

Ring & Brymer Holdings Limited

Annual report for the year ended 31 January 1995

	Pages
Directors and advisers	1
Directors' report	2
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8



Directors and advisers

Directors

**J G Hawkes
S C McManus
J R Wares**

Secretary and registered office

**N A Mead
Kenley House
Kenley Lane
Surrey
CR8 5ED**

Registered Auditors

**Coopers & Lybrand
Abacus Court
6 Minshull Street
Manchester
M1 3ED**

Directors' report for the year ended 31 January 1995

The directors present their report and the audited financial statements for the year ended 31 January 1995.

Principal activity

The principal activity of the company is that of caterers.

Review of business

The directors consider the results for the year to 31 January 1995 to be satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

The company's core markets provide significant opportunity for growth in the company's client base, both for existing services and ancillary activities and further profit improvements may be anticipated from economies of scale.

Results and dividends

The retained profit for the year ended 31 January 1995 amounting to £959,277 (1994: profit £567,484) been transferred to reserves.

The directors do not recommend the payment of any dividend in respect of the year ended 31 January 1995.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 6 and 7 to the financial statements.

Directors

The directors of the company at 31 January 1995, all of whom have been directors for the whole of the year ended on that date except where stated below, are listed on page 1.

S C McManus was appointed a director of the company on 30 April 1994.

I A Carslaw was appointed a director of the company on 22 February 1995.

G P Lehrian resigned as a director of the company on 30 April 1994.

Directors' interests in shares of the company

J G Hawkes is a director of the ultimate parent company, Gardner Merchant Services Group Limited, consequently, Mr Hawkes' interests do not need to be recorded in this company's register of directors' interests.

The interests of the remaining directors at 31 January 1995 in the issued share capital of the ultimate parent company as at 31 January 1995, together with their interests at 1 February 1994 (or date of appointment if later) are shown below:

	At 31 January 1995		At 1 February 1994	
	1p 'A' ordinary shares	1p preference shares	1p 'A' ordinary shares	1p preference shares
J R Wares	7,333	36,667	7,333	36,667
S C McManus	806	4,029	806	4,029

None of the above mentioned directors had any interest in the share capital of the company or of other group companies at any time during the year. All of the above share interests were sold to Sodexho Gardner Merchant Alliance Limited on 1 February 1995.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 January 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Employees

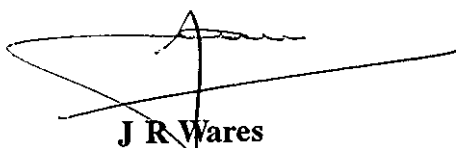
As a key part of the company's philosophy, great importance is placed on involving staff in the company's operations. Where possible, staff consultative committee meetings are held on a regular basis and management training emphasises the necessary attitude and skills for good consultation and communication. In addition, staff are informed and involved in the progress of the company through briefing groups, quality circles, the company newspaper, magazines, audio and video presentations.

The company's policy and practice is to encourage the recruitment and employment of disabled people, to assist their training, career development and promotion and to retain employees who become disabled. The operation of this policy is put into practical effect through specialist training and development at Ashdown Park Management Training Centre and in conjunction with Dr Barnardo's, amongst others.

Auditors

During the year the company passed an Elective Resolution which dispensed with the requirement to appoint auditors annually. Coopers & Lybrand are deemed to be reappointed by virtue of Section 386 (2) of the Companies Act 1985.

By order of the board



J R Wares
Director

31 July 1995

Report of the auditors to the members of Ring & Brymer Holdings Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

As described on page 3 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.

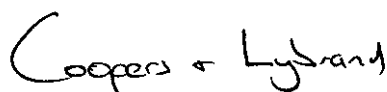
Basis of opinion

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 31 January 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester
31 July 1995

**Profit and loss account
for the year ended 31 January 1995**

	Notes	1995 £	1994 £
Turnover		10,581,641	6,761,616
Operating costs	2	(9,316,462)	(5,967,757)
Gross profit		1,265,179	793,859
Depreciation		(305,902)	(228,252)
Profit on ordinary activities before taxation		959,277	565,607
Tax on profit on ordinary activities	5	-	1,877
Retained profit for the year	14	959,277	567,484

All operations in the year and the comparative year were continuing.

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

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 January 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	6	1,554,997	1,756,563
Investment	7	377	377
		<u>1,555,374</u>	<u>1,756,940</u>
Current assets			
Stocks	8	266,720	299,155
Debtors: amounts falling due within one year	9	75,000	75,000
Debtors: amounts falling due after one year	9	556,250	631,250
Cash at bank and in hand		23,140	23,555
		<u>921,110</u>	<u>1,028,960</u>
Creditors: amounts falling due within one year	10	795,961	2,064,654
Net current assets/(liabilities)		<u>125,149</u>	<u>(1,035,694)</u>
Net assets		<u>1,680,523</u>	<u>721,246</u>
Capital and reserves			
Called up share capital	13	4,000,000	4,000,000
Reserves	14	(2,319,477)	(3,278,754)
Equity shareholders' funds	15	<u>1,680,523</u>	<u>721,246</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 31 July 1995 and were signed on its behalf by:


J R Wares
Director

**Notes to the financial statements
for the year ended 31 January 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Furniture and equipment	5 - 10 years
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Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred over the term of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the amounts receivable for goods sold and services provided in the United Kingdom, excluding value added tax.

Deferred taxation

Provision is made, using the liability method, for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements, except to the extent that the liability will not crystallise in the foreseeable future.

Pension costs

The cost of providing pensions is charged to the profit and loss account over the years during which the company benefits from the employees' services.

Cash flow statement

As this company is a wholly owned subsidiary undertaking of Gardner Merchant Services Group Limited it is not required by Financial Reporting Standard No 1, 'Cash flow statements', to present its own cash flow statement.

2 Operating costs

	1995 £	1994 £
Raw materials and consumables	4,755,150	3,001,954
Other external charges (including auditors' remuneration £1,000 (1994: £1,000))	1,859,514	1,179,424
Staff costs:		
Wages and salaries	2,522,971	1,638,361
Social security costs	158,091	130,157
Other pension costs	20,736	17,861
	<u>9,316,462</u>	<u>5,967,757</u>

3 Directors' emoluments

No director received any remuneration in respect of his services to the company during the year.

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1995 Number	1994 Number
By activity		
Supply of catering services	<u>401</u>	<u>371</u>

5 Tax on loss on ordinary activities

	1995 £	1994 £
Release of corporation tax provision	<u>-</u>	<u>1,877</u>

There is no corporation tax payable due to the availability of losses from earlier years.

6 Tangible fixed assets

	Furniture and equipment £
Cost	
At 1 February 1994	2,143,322
Additions	104,269
Group transfer	2,177
At 31 January 1995	<u>2,249,768</u>
Depreciation	
At 1 February 1994	386,759
Charge for the year	305,902
Group transfer	2,110
At 31 January 1995	<u>694,771</u>
Net book value	
At 31 January 1995	<u>1,554,997</u>
Net book value	
At 31 January 1994	<u>1,756,563</u>

7 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 February 1994 and 31 January 1995	<u>377</u>

8 Stocks

	1995 £	1994 £
Raw materials and consumables	<u>266,720</u>	<u>299,155</u>

9 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Prepayments and accrued income	75,000	75,000
Amounts falling due after more than one year		
Prepayments and accrued income	<u>556,250</u>	<u>631,250</u>
	<u>631,250</u>	<u>706,250</u>

10 Creditors: amounts falling due within one year

	1995 £	1994 £
Amount owed to parent and fellow subsidiary undertakings	616,310	2,042,365
Other creditors	179,651	22,289
	<u>795,961</u>	<u>2,064,654</u>

Ring & Brymer Holdings Limited is a wholly owned subsidiary of Gardner Merchant Services Group Limited. A centralised accounting function is operated by Gardner Merchant Services Group Limited and accordingly certain debtors and creditors are included within the amounts owed by/to group undertakings.

11 Provisions for liabilities and charges

Deferred taxation

No provision has been made for deferred tax due to the availability of losses from earlier years.

12 Pension commitments

The employees of the company are members of a group pension scheme. During the period to 5 June 1993 pension provision continued to be made through the Forte Plc pension arrangements. On 6 June 1993, the Gardner Merchant Pension Fund, which provides benefits based on final salary for eligible employees, was established. An initial actuarial valuation of the Gardner Merchant Pension Fund was carried out by an independent qualified actuary at 6 June 1993. Full details of the valuation may be found in the financial statements of Gardner Merchant Services Group Limited.

The UK Gardner Merchant Pension Fund rules provides that the non-guaranteed Minimum Pension Fund Pensions will be increased whilst in payment by up to 5% per annum to offset increases in the cost of living.

The pension cost for the year amounted to £20,736 (1994: £17,861).

There are no unfunded pension liabilities.

13 Called up share capital

	1995 £	1994 £
Authorised		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Issued and fully paid		
4,000,000 ordinary shares of £1 each	4,000,000	4,000,000

14 Reserves

	Profit and loss account £
At 1 February 1994	(3,278,754)
Profit for the year	959,277
At 31 January 1995	<u>(2,319,477)</u>

15 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	959,277	567,484
Opening shareholders' funds	721,246	153,762
Closing shareholders' funds	<u>1,680,523</u>	<u>721,246</u>

16 Capital commitments

	1995 £	1994 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	103,000

17 Contingent liability

The company has granted a fixed and floating charge over all its assets to secure the borrowings of fellow group companies.

18 Ultimate parent company

At 31 January 1995 the company's ultimate parent company was Gardner Merchant Services Group Limited, a company registered in England and Wales. Copies of that company's consolidated financial statements may be obtained from The Secretary, Kenley House, Kenley Lane, Kenley, Surrey, CR8 5ED.

On 1 February 1995 the entire issued share capital of Gardner Merchant Services Group Limited was acquired by Sodexho Gardner Merchant Alliance Limited, a subsidiary of Sodexho SA, which is now the ultimate parent company.