

GONDOLA HOLDINGS LIMITED

Annual Report and Financial
Statements

52 weeks ended 27 June 2010



REGISTRATION NUMBER: 05566787

GONDOLA HOLDINGS LIMITED

Annual report and financial statements for the 52 weeks ended 27 June 2010

Directors H Smyth
N Carter

Secretary N Carter

Registered Office Fifth Floor, 2 Balcombe Street, London, NW1 6NW

Company Number 05566787

Independent Auditors PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, First Point, Buckingham Gate, Gatwick, RH6 0PP

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GONDOLA HOLDINGS LIMITED

Directors' Report

The directors present their report together with the audited financial statements for the 52 weeks ended 27 June 2010 for the Company

Business review and principal activity

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

Results and Dividends

The results for the Company show a post-tax loss of £6.8 million (2009: loss £16.7 million)

The directors are unable to recommend the payment of a dividend (2009: £nil)

Employees

The Company has 145 employees (2009: 144)

Directors

The directors of the Company who held office during the period and up to the date of signing the financial statements were

H Smyth
N Carter

Financial instruments

The directors consider that the Company's key financial instruments amounts are due from and due to the intermediate parent Company and fellow subsidiaries. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of interest paid on certain intercompany balances. This risk is not considered material and thus the Company does not employ the use of hedging instruments. 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.

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Directors' Report (continued)

Statement of Directors' responsibilities (continued)

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then 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,
- 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 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.

Provision of information to 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 ought to have taken as a director in order to make himself 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.

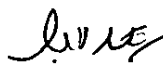
Directors' indemnities

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.

By order of the Board


N Carter
Secretary
21 October 2010

GONDOLA HOLDINGS LIMITED

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 27 June 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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 Directors' Responsibilities Statement 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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 27 June 2010 and of its loss for the 52 week 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.

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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
21 October 2010

GONDOLA HOLDINGS LIMITED

Profit and loss account for the 52 weeks ended 27 June 2010

Continuing operations	Note	52 weeks ended 27 June 2010 £m	52 weeks ended 28 June 2009 £m
Administrative expenses		(0.1)	(0.2)
Exceptional administrative expenses	2	-	(0.2)
Total administrative expenses		(0.1)	(0.4)
Loss on ordinary activities before interest and taxation		(0.1)	(0.4)
Net interest payable and similar charges	4	(9.6)	(16.3)
Loss on ordinary activities before taxation		(9.7)	(16.7)
Taxation on loss on ordinary activities	5	2.9	-
Loss for the financial period	12	(6.8)	(16.7)


The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

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Balance sheet as at 27 June 2010

	Note	27 June 2010 £m	28 June 2009 £m
Fixed assets			
Investments	6	12.8	12.8
Tangible fixed assets	7	1.7	0.5
		14.5	13.3
Current assets			
Cash at bank and in hand		0.3	-
Debtors	8	572.7	576.8
		573.0	576.8
Creditors amounts falling due within one year	9	(471.3)	(467.1)
Net current assets		101.7	109.7
Total assets less current liabilities		116.2	123.0
Provisions	10	(0.2)	(0.2)
Net assets		116.0	122.8
Capital and reserves			
Called up share capital	11	33.7	33.7
Share premium account	12	147.6	147.6
Profit and loss account	12	(65.3)	(58.5)
Total shareholders' funds		116.0	122.8

The financial statements on pages 6 to 17 were approved by the Board of Directors on 21 October 2010 and signed on its behalf by H Smyth


Director

GONDOLA HOLDINGS LIMITED

Reconciliation of movements in shareholders' funds as at 27 June 2010

	52 weeks ended 27 June 2010 £m	52 weeks ended 28 June 2009 £m
Loss for the financial period	(6.8)	(16.7)
Net decrease in shareholders' funds	(6.8)	(16.7)
Opening shareholders' funds	122.8	139.5
Closing shareholders' funds	116.0	122.8

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Notes to the financial statements

1 Accounting policies

(a) Basis of accounting

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 Company is exempt under Companies Act 2006 s400 from the obligation to prepare and deliver group accounts as it is itself a wholly owned subsidiary of a larger group drawing up consolidated accounts, as detailed in note 16. As a consequence, these financial statements present information about the Company as an individual undertaking and not about its group.

The following accounting policies have been applied

(b) Taxation

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

(c) Exceptional costs

The Company presents a total net figure, on the face of the profit and loss account, for exceptional items. Exceptional items are material items of profit and cost that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance

(d) Investments

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

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Notes to the financial statements (continued)

1 Accounting policies (continued)

(e) Tangible fixed assets

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:

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.

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Notes to the financial statements (continued)

2 Exceptional administrative expenses

During the period, operating costs of £10.7 million (2009: £10.1 million) were recharged to subsidiary undertakings. These costs were incurred in the provision of services to those subsidiary undertakings.

There were no exceptional costs incurred during the period to 27 June 2010.

In the period ended 28 June 2009, redundancy costs of £0.2 million were incurred in the restructuring of certain functions within the Company.

During the period statutory audit fees of £40,000 were paid to the Company's auditors (2009: £40,000). The audit fees included amounts chargeable to other Group companies, including Gondola Group Limited, the Company's ultimate parent undertaking but were not recharged to those Companies. In addition, tax compliance and advisory fees of £33,502 were paid (2009: £47,300).

3 Employees and directors

	52 weeks ended 27 June 2010	52 weeks ended 28 June 2009 <i>Restated</i>
	£m	£m
a) Employee costs (including directors).		
Wages and salaries	6.7	6.1
Social security costs	0.6	0.6
Other pension costs	0.2	0.2
	7.5	6.9
b) Employee numbers		
The average number of persons (including directors) employed by the Company during the period was		
Administration	145	144
	145	144

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Notes to the financial statements (continued)

3 Employees and directors (continued)

Total directors' remuneration in the period was as follows

	52 weeks ended 27 June 2010	52 weeks ended 28 June 2009 <i>Restated</i>
	£000	£000
Aggregate emoluments	1,210	856
Social security costs	155	81
	1,365	937

The Group does not operate a defined benefit pension scheme. Pension contributions of £72,000 (2009 £70,800) were paid into individual personal pension plans in relation to two (2009 two) directors.

Emoluments in respect of the highest paid director were as follows

	52 weeks ended 27 June 2010	52 weeks ended 28 June 2009 <i>Restated</i>
	£000	£000
Aggregate emoluments	593	392
	593	392

4 Net interest payable and similar charges

	52 weeks ended 27 June 2010	52 week ended 28 June 2009
	£m	£m
Group interest payable	(9.6)	(16.3)
Net interest payable and similar charges	(9.6)	(16.3)

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Notes to the financial statements (continued)

5 Taxation on loss on ordinary activities

	52 weeks ended 27 June 2010 £m	52 weeks ended 28 June 2009 £m
United Kingdom		
Corporation taxation on the loss for the period	(2.9)	-
Tax on loss on ordinary activities	(2.9)	-

The tax for the period is higher (2009 higher) than the standard rate of corporation tax in the UK of 28 per cent (2009 28 per cent). The differences are explained below

	52 weeks ended 27 June 2010 £m	52 weeks ended 28 June 2009 £m
Loss on ordinary activities before tax	(9.7)	(16.7)
Loss on ordinary activities multiplied by standard rate of		
Corporation tax in the UK of 28% per cent (2009 28 per cent)	(2.7)	(4.7)
Accelerated capital allowances	(0.2)	-
Losses surrendered to other Group companies for nil consideration	-	4.7
Current tax charge for the period	(2.9)	-

The directors do not foresee any future changes to the effective tax rate

6 Investments

	Subsidiaries £m
Cost and Net Book Value	
At 29 June 2009 and 27 June 2010	12.8

The principal subsidiary undertakings were as follows

	Proportion of ordinary shares held	Business
Gondola Investments Limited	100%	Investment Company
Gondola Finance Limited	100%	Investment Company
Riposte Limited	100%	Investment Company
ASK Central Limited	100%	Holding company
ASK Restaurants Limited	100%	Operation of restaurants
PizzaExpress Limited	100%	Holding company
PizzaExpress (Restaurants) Limited	100%	Operation of restaurants

All subsidiaries are unlisted and are registered and operate in England and Wales

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Notes to the financial statements (continued)

7 Tangible fixed assets

	Assets under construction £m	Short leasehold improvements £m	Fixtures and fittings £m	Equipment £m	Total £m
Cost					
At 29 June 2009	0.1	0.2	0.1	0.6	1.0
Additions	1.1	0.1	-	0.1	1.3
Intra Group transfers	(0.7)	-	-	0.7	-
Transfers	(0.2)	0.1	-	0.1	-
At 27 June 2010	0.3	0.4	0.1	1.5	2.3
Accumulated depreciation					
At 29 June 2009	-	-	-	0.5	0.5
Charge for the period	-	-	-	0.1	0.1
At 27 June 2010	-	-	-	0.6	0.6
Net book value					
At 27 June 2010	0.3	0.4	0.1	0.9	1.7
At 28 June 2009	0.1	0.2	0.1	0.1	0.5

8 Debtors

	27 June 2010 £m	28 June 2009 £m
Prepayments	0.5	0.5
Amounts due from subsidiary undertakings	572.2	576.3
	572.7	576.8

Amounts due from subsidiary undertakings are interest free and repayable on demand

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Notes to the financial statements (continued)

9 Creditors: amounts falling due within one year

	27 June 2010 £m	28 June 2009 £m
Amounts owing to subsidiary undertakings	81.9	80.5
Amounts owing to parent undertaking	388.3	385.4
Accruals and deferred income	1.1	1.2
	471.3	467.1

Amounts owing to subsidiary undertakings are interest free and repayable on demand

Amounts owing to parent undertakings accrue interest at 2 per cent above LIBOR and are repayable on demand

10 Provisions for liabilities and charges

	Total £m
At 29 June 2009	0.2
Transferred from other Group companies	-
At 27 June 2010	0.2

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

11 Called up share capital

	27 June 2010 £m	28 June 2009 £m
Authorised		
200,000,000 ordinary shares of 25p each	50.0	50.0
	50.0	50.0
Allotted, issued and fully paid		
Equity		
134,764,134 (2009 134,764,134) ordinary shares of 25p each	33.7	33.7
	33.7	33.7

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Notes to the financial statements (continued)

12 Reserves

	Share premium	Profit and loss
	£m	£m
At 29 June 2009	147.6	(58.5)
Loss for the financial period	-	(6.8)
At 27 June 2010	147.6	(65.3)

13 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 £556.2m (2009 £555.9 million) under the Senior Facilities and £68.5 million (2009 £67.5 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

14 Cash Flow Statement

The Company has taken advantage of the exemption provided by Financial Reporting Standard 1 not to produce a Cash Flow Statement on the grounds that a consolidated cash flow is produced by a parent company

15 Related party transactions

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Gondola Group Limited group

GONDOLA HOLDINGS LIMITED

Notes to the financial statements (continued)

16 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 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 27 June 2010 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.