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TRUSTHOUSE FORTE CATERING LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 October 1985



TRUSTHOUSE FORTE CATERING LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1985

DIRECTORS' REPORT

The directors present herewith their Annual Report and Statement of Accounts for the year ended 31 October 1985.

ACTIVITIES

The main activity of the company was that of the ownership and management of catering and allied business companies.

ACCOUNTS

The loss on ordinary activities before taxation for the year ended 31 October 1985 was £519,053 (1984 - profit £7,398,466).

DIVIDEND

An interim dividend of £791,920 was paid on 8 May 1985.

The directors do not recommend the payment of a further dividend in respect of the year ended 31 October 1985.

HOLDING COMPANY

The company's ultimate holding company is Trusthouse Forte PLC, which is incorporated in England.

DIRECTORS

The following were directors of the company during the year ended 31 October 1985:-

Lord Forte
Mr RJV Forte
Mr GB Chiandetti
Mr LA Rosso (resigned 31 December 1985)
Mr AJ Forte
Mr AE Engel
Mr N Lovett
Mr AJ Hearn
Mr RA Burness
Mr JC Knight
Mr AL Monnickendam

DIRECTORS' INTERESTS

Those directors who are not also directors of Trusthouse Forte PLC had interests in that company's share and loan capital as follows:-

	<u>As at 1 November 1984</u>		<u>As at 31 October 1985</u>	
	25p Ordinary Shares	Share Options	25p Ordinary Shares	Share Options
Mr AE Engel	Nil	Nil	100	Nil
Mr N Lovett	Nil	3,806	Nil	7,068
Mr AJ Hearn	Nil	3,806	Nil	103,806
Mr RA Burness	1,408,418	3,806	1,408,418	7,068
Mr AJ Forte	Nil	Nil	Nil	Nil
Mr JC Knight	Nil	1,522	Nil	3,479
Mr A L Monnickendam	Nil	2,283	Nil	2,283

The undermentioned directors are also directors of Trusthouse Forte PLC and as such their interests in that company are not required to be recorded in this company's Register of Directors' Interests:-

Lord Forte
Mr RJV Forte
Mr GB Chiandetti
Mr LA Rosso

AUDITORS

Price Waterhouse have expressed their willingness to continue in office and a resolution for their re-appointment as Auditors will be proposed at the Annual General Meeting.

By Order of the Board

PJ Wilson
Secretary

8 August 1986

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
TRUSTHOUSE FORTE CATERING LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1985 and of its loss for the year then ended and comply with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No 10.

Price Waterhouse

Chartered Accountants

8 August 1986

TRUSTHOUSE FORTE CATERING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1985

	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
TURNOVER		-	-
OPERATING COSTS	2	(2,005,502)	(346,973)
TRADING LOSS	3	(2,005,502)	(346,973)
INCOME FROM SHARES IN GROUP COMPANIES		1,172,308	7,231,332
INTEREST RECEIVABLE FROM GROUP COMPANIES		<u>314,141</u>	<u>514,107</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(519,053)	7,398,466
TAXATION CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	5	<u>-</u>	(1,795,902)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(519,053)	5,602,564
EXTRAORDINARY ITEM	6	<u>(555,609)</u>	<u>-</u>
(LOSS)/PROFIT AFTER EXTRAORDINARY ITEM		(1,074,662)	5,062,564
DIVIDEND PAID		<u>(791,920)</u>	<u>(3,430,012)</u>
(LOSS)/PROFIT RETAINED FOR THE YEAR		<u>(1,866,582)</u>	<u>2,172,552</u>

TRUSTHOUSE FORTE CATERING LIMITED

BALANCE SHEET AT 31 OCTOBER 1985

	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
FIXED ASSETS			
Investment in subsidiaries	7	<u>26,924,047</u>	<u>20,011,535</u>
CURRENT ASSETS			
Debtors	8	<u>5,356,223</u>	<u>6,297,678</u>
CREDITORS - amounts falling due within one year			
Creditors	9	<u>2,361,599</u>	<u>1,992,076</u>
NET CURRENT ASSETS		<u>2,994,629</u>	<u>4,305,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,918,676</u>	<u>24,317,137</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,732,735	1,732,735
Share premium account	11	1,986,857	1,986,857
Revaluation reserve	11	17,158,400	9,690,279
Profit and loss account	11	<u>9,040,684</u>	<u>10,907,266</u>
		<u>29,918,676</u>	<u>24,317,137</u>

Approved by the Board of directors on 8 August 1986

[Signature]

[Signature]

 DIRECTORS

TRUSTHOUSE FORTE CATERING LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1985

1 ACCOUNTING POLICIES

(a) Accounting Conventions

The accounts are prepared under the historical cost convention as modified by the revaluation of properties and investments.

(b) Trading

The company has no sales; its main operation is that of a holding company and it does not trade in its own name.

(c) Investments in Subsidiaries

Investments in subsidiaries are stated in the balance sheet at 31 October 1985 at a valuation arrived at by reference to the cost of shares less amounts written off plus net retained profits of subsidiaries arising between acquisition and 31 October 1985.

2 OPERATING COSTS

	<u>1985</u> £	<u>1984</u> £
External charges	211,964	183,234
Staff costs		
- Wages and salaries	287,630	143,356
- Social security costs	25,346	11,247
- Other pension costs	20,562	9,136
Other operating charges	<u>1,460,000</u>	<u>-</u>
	<u>2,005,502</u>	<u>346,873</u>

3 TRADING LOSS

Trading loss is stated after charging

	<u>1985</u> £	<u>1984</u> £
Auditors' remuneration	-	-
Management expenses	<u>1,460,000</u>	<u>-</u>

TRUSTHOUSE FORTE CATERING LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1985 (CONTINUED)

4 EMOLUMENTS OF DIRECTORS AND HIGHER PAID EMPLOYEES

The salaries of the Chairman and other directors were paid by other group companies and no remuneration was paid or is payable to them by Trusthouse Forte Catering Limited. There are no employees receiving emoluments over £30,000 per annum.

5 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The taxation charge based on the profit on ordinary activities, all of which is current taxation, is made up as follows:

	<u>1985</u> £	<u>1984</u> £
Corporation tax (credit)/charge at 42.08% (1984 - 47.08%)	(705,832)	78,814
Group relief surrendered to fellow subsidiaries	705,832	-
Prior year adjustment	-	(92,312)
Income tax suffered on franked investment income	<u>-</u>	<u>1,809,400</u>
	<u>-</u>	<u>1,795,902</u>

6 EXTRAORDINARY ITEM

	<u>1985</u> £	<u>1984</u> £
Amount written off cost of investment in subsidiary company	<u>555,609</u>	<u>-</u>

TRUSTHOUSE FORTE CATERING LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1985 (CONTINUED)

7 FIXED ASSETS - INVESTMENT IN SUBSIDIARIES

<u>Shares at cost/valuation</u>	£
At 31 October 1984	20,011,535
Surplus on revaluation	<u>7,468,121</u>
	27,479,656
Amounts written off during the year	(555,609)
Net book amount	
At 31 October 1985	<u>26,924,047</u>
At 31 October 1984	<u>20,011,535</u>
<u>Analysis of cost or valuation</u>	£
At 1985 valuation	27,404,156
At cost	<u>75,500</u>
	<u>27,479,656</u>

Assets included at valuation would have been included on an historical cost basis at £12,218,668.

Group accounts have not been prepared as the company is a wholly owned subsidiary of Trusthouse Forte PLC. In the opinion of the directors the value of the company's aggregate investment in its subsidiaries is not less than the amount in which they are stated in the balance sheet.

The principal subsidiaries of the company at 31 October 1985 are listed below. The company owns all the issued ordinary shares and all are registered in England, except as otherwise noted.

- Gardner Merchant Limited
- Forte's (Bournemouth) Limited
- Forte's Service Areas Limited
- + Trusthouse Forte Service Areas Limited (48.3% indirect)
- Gardner Merchant Management Services Limited
- Henekey's Limited (in voluntary liquidation)
- National Sporting Club Limited
- * Kelvin Catering Limited (formerly Kelvin Catering (Camps) Limited)
- * Vendability Limited (formerly Light Oaks Vending Limited)
- * Motorway Services Limited (91.67% owned by Trusthouse Forte Service Areas Limited)

TRUSTHOUSE FORTE CATERING LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1985 (CONTINUED)

7 FIXED ASSETS - INVESTMENT IN SUBSIDIARIES (Continued)

* These companies are indirect subsidiaries of Trusthouse Forte Catering Limited.

+ The company owns 100% of the issued ordinary share capital of Trusthouse Forte Service Areas Limited 51.7% directly and 48.3% indirectly. The company owns none of the issued redeemable share capital of Trusthouse Forte Service Areas Limited.

8 DEBTORS

	<u>1985</u>	<u>1984</u>
	£	£
Amounts falling due within one year:		
Amount due from group companies	-	567,383
Dividends receivable from subsidiaries	<u>1,172,308</u>	<u>1,191,920</u>
	1,172,308	1,759,303
Amounts falling due after more than one year:		
Amount due from group companies	<u>4,183,920</u>	<u>4,538,375</u>
	<u>5,356,228</u>	<u>6,297,678</u>

9 CREDITORS - amounts falling due within one year:

	<u>1985</u>	<u>1984</u>
	£	£
Amount owed to group companies	2,360,066	1,948,329
Corporation tax	<u>1,533</u>	<u>43,747</u>
	<u>2,361,599</u>	<u>1,992,076</u>

10 CALLED UP SHARE CAPITAL

Called up share capital in both 1985 and 1984 was as follows:

	<u>Authorised</u>	<u>Allotted and</u>
	£	fully paid
	£	£
7.5% cumulative preference shares		
of £1 each (5.25% plus related tax credit)	100,000	100,000
Ordinary shares of 25p each	<u>2,200,000</u>	<u>1,632,735</u>
	<u>2,300,000</u>	<u>1,732,735</u>

The dividend in respect of the 7.5% cumulative preference shares was waived.

TRUSTHOUSE FORTE CATERING LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1985 (CONTINUED)

11 RESERVES

	Share premium account £	Revaluation Reserve £	Profit and loss account £
At 1 November 1984	1,986,857	9,690,279	10,907,266
Loss for the year	-	-	(1,866,582)
Surplus on revaluation of subsidiaries	-	7,468,121	-
At 31 October 1985	<u>1,986,857</u>	<u>17,158,400</u>	<u>9,040,684</u>

12 EMPLOYEES

The average number of employees employed by the company during the year was:-

	<u>1985</u>	<u>1984</u>
United Kingdom (all full-time)	<u>15</u>	<u>10</u>

13 PENSION COMMITMENTS

The Trusthouse Forte Group, of which this company is a member, operates pension schemes to the benefit of a large number of its employees. The funds of the schemes are administered by Trustees, are separate from the Group, and independent actuaries complete valuations every three years. In accordance with their recommendations annual contributions are paid to the scheme so as to secure the benefits set out in the Rules, and the augmentation of current pensions from time to time. The cost of these are charged against profit when the contributions are made.

14 COMMITMENTS FOR CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at 31 October 1985 (31 October 1984 - Nil).