

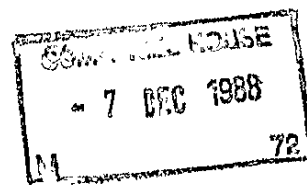
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LETHEBY & CHRISTOPHER LIMITED
AND SUBSIDIARIES

DIRECTORS' REPORT AND ACCOUNTS

2 January 1988

Price Waterhouse



LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the 52 weeks ended 2 January 1988.

BUSINESS REVIEW

The principal activity of the group is the provision of catering facilities in the United Kingdom.

	52 weeks ended <u>2 January 1988</u> £	53 weeks ended <u>3 January 1987</u> £
Turnover	<u>13,326,508</u>	<u>12,131,135</u>
(Loss)/profit on ordinary activities before taxation	(126,474)	616,357
Taxation	<u>(85,495)</u>	<u>(315,937)</u>
(Loss)/profit on ordinary activities after taxation	<u>(211,969)</u>	<u>300,420</u>

During the year the company continued to expand its operations in both the U.K. and Ireland. However, in 1987 it was necessary to incur some high costs in order to lay the foundations for future development. This resulted in an overall loss in the year, but the Directors are confident that 1988 will see a return to profitability.

SIGNIFICANT CHANGES IN FIXED ASSETS

Additions to fixed assets during the period, as detailed in Note 8, amount to £1,513,427 for the group and £1,475,662 for the company.

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend.

CLOSE COMPANY STATUS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1970 (as amended).

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served in office during the period were:

Lt Col LJ Livingstone-Learmonth	deceased 23 February 1988
DS Carmichael (USA)	
DJ Davies	
JM Jacobs (USA)	resigned 18 March 1988
A Mason	
CE Maunsell (Chairman)	
RH Turpin	resigned 21 May 1987
J Lewandowski	
RT Stephens (USA)	
J Holton (USA)	resigned 21 May 1987
RF Zanre	appointed 21 May 1987
MF Thompson	appointed 21 May 1987, resigned 18 March 1988
JM Carter	appointed 18 March 1988
JR Urquhart	appointed 18 March 1988
Rt Hon JB Soames	appointed 18 March 1988

The directors regret to announce the death of Lt Col LJ Livingstone-Learmonth on 23 February 1988 and would like to express their appreciation of his long and devoted service to the company.

Lt Col LJ Livingstone-Learmonth held five ordinary shares of 10p each and five deferred shares of £1 each in the company at 4 January 1987 and 2 January 1988. No other director had any notifiable interest in the shares of the company.

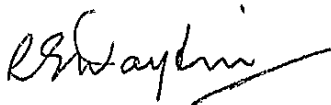
CHARITABLE CONTRIBUTIONS

During the period the company made no charitable contributions (prior period - £1,730).

AUDITORS

A resolution concerning the reappointment of Price Waterhouse as auditors will be proposed at the forthcoming annual general meeting.

By Order of the Board



Secretary

12 May 1988

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

We have audited the accounts on pages 4 to 20 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 2 January 1988 and of the loss and source and application of funds of the group for the 52 weeks then ended and comply with the Companies Act 1985.

A. C. Waterhouse

Chartered Accountants

12 May 1988

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 2 JANUARY 1988

	52 weeks ended 2 January 1988 £	53 weeks ended 3 January 1987 £
TURNOVER (Note 2)	13,326,508	12,131,135
Cost of sales	(4,688,111)	(4,158,004)
GROSS PROFIT	8,638,397	7,973,131
Distribution costs	(5,627,409)	(5,091,937)
Administrative expenses	(3,035,403)	(2,278,840)
OPERATING (LOSS)/PROFIT	(24,415)	602,354
Interest receivable	4,247	41,085
Interest payable and similar charges (Note 4)	(106,306)	(27,082)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 5)	(126,474)	616,357
Tax on (loss)/profit on ordinary activities (Note 7)	(85,495)	(315,937)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 17)	(211,969)	300,420

The notes on pages 8 to 20 form part of these accounts

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - 2 JANUARY 1988

	<u>2 January 1988</u>		<u>3 January 1987</u>	
	£	£	£	£
FIXED ASSETS				
Tangible assets (Note 8)	2,963,155		1,962,497	
Investments (Note 9)	<u>77</u>		<u>75</u>	
	2,963,232		1,962,572	
CURRENT ASSETS				
Stocks (Note 10)	366,826		265,516	
Debtors (Note 11)	1,393,252		893,718	
Cash at bank and in hand	<u>30,474</u>		<u>220,484</u>	
	1,790,552		1,379,718	
CREDITORS (amounts falling due within one year) (Note 12)	<u>(3,597,132)</u>		<u>(1,841,786)</u>	
NET CURRENT LIABILITIES	(1,806,580)		(462,068)	
TOTAL ASSETS LESS CURRENT LIABILITIES	1,156,652		1,500,504	
CREDITORS (amounts falling due after more than one year) (Note 13)	(242,292)		(365,085)	
PROVISIONS FOR LIABILITIES AND CHARGES (Note 15)	<u>(223,926)</u>		<u>(252,171)</u>	
NET ASSETS	<u>690,434</u>		<u>883,248</u>	
CAPITAL AND RESERVES				
Called up share capital (Note 16)	227,500		227,500	
Profit and loss account (Note 17)	<u>462,934</u>		<u>655,748</u>	
	<u>690,434</u>		<u>883,248</u>	

Approved by the Board on 12 May 1988

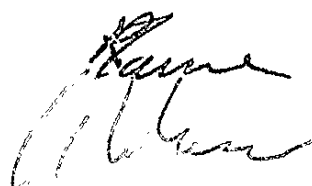
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LETHEBY & CHRISTOPHER LIMITED

BALANCE SHEET - 2 JANUARY 1988

	<u>2 January 1988</u>		<u>3 January 1987</u>	
	£	£	£	£
FIXED ASSETS				
Tangible assets (Note 8)	2,881,595		1,904,824	
Investments (Note 9)	<u>7,274</u>		<u>7,272</u>	
		2,888,869		1,912,096
CURRENT ASSETS				
Stocks (Note 10)	264,336		239,227	
Debtors (Note 11)	1,233,617		797,660	
Cash at bank and in hand	<u>26,554</u>		<u>220,291</u>	
		1,524,507		1,257,178
CREDITORS (amounts falling due within one year) (Note 12)	(3,278,764)		(1,675,463)	
NET CURRENT LIABILITIES		(1,754,257)		(418,285)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,134,612		1,493,811
CREDITORS (amounts falling due after more than one year) (Note 13)		(220,252)		(352,301)
PROVISION FOR LIABILITIES AND CHARGES (Note 15)		<u>(223,926)</u>		<u>(252,171)</u>
NET ASSETS		<u>690,434</u>		<u>889,339</u>
CAPITAL AND RESERVES				
Called up share capital (Note 16)		227,500		227,500
Profit and loss account (Note 17)		<u>462,934</u>		<u>661,839</u>
		<u>690,434</u>		<u>889,339</u>

Approved by the Board on 12 May 1988


) Directors

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED 2 JANUARY 1988

	52 weeks ended 2 January 1988		53 weeks ended 3 January 1987	
	£	£	£	£
SOURCE OF FUNDS				
(Loss)/profit before taxation		(126,474)		616,357
Unrealised gain/(loss) on foreign exchange		19,155		(25,064)
Adjustments for items not involving the movement of funds:				
Depreciation	509,612		309,529	
Loss on sale of tangible fixed assets	<u>2,443</u>		<u>15,011</u>	
		<u>512,055</u>		<u>324,540</u>
FUNDS GENERATED FROM OPERATIONS		404,736		915,833
FUNDS FROM OTHER SOURCES				
Proceeds of sale of tangible fixed assets	714		65,620	
Increase in net obligations under finance leases	<u>112,657</u>		<u>-</u>	
		<u>113,371</u>		<u>65,620</u>
		518,107		981,453
APPLICATION OF FUNDS				
Purchase of fixed assets	1,513,427		805,022	
Corporation tax paid	427		238,328	
Reduction of net obligations under finance leases	<u>-</u>		<u>33,489</u>	
		<u>(1,513,854)</u>		<u>(1,076,839)</u>
DECREASE IN WORKING CAPITAL		<u>(995,747)</u>		<u>(95,386)</u>
COMPONENTS OF DECREASE				
Stocks		101,310		17,867
Debtors		499,534		94,476
Creditors falling due within one year		(1,325,141)		(111,016)
Movement in net liquid funds:				
(Decrease)/increase in cash at bank and in hand	(190,010)		54,147	
Increase in bank overdraft	<u>(81,440)</u>		<u>(150,860)</u>	
		<u>(271,450)</u>		<u>(96,713)</u>
		<u>(995,747)</u>		<u>(95,386)</u>

The notes on pages 8 to 19 form part of these accounts

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

1 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Consolidation

The consolidated accounts to 2 January 1988 incorporate the accounts of the subsidiaries mentioned in Note 9.

Goodwill arising on the acquisition of subsidiaries is written off against reserves in the year of acquisition.

No separate profit and loss account is presented for Letheby & Christopher Limited as permitted by Section 228(7) of the Companies Act 1985.

(c) Depreciation

Depreciation is provided to write off the cost of all fixed assets on a straight line basis over their estimated useful lives as follows:

(i) Leasehold improvements, plant and equipment installed at contract locations:

The shorter of the life of the contract or the estimated useful life of the asset.

(ii) Other assets:

	<u>Years</u>
Short term plant and equipment (china, cutlery and glassware)	5
Medium term plant and equipment	5
Furniture, fixtures and fittings	10
Commercial vehicles	5
Private cars	4

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

(e) Stocks

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

(f) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. For consolidation purposes, the closing rate method of foreign currency translation is used for incorporating the accounts of the Irish subsidiaries. Exchange differences arising on consolidation are dealt with as movements on reserves.

(g) Leases

Material fixed assets acquired under finance leases are capitalised at cost, with an equivalent liability categorised as appropriate under creditors due within or after more than one year. The assets are depreciated over the shorter of the life of the contract or the estimated useful life of the asset. Finance charges are allocated to accounting periods over the period of the lease using the rule of 78 method; rentals are apportioned between finance charges and reduction of the liability.

2 TURNOVER

Turnover represents amounts invoiced in respect of goods and services provided during the year, exclusive of value added tax.

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

3 STAFF NUMBERS AND COSTS

The average number of persons employed by the group (including directors) during the period, was as follows:

	52 weeks to 2 January 1988 Number	53 weeks to 3 January 1987 Number
Management and administration	26	24
Operations	<u>111</u>	<u>104</u>
	<u>137</u>	<u>128</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks to 2 January 1988 £	53 weeks to 3 January 1987 £
Wages and salaries	1,414,043	1,343,308
Social security costs	117,079	111,144
Other pension costs (Note 18)	<u>22,269</u>	<u>103,468</u>
	<u>1,553,391</u>	<u>1,557,920</u>

4 INTEREST PAYABLE

	52 weeks to 2 January 1988 £	53 weeks to 3 January 1987 £
On bank and other borrowings repayable within 5 years	91,163	21,585
Interest payable to group companies	5,127	-
Finance lease charges	<u>10,016</u>	<u>5,497</u>
	<u>106,306</u>	<u>27,082</u>

Interest payable on bank and other borrowings repayable within 5 years for the 52 weeks to 2 January 1988 includes interest of £43,670 on the loan from The National Bank of Detroit (see Note 12) of which £17,645 was unaccrued in the previous period.

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

5 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit before taxation is stated after charging the following:

	52 weeks ended 2 January 1988	53 weeks ended 3 January 1987
	£	£
Depreciation of tangible fixed assets	509,612	309,529
Hire of plant and machinery	450,948	345,330
Auditors' remuneration	31,593	29,160
Directors' emoluments (see Note 6):		
Remuneration as executives	136,454	156,391
Pension contributions	5,659	27,307
Ex-gratia payment to former director	96,000	-

The loss for the financial year dealt with in the profit and loss account of the company is £198,905 (prior period - profit £236,739).

6 EMOLUMENTS OF DIRECTORS

Excluding pension contributions, the emoluments of the chairman, were £51,500 (prior period - £62,329); the emoluments of the highest paid director for the 53 weeks ended 3 January 1987 was £64,596; the emoluments of the other directors, excluding ex-gratia payments, were within the following ranges:

	52 weeks ended 2 January 1988	53 weeks ended 3 January 1987
£Nil	7	6
£ 1 - £ 5,000	1	1
£15,001 - £20,000	1	-
£30,001 - £35,000	2	-
£35,001 - £40,000	-	1

During the period an ex-gratia payment of £96,000 was made to a former director.

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

7 TAXATION

	52 weeks ended 2 January 1988 £	53 weeks ended 3 January 1987 £
Taxation based on the taxable profits of the group:		
Corporation tax at 35% (prior period - 36.25%)	115,066	318,896
Deferred taxation	<u>(29,634)</u>	<u>(12,543)</u>
	85,432	306,353
Underprovision in prior years		
Current taxation	(1,326)	9,584
Deferred taxation	<u>1,389</u>	<u>-</u>
	<u>85,495</u>	<u>315,937</u>

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

8 TANGIBLE FIXED ASSETS

(a) Group

	Leasehold improvements and plant and machinery installed at locations	Other plant and equipment		Furniture, fixtures and fittings	Motor vehicles	Total
	£	Medium term £	Short term £	£	£	£
<u>Cost</u>						
At 4 January 1987	1,621,224	400,312	580,430	176,422	78,733	2,857,121
Additions	836,581	347,261	174,142	6,706	148,737	1,513,427
Disposals	(123,602)	(4,102)	(140,414)	(22,168)	(11,011)	(301,297)
At 2 January 1988	2,334,203	743,471	614,158	160,960	216,459	4,069,251
<u>Depreciation</u>						
At 4 January 1987	393,264	147,555	225,536	78,044	50,225	894,624
Charge for the period	182,593	111,335	176,605	15,109	23,970	509,612
Disposals	(123,602)	(4,102)	(140,414)	(22,168)	(7,854)	(298,140)
At 2 January 1988	452,255	254,788	261,727	70,985	66,341	1,106,096
<u>Net book value</u>						
At 2 January 1988	1,881,948	488,683	352,431	89,975	150,118	2,963,155
At 3 January 1987	1,227,960	252,757	354,894	98,378	28,508	1,962,497

The net book value of the above assets includes an amount of £158,505 (3 January - £68,091) in respect of assets held under finance leases against which depreciation of £31,189 (prior period - £16,624) was charged during the period.

As from 4 January 1987 the useful life of short term plant and equipment has been reduced from 7 years to 5 years, resulting in an increase in the depreciation charge in the current period of £83,000.

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

8 TANGIBLE FIXED ASSETS (CONTINUED)

(b) Company

	Leasehold improvements and plant and machinery installed at locations	Other plant and equipment		Furniture, fixtures and fittings	Motor vehicles	Total
	£	Medium term	Short term	£	£	£
<u>Cost</u>						
At 4 January 1987	1,621,225	375,549	580,430	128,596	69,958	2,775,758
Additions	836,581	309,496	174,142	6,706	148,737	1,475,662
Disposals	(123,602)	(4,102)	(140,414)	(22,168)	(11,011)	(301,297)
At 2 January 1988	2,334,204	680,943	614,158	113,134	207,684	3,950,123
<u>Depreciation</u>						
At 4 January 1987	393,265	136,916	225,537	64,710	50,506	870,934
Charge for the period	182,593	99,114	176,605	13,451	23,970	495,733
Disposals	(123,602)	(4,102)	(140,414)	(22,168)	(7,853)	(298,139)
At 2 January 1988	452,256	231,928	261,728	55,993	66,623	1,068,528
<u>Net book value</u>						
At 2 January 1988	1,881,948	449,015	352,430	57,141	141,061	2,881,595
At 3 January 1987	1,227,960	238,633	354,894	63,886	19,451	1,904,824

The net book value of the above assets includes an amount of £158,505 (3 January 1987 - £49,873) in respect of assets held under finance leases against which depreciation of £31,189 (prior period - £16,624) was charged during the year.

As from 4 January 1987 the useful life of short term plant and equipment has been reduced from 7 years to 5 years, resulting in an increase in the depreciation charge in the current period of £83,000.

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

9 INVESTMENTS

	2 January 1988 £	3 January 1987 £
Total investments	<u>7,274</u>	<u>7,272</u>

This comprises the following:

(a) Unlisted trade investment

The unlisted trade investment has been included at cost. The directors value it at £77 (2 January 1987 - £75)

<u>77</u>	<u>75</u>
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(b) Investment in subsidiaries

Ordinary shares at cost	19,795	19,795
Amounts written off	<u>(12,598)</u>	<u>(12,598)</u>
	<u>7,197</u>	<u>7,197</u>

Particulars of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Percentage holding in ordinary shares</u>	<u>Nature of business</u>
Dublux Exports Limited	Ireland	100%	Catering
Winford Limited	Ireland	100%	Catering
Forfars Outside Catering Limited	Great Britain	100%	Dormant
Halepawn Limited	Great Britain	100%	Dormant

The investment in Forfars Outside Catering Limited has been written down to the net book value of the underlying assets at 29 January 1984 of £7,195. The investment in Winford Limited and Dublux Exports Limited has been written down to £1 each.

10 STOCKS

	<u>Group</u>		<u>Company</u>	
	2 January 1988 £	3 January 1987 £	2 January 1988 £	3 January 1987 £
Goods for resale	280,317	220,891	240,146	220,891
Raw materials and consumables	<u>86,509</u>	<u>44,625</u>	<u>24,190</u>	<u>18,336</u>
	<u>366,826</u>	<u>265,516</u>	<u>264,336</u>	<u>239,227</u>

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

11 DEBTORS

	Group		Company	
	2 January 1988	3 January 1987	2 January 1988	3 January 1987
	£	£	£	£
Trade debtors	971,748	692,169	875,051	606,294
Amounts owed by group companies	-	-	570,421	365,191
Other debtors	49,974	79,291	49,974	79,291
Prepayments and accrued income	371,530	122,258	307,159	82,293
Provision for amounts owed by group companies (Note 15)	-	-	(568,988)	(335,409)
	<u>1,393,252</u>	<u>893,718</u>	<u>1,233,617</u>	<u>797,660</u>

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group		Company	
	2 January 1988	3 January 1987	2 January 1988	3 January 1987
	£	£	£	£
Bank loans and overdrafts	335,531	254,091	296,978	188,679
Net obligations under finance leases (Note 14)	75,109	43,489	53,475	17,003
Trade creditors	1,138,425	759,736	1,042,293	765,904
Amounts owed to holding company	89,250	3,741	89,250	3,741
Amounts owed to group companies	793,056	-	800,251	7,195
Taxation and social security	450,461	99,716	383,903	75,158
Other creditors	326,719	438,026	277,434	380,057
Accruals and deferred income	363,581	217,987	310,180	212,726
Proposed dividend (Note 16)	25,000	25,000	25,000	25,000
	<u>3,597,132</u>	<u>1,841,786</u>	<u>3,278,764</u>	<u>1,675,463</u>

Bank loans and overdrafts include for both the group and the company at 2 January 1988 an unsecured loan with The National Bank of Detroit of £178,571 (3 January 1987 - £188,679). This loan is renewable every six months and the last renewal date was 30 April 1988. Interest is charged at LIBOR + 1%.

LETHEY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

13 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	Group		Company	
	2 January 1987	3 January 1986	2 January 1987	3 January 1986
	£	£	£	£
Net obligations under finance leases (Note 14)	127,226	46,189	105,186	33,405
Corporation tax due at 1 January 1989	<u>115,066</u>	<u>318,896</u>	<u>115,066</u>	<u>318,896</u>
	<u>242,292</u>	<u>365,085</u>	<u>220,252</u>	<u>352,301</u>

14 OBLIGATIONS UNDER FINANCE LEASES

The future obligations under finance leases are as follows:

	Group		Company	
	2 January 1988	3 January 1987	2 January 1988	3 January 1987
	£	£	£	£
Under one year	87,194	47,091	65,560	20,605
In the second to fifth year inclusive	<u>144,476</u>	<u>48,842</u>	<u>122,436</u>	<u>36,058</u>
	231,670	95,933	187,996	56,663
Finance charges	<u>(29,335)</u>	<u>(6,255)</u>	<u>(29,335)</u>	<u>(6,255)</u>
	<u>202,335</u>	<u>89,678</u>	<u>158,661</u>	<u>50,408</u>
Falling due within one year (Note 12)	75,109	43,489	53,475	17,003
Falling due after more than one year (Note 13)	<u>127,226</u>	<u>46,189</u>	<u>105,186</u>	<u>33,405</u>
	<u>202,335</u>	<u>89,678</u>	<u>158,661</u>	<u>50,408</u>

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

15 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation has been provided in full and calculated on the liability method as follows:

	Group		Company	
	2 January 1988	3 January 1987	2 January 1988	3 January 1987
	£	£	£	£
Accelerated capital allowances	223,926	241,363	223,926	241,363
Other timing differences	-	10,808	-	10,808
	<u>223,926</u>	<u>252,171</u>	<u>223,926</u>	<u>252,171</u>

Provision in respect of amounts receivable from group companies has been made as follows:

	Company	
	2 January 1988	3 January 1987
	£	£
Balance brought forward	335,409	180,409
Additional provision charged to company's profit and loss account	<u>233,579</u>	<u>155,000</u>
	568,988	335,409
Transfer to provide against amount due from group companies (Note 11)	<u>(568,988)</u>	<u>(335,409)</u>
	-	-

Provision has been made in the accounts of Letheby and Christopher Limited against the accumulated loss of its two trading subsidiaries.

LETHEBY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

16 SHARE CAPITAL

	2 January 1988	3 January 1987
	£	£
Authorised:		
772,500 ordinary shares of £1 each	772,500	772,500
25,000 ordinary shares of 10p each	2,500	2,500
25,000 deferred shares of £1 each	25,000	25,000
200,000 12½% cumulative preferred ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

Share capital allotted, called up
and fully paid:

25,000 ordinary shares of 10p each	2,500	2,500
25,000 deferred shares of £1 each	25,000	25,000
200,000 12½% cumulative preferred ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
	<u>227,500</u>	<u>227,500</u>

In addition to the accrued dividend in creditors, relating to the 1979 dividend, arrears on the cumulative preferred ordinary shares amount to £200,000 (3 January 1987 - £175,000).

17 PROFIT AND LOSS ACCOUNT

	Group £	Company £
Retained profit as at 4 January 1987	655,748	661,839
Loss for the financial period	(211,969)	(198,905)
Unrealised exchange gain on consolidation	<u>19,155</u>	<u>-</u>
Retained profit as at 2 January 1988	<u>462,934</u>	<u>462,934</u>

18 PENSION COMMITMENTS

The company operates a pension scheme covering the majority of its employees including executive directors. The scheme is designed to provide retirement benefits based upon the members' final salary. The contributions required for the financing of the fund are based upon actuarial advice and are charged to the profit and loss account as incurred. The last valuation took place in September 1987 indicating a actuarial surplus of approximately £161,000. Based on actuarial advice the company took a contribution holiday from 1 May 1987 to 2 January 1988 and this is anticipated to continue for a further year.

LETHEY & CHRISTOPHER LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 2 JANUARY 1988

19 COMMITMENTS

Capital commitments for which no provision has been made in these accounts, were as follows:

	Group and company	
	2 January 1988	3 January 1987
	£	£
Contracted	130,000	702,926
Authorised but not contracted	25,000	5,400

Amounts payable under operating leases in the following year, analysed by the date at which the obligation expires are as follows:

	2 January 1988		3 January 1987	
	Group and company		Group and company	
	Land and buildings	Other	Land and buildings	Other
Under one year	-	35,105	-	15,472
In the second to fifth year inclusive	-	179,519	-	124,539
	-	214,624	-	140,011

20 CONTINGENT LIABILITY

In 1986 one of the company's subsidiaries sub-contracted part of the catering at a particular location to a third party. Due to the unsatisfactory performance of the third party, the company terminated the contract in February 1988. The company have received claims for compensation of approximately £87,000 from the sub-contractor. The directors are strongly contesting the claims. Although the cost of the claims cannot be reasonably estimated, the directors are of the opinion that there will be no material effect on these accounts.

21 ULTIMATE HOLDING COMPANY

The ultimate holding company is Delaware North Companies Incorporated, a company incorporated in the United States of America.