to group undertakings	230,162	470,287
Other creditors	1	9
Accruals and deferred income	1,304	1,292
	<u>231,467</u>	<u>471,588</u>

Amounts owed to group undertakings accrue interest at 4 per cent are repayable on demand

13 Provisions for liabilities

	Deferred tax £ 000
At 28 June 2010	170
Charged to the profit and loss account	<u>32</u>
At 26 June 2011	<u>202</u>

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... *continued*

All the deferred tax balance relates to accelerated capital allowances. Based on current capital investments plans, the Company expects to be able to claim capital allowances in excess of depreciation in future years.

The onerous contract provision relates to sites where the expected future cash flow is insufficient to cover future rental expense. The provision has been discounted at a rate of 9.5%.

A number of changes to the UK Corporation tax system were announced in the 2011 Budget. The main rate of corporation tax of 26 per cent would reduce by 1 per cent to 25 per cent from April 2012. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

If it had been enacted at the balance sheet date, the effect of the changes enacted in the Finance (No 2) Act 2011 would be to both reduce the deferred tax liability provided at 26 June 2011 and increase retained profit for the period by approximately £8,668. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 26 per cent to 25 per cent with effect from 1 April 2012.

The proposed reductions of the main rate of corporation tax by 1 per cent per year to 23 per cent by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25 per cent to 23 per cent, if these applied to the deferred tax balance at 26 June 2011 would be to reduce the deferred tax liability by approximately £17,252 (being £8,975 recognised in 2013 and £8,277 recognised in 2014).

14 Called up share capital

Authorised shares

	26 June 2011		27 June 2010	
	Number	£ 000	Number	£ 000
Ordinary shares of £0.25 each	<u>200,000,000</u>	<u>50,000</u>	<u>200,000,000</u>	<u>50,000</u>

Allotted, called up and fully paid shares

	26 June 2011		27 June 2010	
	Number	£ 000	Number	£ 000
Ordinary shares of £0.25 each	<u>134,764,134</u>	<u>33,691</u>	<u>134,764,134</u>	<u>33,691</u>

15 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 28 June 2010	147,296	(65,191)	82,105
Profit for the financial period	-	155,464	155,464
At 26 June 2011	<u>147,296</u>	<u>90,273</u>	<u>237,569</u>

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

16 Reconciliation of movements in shareholders' funds

	52 weeks ended 26 June 2011 £ 000	52 weeks ended 27 June 2010 £ 000
Profit/(loss) for the financial period	155,464	(6,890)
Net addition/(reduction) to shareholders' funds	155,464	(6,890)
Shareholders' funds at start of period	115,796	122,686
Shareholders' funds at end of period	<u>271,260</u>	<u>115,796</u>

17 Contingent liabilities

On 22 December 2006 the Company and certain of the Company's fellow subsidiaries, subsidiary and parent undertakings (together the "Senior and Mezzanine Guarantors") became guarantors to a Senior Credit Facilities Agreement and a Mezzanine Facility Agreement (together the "Agreements") between Gondola Acquisitions Limited, Gondola Finance 2 Limited (parent undertakings of the Company) and The Bank of Scotland plc

The amounts outstanding at the balance sheet dates for these loans were £511.6m (2010 £556.2 million) under the Senior Facilities and £71.1 million (2010 £68.5 million) under the Mezzanine facility, including accrued interest

Each Senior and Mezzanine Guarantor irrevocably and unconditionally jointly and severally

- Guarantees to each finance party the punctual performance of each borrower, guarantor and charger (each an obligor) of all such obligor's obligations under the Agreements,
- Undertakes with each finance party that whenever an obligor does not pay any amount when due under or in connection with any Senior Finance Document, that the guarantor shall immediately on demand pay that amount as if it was the principal obligor, and
- Indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party as a result of the guarantee being unenforceable, invalid or illegal

The same companies have also provided security for all indebtedness, liabilities and obligations of any member of the Group under the Agreements. The security comprises floating charges over all assets and undertakings of the Senior and Mezzanine Guarantors

Gondola Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 26 June 2011

..... continued

18 Ultimate parent undertakings

The immediate parent company of Gondola Holdings Limited is Gondola Acquisitions Limited, an indirect subsidiary of Gondola Group Limited, a limited company under the laws of England and Wales and the smallest and largest group for which consolidated financial statements are prepared. The accounts of Gondola Group Limited are available from the Company Secretary, 5th Floor, 2 Balcombe Street, London, NW1 6NW.

At 26 June 2011 Gondola Group Limited's ultimate parent undertakings were Fourth Cinven Fund (No 1) LP, Fourth Cinven Fund (No 2) LP, Fourth Cinven Fund (No 3 - VCOC) LP, Fourth Cinven Fund (No 4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership, Fourth Cinven (MACIF) Partnership and Fourth Cinven Fund FCPR (together the "Cinven Funds"), being funds managed and advised by Cinven Limited, a company incorporated under the laws of England and Wales.

Accordingly, the directors consider the Company's ultimate controlling party to be Cinven Limited, the manager and advisor to the Cinven Funds.

19 Cash flow statement

The Company has taken advantage of the exemption provided by Financial Reporting Standard 1 (revised 1996) not to produce a cash flow statement on the grounds that a consolidated cash flow is produced by its intermediate parent company Gondola Group Limited.

20 Related party transactions

The Company is exempt under the terms of paragraph 3(c) of Financial Reporting Standard 8, 'Related Party Disclosure', from disclosing related party transactions with entities that are part of the Gondola Group Limited group.