

Company Registration Number: 2313772 (England and Wales)

Cafe Rouge Limited
Directors' Report and Financial Statements
for the year ended 31 March 1995



Cafe Rouge Limited

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Cafe Rouge Limited

Directors' Report for the year ended 31 March 1995

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

Principal Activities and Review of the Business

The principal activity of the company during the year was operating restaurants.

The company intends to continue its present restaurant operations. The directors are satisfied with the results for the year.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £531,109 is transferred to reserves.

Fixed Assets

The significant changes in fixed assets during the year are explained in note 7 to the financial statements.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1995	1994
R.Myers	Ordinary shares	-	-
K.E.D.Jones	Ordinary shares	-	-
L.I.Ross	Ordinary shares	-	-

The directors interests in the shares of the ultimate parent undertaking are shown in the accounts of that company.

Employees

The company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retrain and assist any individuals disabled during their employment.

The board recognises the importance of employees being fully informed of events which directly affect them and their working conditions and to this end regular meetings are held with them. The involvement of employees in the success of the business is further encouraged through participation in the employee share option scheme of the ultimate parent undertaking.

Auditors

A resolution to re-appoint Mercers Bryant, Chartered Accountants and Binder Hamlyn, Chartered Accountants as joint auditors of the Company will be proposed at the Annual General Meeting.

Cafe Rouge Limited

Directors' Report for the year ended 31 March 1995 (continued)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

This report was approved by the Board on

26 JAN 1996



^{for}
Bekay Secretaries Limited
Secretary

Cafe Rouge Limited
Auditors' Report
to the members of Cafe Rouge Limited

We have audited the financial statements on pages 4 to 14 which have been prepared on the basis of the accounting policies set out on pages 6 and 7

Respective responsibilities of directors and auditors

As described on page 2 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.

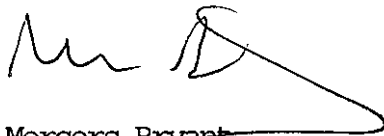
Basis of opinion

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.

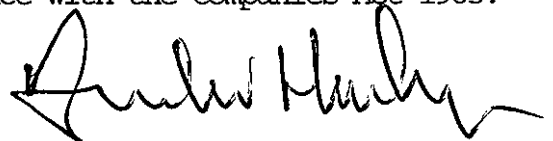
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mercers Bryant
Chartered Accountants
Registered Auditors
45 Crawford Place
London W1H 2AD

26 JAN 1996



Binder Hamlyn
Chartered Accountants
Registered Auditors
20 Old Bailey
London EC4M 7BH

25 JAN 1996

Cafe Rouge Limited
Profit and Loss Account
for the year ended 31 March 1995

	Notes	1995 £	1994 £
Turnover	2	8,873,818	5,176,143
Cost of sales		(2,474,864)	(1,501,477)
Gross profit		6,398,954	3,674,666
Administrative expenses		(5,866,331)	(3,475,888)
Other operating income		7,550	139,666
Operating profit	3	540,173	338,444
Other interest receivable and similar income	4	79,388	42,611
Interest payable and similar charges	5	(18,452)	(42,330)
Profit on ordinary activities before taxation		601,109	338,725
Tax on profit on ordinary activities	6	(70,000)	(20,000)
Profit on ordinary activities after taxation and retained profit for the year	14	£ 531,109	£ 318,725

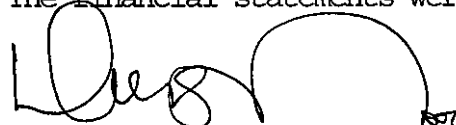
There are no recognised gains and losses other than those passing through the profit and loss account.

Cafe Rouge Limited

Balance Sheet as at 31 March 1995

	Notes	1995 £	1994 £
Fixed Assets			
Tangible assets	7	11,345,504	4,770,619
Current Assets			
Stocks	8	359,239	169,628
Debtors	9	601,140	429,734
Cash at bank and in hand		930,804	742,599
		<u>1,891,183</u>	<u>1,341,961</u>
Creditors: amounts falling due within one year	10	<u>(13,132,476)</u>	<u>(6,512,345)</u>
Net Current Liabilities		<u>(11,241,293)</u>	<u>(5,170,384)</u>
Total Assets Less Current Liabilities		104,211	(399,765)
Creditors: amounts falling due after more than one year	11	<u>(21,065)</u>	<u>(48,198)</u>
		<u>£ 83,146</u>	<u>£ (447,963)</u>
Capital and Reserves			
Called up share capital	13	100	100
Revaluation reserve		130,802	130,802
Profit and loss account	14	(47,756)	(578,865)
Equity Shareholders' Funds	15	<u>£ 83,146</u>	<u>£ (447,963)</u>

The financial statements were approved by the Board on . 25 JAN 1996



L.I. Ross
Director

Cafe Rouge Limited

Notes to the Financial Statements for the year ended 31 March 1995

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and are in accordance with applicable accounting standards. All operations are continuing and there were no acquisitions in the period.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is the wholly owned subsidiary of a parent undertaking that has published consolidated financial statements.

1.2 Going concern basis

The accounts have been prepared on a going concern basis as the company is currently in receipt of a letter of financial support from the Pelican Group PLC to enable it to trade in the normal course of business.

1.3 Turnover

Turnover represents receipts from operating activities and is stated exclusive of value added tax.

1.4 Tangible fixed assets and depreciation

No depreciation is provided on freehold properties or leasehold properties with twenty years and over to run at the Balance Sheet date. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of acquisition or subsequent revaluation, so high that their depreciation is insignificant. Any permanent diminution in the value of such properties is charged to the Profit and Loss Account as appropriate.

All leasehold properties of less than twenty years are amortised over the unexpired terms, which in the case of new restaurants is with effect from the date of operation. Depreciation is provided on all other tangible fixed assets on a reducing balance basis of 12.5% for furniture, fittings and equipment, and 25% for motor vehicles. Pre-opening expenditure incurred on new restaurants is written off over five years with effect from the date of operation.

Cafe Rouge Limited

Notes to the Financial Statements for the year ended 31 March 1995

1.5 Leasing and hire purchase commitments

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and the outstanding obligations, net of finance charges, are included as liabilities. Depreciation is charged to the profit and loss account in accordance with the company's depreciation policy. Finance charges are taken to the Profit and Loss Account in constant proportion to the remaining balance of capital repayments or net obligations outstanding. Rentals in respect of all other leases are charged to the Profit & Loss account on a straight line basis.

1.6 Stock

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

1.7 Deferred taxation

Provision for deferred taxation is made only where a liability is likely to arise. No provision has been made for deferred taxation in respect of the tax that would be payable if revalued properties were sold at their revalued amounts because there is no current intention to dispose of these properties.

2. Turnover

Turnover is wholly represented by restaurant operating activities carried on in the United Kingdom.

3. Operating Profit

Operating profit is stated after charging:

	1995 £	1994 £
Depreciation of tangible assets	349,237	114,899
Hire of equipment	58,213	8,947
Operating lease rentals		
- Land and buildings	775,331	411,811

and after crediting:

Rents receivable	7,550	39,666
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4. Other Interest Receivable and Similar Income

	1995 £	1994 £
Bank interest received	79,388	42,611

Cafe Rouge Limited

Notes to the Financial Statements for the year ended 31 March 1995

5.	Interest Payable	1995 £	1994 £
	On bank loans and overdrafts	-	9,385
	Lease finance charges and hire purchase interest	18,452	18,176
	On overdue tax	-	14,769
		<u>£ 18,452</u>	<u>£ 42,330</u>

6.	Taxation	1995 £	1994 £
	U.K. Current year taxation		
	U.K. Corporation tax at 33% (1994 - 33%)	<u>70,000</u>	<u>20,000</u>

The Corporation Tax charge has been reduced as the company had the benefit of taxation losses brought forward.

Cafe Rouge Limited

Notes to the Financial Statements
for the year ended 31 March 1995

7. Tangible Assets

	Land and buildings Freehold	Land and buildings Leasehold (short)	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 1994	-	4,244,710	1,052,523	120,426	5,417,659
Additions	1,390,451	4,250,915	1,201,042	87,813	6,930,221
Disposals	-	-	-	(19,950)	(19,950)
At 31 March 1995	1,390,451	8,495,625	2,253,565	188,289	12,327,930
Depreciation					
At 1 April 1994	-	325,958	282,281	38,801	647,040
On disposals	-	-	-	(13,851)	(13,851)
Charge for year	-	171,625	145,849	31,763	349,237
At 31 March 1995	-	497,583	428,130	56,713	982,426
Net book values					
At 31 March 1995	1,390,451	7,998,042	1,825,435	131,576	11,345,504
At 31 March 1994	-	3,918,752	770,242	81,625	4,770,619

Included above are assets held under finance leases or hire purchase contracts as follows:

	Net Book value £	Depreciation charge £
Fixtures, fittings & equipment	39,723	5,675
Motor vehicles	37,519	12,507
	77,242	18,182

Assets included at a valuation on 31/3/90 would have been included at a historical cost basis at:

Short leasehold properties	
Cost	1,191,533
Aggregate depreciation	(215,148)
	976,385

Cafe Rouge Limited

Notes to the Financial Statements for the year ended 31 March 1995

8. Stocks	1995 £	1994 £
Food, beverages and consumables	359,239	169,628
	<u>£ 359,239</u>	<u>£ 169,628</u>

The replacement value at 31 March 1995 is considered by the directors to be not materially different from the Balance Sheet value.

9. Debtors	1995 £	1994 £
Trade debtors	191,214	100,965
Amounts owed by group undertaking	-	219,292
Other debtors	54,063	55,006
Prepayments and accrued income	355,863	54,471
	<u>£ 601,140</u>	<u>£ 429,734</u>

10. Creditors: amounts falling due within one year	1995 £	1994 £
Bank loans and overdrafts	-	116,996
Net obligations under finance lease and hire purchase contracts	28,305	46,104
Trade creditors	3,556,671	1,023,468
Amounts owed to group undertaking	8,313,602	4,361,110
Corporation tax	70,000	20,000
Other taxes and social security costs	574,919	750,962
Other creditors	-	6,725
Accruals and deferred income	588,979	186,980
	<u>£13,132,476</u>	<u>£6,512,345</u>

Cafe Rouge Limited

Notes to the Financial Statements
for the year ended 31 March 1995

11. Creditors: amounts falling due after more than one year	1995 £	1994 £
Net obligations under finance leases and hire purchase contracts	21,065	48,198
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	28,305	46,104
Repayable between one and five years	21,065	48,198
	49,370	94,302
Included in current liabilities	(28,305)	(46,104)
	£ 21,065	£ 48,198

12. Provisions for Liabilities and Charges

As a result of the continued high level of expenditure on additions to fixed assets which attract capital allowances, the timing differences between depreciation and taxation allowances are not expected to reverse in the foreseeable future and consequently a provision for deferred taxation is not required. The full potential liability is as follows:

	1995 £	1994 £
Accelerated Capital Allowances	154,946	97,000
Arising as the result of revaluation	-	50,000
	£ 154,946	£ 147,000

13. Share Capital	1995 £	1994 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

Cafe Rouge Limited

Notes to the Financial Statements for the year ended 31 March 1995

14. Profit And Loss Account	1995 £	1994 £
Accumulated losses at 1 April 1994	(578,865)	(897,590)
Retained profit for the year	531,109	318,725
	<u> </u>	<u> </u>
Accumulated losses at 31 March 1995	£ (47,756)	£ (578,865)
	<u> </u>	<u> </u>

15. Reconciliation of Movements in Shareholders' Funds	1995 £	1994 £
Profit for the financial year	531,109	318,725
Opening shareholders' funds	(447,963)	(766,688)
	<u> </u>	<u> </u>
Closing shareholders' funds	£ 83,146	£ (447,963)
	<u> </u>	<u> </u>

16. Contingent Liabilities

The company is a party to a guarantee given in respect of the group's bank facilities. The total amount outstanding at the end of the year was £2,800,000 (1994: £1,750,000).

17. Financial Commitments

At 31 March 1995 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1995	1994
	£	£
Expiry date:		
In over five years	878,000	470,500
	<u> </u>	<u> </u>
	£ 878,000	£ 470,500
	<u> </u>	<u> </u>

Cafe Rouge Limited

Notes to the Financial Statements
for the year ended 31 March 1995

18. Capital Commitments	1995 £	1994 £
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	971,345	-
Authorised but not contracted for	1,949,811	-
	<u>£2,921,156</u>	<u>£ -</u>

19. Directors' Emoluments	1995 £	1994 £
Directors' remuneration (excluding pension contributions)	318,553	224,385
The chairman and the highest-paid director	<u>£ 175,000</u>	<u>£ 99,231</u>

In 1994, the emoluments of the chairman and highest paid director were represented by consultancy fees paid to a company in which he was materially interested as a director and shareholder.

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£30,001 - £35,000	-	1
£50,001 - £55,000	1	-
£90,001 - £95,000	-	1
£110,001 - £115,000	1	-
	<u> </u>	<u> </u>

Cafe Rouge Limited

Notes to the Financial Statements for the year ended 31 March 1995

20. Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1995 Number	1994 Number
Administration	36	21
Restaurant	367	194
	<u>403</u>	<u>215</u>

Employment costs

	£	£
Wages and salaries	3,261,732	1,908,946
Social security costs	341,347	196,820
	<u>£3,603,079</u>	<u>£2,105,766</u>

21. Ultimate Parent Undertaking

The ultimate parent undertaking is The Pelican Group Plc, a company registered in England & Wales. The Pelican Group Plc is the parent undertaking of the largest and smallest group of which the company is a member for which group accounts are drawn up. Copies of these group accounts are available from Companies House, Crown Way, Cardiff.