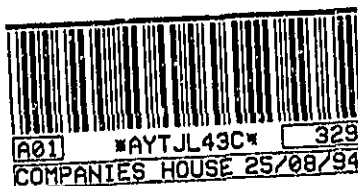


Company Registration Number: 2313772

Cafe Rouge Limited  
Directors' Report and Financial Statements  
for the year ended 31 March 1994



Mercers Bryant  
Chartered Accountants  
45 Crawford Place, London W1H 2AD

Cafe Rouge Limited  
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# Cafe Rouge Limited

## Directors' Report for the year ended 31 March 1994

The directors present their report and the financial statements for the year ended 31 March 1994.

### 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 £318,725 is transferred to reserves.

### Fixed Assets

Details of movements in fixed assets during the year are set out 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	
		1994	1993
R. Myers	Ordinary shares	-	-
K.E.D. Jones	Ordinary shares	-	-
L.I. Ross	Ordinary shares	-	-
(Appointed 16 September 1993)			

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

### Auditors

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

 This report was approved by the Board on 29 July 1994.

Bekay Secretaries Limited  
Secretary

## **Cafe Rouge Limited**

### **Statement of 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.

**Cafe Rouge Limited**  
**Auditors' Report**  
**to the shareholders of Cafe Rouge Limited**

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 judgments 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.

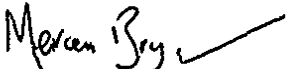
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Fundamental uncertainty**

As explained more fully in note 11 to the financial statements the company is dependent on the continued financial support of its parent company. The financial statements have been prepared on the going concern basis, the validity of which depends on that support continuing to be available and do not contain any adjustments which would result from the support being withdrawn. We have considered the adequacy of disclosures in relation to this fundamental uncertainty in forming our opinion. Our opinion is not qualified in this respect.

**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 1994 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  
and Registered Auditors  
45 Crawford Place  
London W1H 2AD

29 July 1994

**Cafe Rouge Limited**  
**Profit and Loss Account**  
**for the year ended 31 March 1994**

	Notes	1994 £	1993 £
Turnover	2	5,176,143	4,277,222
Cost of sales		(1,501,477)	(1,201,088)
Gross profit		<u>3,674,666</u>	<u>3,076,134</u>
Administrative expenses		(3,475,888)	(2,725,064)
Other operating income		<u>139,666</u>	<u>-</u>
Operating profit	3	338,444	351,070
Other interest receivable and similar income	4	42,611	-
Interest payable and similar charges	5	(42,330)	(15,862)
Profit on ordinary activities before taxation		<u>338,725</u>	<u>335,208</u>
Tax on profit on ordinary activities	6	(20,000)	-
Profit on ordinary activities after taxation		<u><u>318,725</u></u>	<u><u>335,208</u></u>

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 1994

	Notes	1994 £	1993 £
<b>Fixed Assets</b>			
Tangible assets	7	4,770,619	3,998,446
<b>Current Assets</b>			
Stocks	8	169,628	206,843
Debtors	9	429,734	413,267
Cash at bank and in hand		742,599	36,829
		<u>1,341,961</u>	<u>656,939</u>
Creditors: amounts falling due within one year	10	(2,151,235)	(2,323,728)
<b>Net Current Liabilities</b>		<u>(809,274)</u>	<u>(1,666,789)</u>
<b>Total Assets Less Current Liabilities</b>		<u><u>£3,961,345</u></u>	<u><u>£2,331,657</u></u>
<b>Creditors: amounts falling due after more than one year</b>			
	11	4,409,308	3,098,345
<b>Capital and Reserves</b>			
Called up share capital	13	100	100
Revaluation reserve	14	130,802	130,802
Profit and loss account:	15	(578,865)	(897,590)
<b>Shareholders' Funds</b>	16	<u>(447,963)</u>	<u>(766,688)</u>
		<u><u>£3,961,345</u></u>	<u><u>£2,331,657</u></u>

The financial statements were approved by the Board on 29 July 1994.

R. Myers  
Director

K.E.D. Jones  
Director

## Cafe Rouge Limited

### Notes to the Financial Statements for the year ended 31 March 1994

#### 1. Accounting Policies

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain properties, and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

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 Compliance with accounting standards

The financial statements are in accordance with applicable accounting standards.

##### 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 Group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and 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. 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.



## Cafe Rouge Limited

### Notes to the Financial Statements for the year ended 31 March 1994

#### 1.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Assets acquired under hire purchase contracts or finance leases 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 Group'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.

#### 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 in the future. 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

	1994 £	1993 £
Operating profit is stated after charging:		
Depreciation of tangible assets	114,899	242,957
Hire of equipment	8,947	-
Directors' remuneration	224,385	179,211
Operating lease rentals		
- Land and buildings	411,811	336,762
and after crediting:		
Rents receivable	<u>39,666</u>	<u>-</u>

#### 4. Other Interest Receivable and Similar Income

	1994 £	1993 £
Bank interest received	<u>42,611</u>	<u>-</u>

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

5. Interest Payable	1994 £	1993 £
On bank loans and overdrafts	9,385	-
Lease finance charges and hire purchase interest	18,176	15,862
On overdue tax	14,769	-
	<u>£ 42,330</u>	<u>£ 15,862</u>

6. Taxation	1994 £	1993 £
U.K. Current year taxation		
U.K. Corporation tax at 33% (1993 - 25%)	20,000	-
	<u>£ 20,000</u>	<u>£ -</u>

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

### 7. Tangible Assets

	Land and buildings Leasehold (short) £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 1993	3,698,891	790,598	43,785	4,533,274
Additions	755,095	261,925	81,641	1,098,661
Disposals	(209,276)	-	(5,000)	(214,276)
At 31 March 1994	<u>4,244,710</u>	<u>1,052,523</u>	<u>120,426</u>	<u>5,417,659</u>
Depreciation				
At 1 April 1993	316,553	193,512	24,763	534,828
On disposals	-	-	(2,187)	(2,187)
Charge for year	9,405	88,769	16,225	114,399
At 31 March 1994	<u>325,958</u>	<u>282,281</u>	<u>38,801</u>	<u>647,040</u>
Net book values				
At 31 March 1994	<u>3,918,752</u>	<u>770,242</u>	<u>81,625</u>	<u>4,770,619</u>
At 31 March 1993	<u>3,382,338</u>	<u>597,086</u>	<u>19,022</u>	<u>3,998,446</u>

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

	Net book value £	Depreciation charge £
Fixtures, fittings & equipment	82,874	11,840
Motor vehicles	50,026	16,676
	<u>£ 132,900</u>	<u>£ 28,516</u>

Assets included at valuation would have been included on a historical cost basis at:

#### Short leasehold properties:

Cost	1,354,546
Aggregate depreciation	(190,517)
	<u>1,164,029</u>

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

8.	Stocks	1994 £	1993 £
	Food, beverages and consumables	169,628	206,843
		<u>£ 169,628</u>	<u>£ 206,843</u>

The replacement value at 31 March 1994 is considered by the directors to be not materially different from the Balance Sheet value.

9.	Debtors	1994 £	1993 £
	Trade debtors	100,965	4,730
	Amounts owed by group undertakings	219,292	-
	Other debtors	55,006	508
	Prepayments and accrued income	54,471	408,029
		<u>£ 429,734</u>	<u>£ 413,267</u>

10.	Creditors: amounts falling due within one year	1994 £	1993 £
	Bank overdraft	116,996	204,771
	Net obligations under finance lease and hire purchase contracts	46,104	48,864
	Trade creditors	1,023,468	1,236,865
	Corporation tax	20,000	-
	Other taxes and social security costs	750,962	706,071
	Other creditors	6,725	-
	Accruals and deferred income	186,980	127,157
		<u>2,151,235</u>	<u>2,323,728</u>

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

11. Creditors: amounts falling due after more than one year	1994 £	1993 £
Amounts owed to parent undertaking	4,361,110	3,059,432
Net obligations under finance leases and hire purchase contracts	48,198	38,913
	<u>4,409,308</u>	<u>3,098,345</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	46,104	48,863
Repayable between one and five years	48,198	38,914
	<u>94,302</u>	<u>87,777</u>
Included in current liabilities	(46,104)	(48,864)
	<u>£ 48,198</u>	<u>£ 38,913</u>

The financial statements have been prepared under the historical cost convention and using the going concern basis. The going concern basis is thought to be appropriate because the parent company The Pelican Group Plc has provided a written undertaking not to withdraw existing funds and to provide additional funds in the event that this becomes necessary. The directors are confident that the promised support will be forthcoming and so the financial statements do not contain any adjustments that might arise if the promised support is withdrawn.

## 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 will not reverse in the foreseeable future and consequently a provision for deferred taxation is not required. The full potential liability is as follows:

	1994 £	1993 £
Differences between accumulated depreciation and capital allowances	97,000	-
Arising as the result of revaluation	50,000	-
	<u>£ 147,000</u>	<u>£ -</u>

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

13.	Share Capital	1994 £	1993 £
	Authorised		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
14.	Revaluation Reserve	1994 £	1993 £
	Balance brought forward at 1 April 1993	<u>130,802</u>	<u>130,802</u>
	Balance carried forward at 31 March 1994	<u>£ 130,802</u>	<u>£ 130,802</u>
15.	Profit And Loss Account	1994 £	1993 £
	Accumulated losses at 1 April 1993	(897,590)	(1,232,798)
	Retained profit for the year	<u>318,725</u>	<u>335,208</u>
	Accumulated losses at 31 March 1994	<u>£(578,865)</u>	<u>£(897,590)</u>
16.	Reconciliation of Movements in Shareholders' Funds	1994 £	1993 £
	Profit for the financial year	318,725	335,208
	Opening shareholders' funds	<u>(766,688)</u>	<u>(1,101,896)</u>
	Closing shareholders' funds	<u>£(447,963)</u>	<u>£(766,688)</u>

### 17. 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 £1,750,000 (1993: £3,000,000).

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

### 18. Financial Commitments

At 31 March 1994 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1994	1993
	£	£
Expiry date:		
In over five years	470,500	499,000
	<u>£ 470,500</u>	<u>£ 499,000</u>

### 19. Directors' Emoluments

	1994	1993
	£	£
Directors' remuneration (excluding pension contributions)		
The chairman and the highest-paid director	<u>£ 99,231</u>	<u>£ 91,411</u>

The chairman's remuneration is represented by consultancy fees paid to a company in which he is 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	-
£80,001 - £85,000	-	1
£90,001 - £95,000	1	-
	<u>1</u>	<u>1</u>

# Cafe Rouge Limited

## Notes to the Financial Statements for the year ended 31 March 1994

### 20. Employees

#### Number of employees

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

	1994 Number	1993 Number
Administration	21	11
Restaurant	194	190
	<u>215</u>	<u>201</u>

#### Employment costs

	£	£
Wages and salaries	1,908,946	1,296,339
Social security costs	196,820	134,496
	<u>2,105,766</u>	<u>1,430,835</u>

### 21. Ultimate Parent Company

The ultimate parent company is The Pelican Group Plc, a company incorporated in Great Britain.