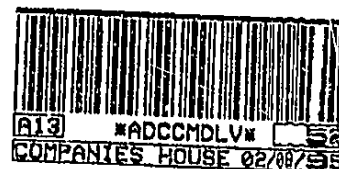


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THE HOTEL AND CATERING  
TRAINING COMPANY LTD  
(A company limited by Guarantee)  
Registered Company No. 2557730

REPORT AND FINANCIAL  
STATEMENTS  
YEAR ENDED 31st MARCH 1995



**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**LEGAL AND ADMINISTRATIVE DETAILS**  
As at 31st March 1995

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**MEMBERS**

Restaurateurs Association of Great Britain  
British Hospitality Association  
Brewers and Licensed Retailers Association

**BOARD OF TRUSTEES (DIRECTORS)**

Roy Ackerman OBE (Chairman) (representing the Restaurateurs Association of Great Britain)  
Anne Voss-Bark (representing the British Hospitality Association)  
Dennis Hearn (representing the British Hospitality Association)  
John Brackenbury (representing the Brewers & Licenced Retailers Association)

**SECRETARY**

David Churchill

**REGISTERED OFFICE**

International House  
High Street  
Ealing  
London W5 5DB

**AUDITORS**

Touche Ross & Co.  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**CHARITY REGISTRATION NUMBER**

1001041

## THE HOTEL AND CATERING TRAINING COMPANY LTD

(A company limited by Guarantee)

### DIRECTORS' REPORT

The Board of Trustees are the Board of Directors for the company.

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

#### 1. ACTIVITIES

The principal activities of The Hotel and Catering Training Company Ltd are to promote and advance for the public benefit the education and training of persons within the industry, to act as the Lead Body and to promote useful research into any matters relating to employment in the industry.

#### 2. REVIEW OF THE YEAR

The results for the year report a deficit of £0.9 million, funded by the reserves of the company, which at the year end stand at £5.5 million.

#### CORE WORK

##### RESEARCH AND CAREERS

We carried out an extensive programme of research and careers work costing over £1.2 million. This includes government sponsored work on occupational standards development to the value of almost £0.6 million. The occupational standards framework for National and Scottish Vocational Qualifications was revised and relaunched in early 1995, promoted through a programme of conferences designed to familiarise all concerned with the revised range of qualifications.

##### AWARD MAKING

1994/95 saw the continual growth of the Company's Award—Making Division which we set up in order to have a direct influence on NVQ/SVQ take-up. This take-up continues to be slower than originally anticipated but is now expected to accelerate next year assisted by changes in the revised occupational standards framework. The activity had planned to start to repay its investment in 1994/95 but owing to the slow take-up of NVQ/SVQ this aim has not been achieved.

##### INVESTMENTS

Core work activities continue to be supported by income from the company's investments. Interest rates remained low during the year reducing the investment income earned. Funds were invested primarily in a mix of Government Bonds and Unit Trusts to maintain income and capture a proportion of long-term market growth. The funds available for investment have further reduced during the year owing to an increase in the level of funding provided to cover the company's deficit including core work.

##### TRAINING DIVISION

The Company's Training division continued to operate, in partnership with TECs and LECs, programmes of youth and adult training covering approximately 3,500 trainees; where the contribution declined due to the increasing trend towards "Output related payments" and difficulties in achieving these "outputs" within the expected timescales. The Training division continued to offer a wide range of training and

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**TRAINING DIVISION (CONTINUED)**

consultancy services. Income relating to this area declined dramatically in the year due mainly to the company's decision to reduce its involvement in projects funded under the European Social Fund, made as a result of the inordinate delays in project approvals. These factors have resulted in a deficit for the division of almost £0.4 million for the year. Total Debtors have decreased following the implementation of stricter controls on the issuing of credit during the year. The stock valuation has further reduced with continuing tight control on re-ordering. During the year the company entered into a sale and contract purchase agreement covering the car fleet. This had the effect of increasing Creditors despite reduced trading and improving the cash flow position.

**SUMMARY**

The company has had a difficult year in challenging operating conditions. It is now taking prompt actions to restructure the company in a way that will allow it to reduce costs, increase income and move to a position where it can start to add to the reserves that have been utilised over the last three years.

**3. BOARD OF TRUSTEES**

The Board of Trustees (Directors) are listed on Page 1. Mr John Wells resigned in February 1995 and was replaced by Mr John Brackenbury.

**4. 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed;
- d. prepare the financial statements on a 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.

**5. EMPLOYEE INVOLVEMENT**

Quarterly Staff Association meetings are held with staff representatives to discuss the financial results and prospects as well as broader aspects of the company's policies.

**THE HOTEL AND CATERING TRAINING COMPANY LTD**

(A company limited by Guarantee)

**6. EMPLOYMENT OF DISABLED PERSONS**

The company gives full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training would be arranged for disabled persons, including retraining for alternative work for employees who become disabled, to promote their career development within the organisation.

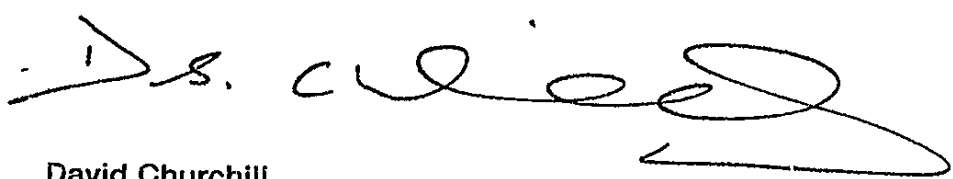
**7. HEALTH AND SAFETY AT WORK**

It is the policy of the company that its operations are executed at all times in such a way as to ensure, so far as reasonably practicable, that standards of health, safety and welfare are maintained in respect of all its employees and of all persons likely to be affected by the company's operations.

**8. AUDITORS**

Touche Ross & Co. have expressed their willingness to continue as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Trustees  
and signed on behalf of the Board



David Churchill  
Secretary

11th July 1995

THE HOTEL AND CATERING TRAINING COMPANY LTD  
(A company limited by Guarantee)

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 9 and 10.

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 as at 31st March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Touche Ross & Co.  
Chartered Accountants and  
Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 3TR

11th July 1995

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31st March 1995**

	NOTE	1995 £	1994 £
<b>TURNOVER</b>	4	16,407,496	17,177,163
Training and core work costs	5	13,492,990	13,366,952
Operating overheads	6	3,177,326	3,434,147
Administrative services	7	1,079,432	1,194,296
<b>TOTAL EXPENDITURE</b>		17,749,748	17,995,495
<b>OTHER OPERATING INCOME:</b>			
Rent receivable and miscellaneous income	4	278,144	273,483
Profit on disposal of fixed assets	4	23,404	16,084
		301,548	289,567
<b>OPERATING DEFICIT – including cost of core work</b>		(1,040,704)	(528,765)
<b>INTEREST RECEIVABLE AND SIMILAR INCOME:</b>			
Interest on investments	4	198,184	285,346
Net (loss)/profit on investments	4,11	(55,182)	30,319
		143,002	315,665
<b>INTEREST PAYABLE AND SIMILAR CHARGES:</b>			
Interest payable		49,559	0
<b>DEFICIT FOR THE YEAR TRANSFERRED FROM RESERVES</b>	4	(947,261)	(213,100)

There are no recognised gains and losses other than the retained deficit for the year, which arises from continuing operations and represents the only movement in accumulated funds.

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**BALANCE SHEET as at 31st March 1995**

	NOTE	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	10	1,906,712	2,208,842
Investments	11	2,467,865	3,158,760
		<hr/> 4,374,577	<hr/> 5,367,602
<b>CURRENT ASSETS</b>			
Stocks	12	75,044	138,095
Debtors	13	2,590,583	2,740,256
Investments	14	839,593	630,046
Cash at bank and in hand		111,292	9,644
		<hr/> 3,616,512	<hr/> 3,518,041
<b>CREDITORS: falling due within one year</b>	15	(1,623,668)	(1,989,787)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1,992,844	1,528,254
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,367,421	6,895,856
<b>CREDITORS: falling due after more than one year</b>	15	(457,208)	0
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	(411,156)	(449,538)
		<hr/> 5,499,057	<hr/> 6,446,318
		<hr/>	<hr/>
<b>RESERVES: Accumulated Fund</b>	17	5,499,057	6,446,318
		<hr/>	<hr/>

These financial statements have been approved by the Board of Trustees  
and are signed on their behalf on 11th July 1995

  
R. ACKERMAN, Chairman



**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**CASH FLOW STATEMENT**  
Year ended 31st March 1995

	NOTE	1995 £	1994 £
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>20</b>	<b>(426,770)</b>	<b>(628,841)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		217,731	212,690
Interest paid		(42,623)	0
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>175,108</b>	<b>212,690</b>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire tangible fixed assets		(147,887)	(485,958)
Receipts from sales of tangible fixed assets		75,031	80,032
Sale of Investments (Government Bonds & Unit Trusts)		1,270,992	507,375
Purchase of Investments (Government Bonds & Unit Trusts)		(635,279)	(1,646,663)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>562,857</b>	<b>(1,545,214)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>21,22</b>	<b>311,195</b>	<b>(1,961,365)</b>

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

## 1. STATUS

The company is a registered charity (No. 1001041) and qualifies for exemption from corporation tax.

The company is limited by guarantee and has no share capital. The Memorandum of Association provides that all members are liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are members or within one year of ceasing to be members.

The company separates its operations into different areas of activity:

- Core work activities — includes research, careers, award-making and lead body. The company's investment income helps fund this area of activity.
- Training Activities — to make available education and training for persons within the industry.

## 2. STATEMENT OF RECOMMENDED PRACTICE NO. 2.

These accounts are prepared in accordance with the recommendations of the Statement of Recommended Practice No. 2, "Accounting by Charities".

## 3. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

### (a) Accounting convention

The financial statements are prepared under the historical cost convention.

### (b) Tangible fixed assets

The cost of tangible fixed assets is written off over the estimated life of the asset on a straight line basis. The depreciation rates used are as follows:

Freehold buildings	2% per annum
Leasehold improvements	Period of lease
Furniture, fittings and equipment	10–25% per annum

THE HOTEL AND CATERING TRAINING COMPANY LTD  
(A company limited by Guarantee)

NOTES TO THE ACCOUNTS  
Year ended 31st March 1995

3. ACCOUNTING POLICIES (continued)

(c) Investments

Investments held as fixed assets are stated at cost, less provision for any permanent diminution in value. Those held as current assets are stated at the lower of cost and market value.

(d) Stocks

Stocks, which comprise course and other training materials, are stated at the lower of cost and net realisable value. No overhead expenditure is included.

(e) Leases

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases. Assets held under Contract Purchase agreements are capitalised at the fair value on the inception of the agreement and depreciated over their estimated useful life. The finance charges are allocated over the period of the agreement in proportion to the capital amount outstanding.

(f) Income

Turnover represents amounts invoiced and/or receivable for training services rendered, and for research undertaken in the year.

Rent receivable represents amounts invoiced in the year.

Income from investments of funds represents amounts earned in the year.

(g) Pensions

The company is a participating employer in the ITB Pension Funds and the basis of arriving at the pension cost is described in Note 19.

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

**4. INCOME AND DEFICIT**

An analysis of income and (deficit)/surplus by type of activity is stated below:

Year ended 31st March 1995	Core Work £	Award Making Division £	Training £	TOTAL £
Turnover	556,943	370,767	15,479,786	16,407,496
Rent receivable and miscellaneous income	18,657	0	259,487	278,144
Interest on investment of funds	185,941	0	12,243	198,184
Loss on investments	(55,182)	0	0	(55,182)
Profit on disposal of fixed assets	0	0	23,404	23,404
Total income	706,359	370,767	15,774,920	16,852,046
Deficit	(529,997)	(31,888)	(385,376)	(947,261)

Year ended 31st March 1994	Core Work £	Award Making Division £	Training £	TOTAL £
Turnover	296,818	307,031	16,573,314	17,177,163
Rent receivable and miscellaneous income	12,000	0	261,483	273,483
Interest on investment of funds	274,916	0	10,430	285,346
Profit on investments	30,319	0	0	30,319
Profit on disposal of fixed assets	0	0	16,084	16,084
Total income	614,053	307,031	16,861,311	17,782,395
(Deficit) / Surplus	(389,059)	(43,942)	219,901	(213,100)

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

5. TRAINING AND CORE WORK SERVICES	1995 £	1994 £
Staff salaries and employment	5,276,542	5,280,583
Staff Related costs	717,047	753,817
Direct Core Work and Training Costs	7,499,401	7,332,552
	<u>13,492,990</u>	<u>13,366,952</u>
	=====	=====

6. OPERATING OVERHEADS	1995 £	1994 £
Premises costs	1,382,707	1,325,938
Publicity and promotion	255,993	416,488
Sundry expenses	1,538,626	1,691,721
	<u>3,177,326</u>	<u>3,434,147</u>
	=====	=====

7. ADMINISTRATION SERVICES	1995 £	1994 £
Staff salaries and cost of employment	576,954	638,440
Staff related costs	69,014	89,418
Premises costs	394,585	338,765
Sundry expenses	38,879	127,773
	<u>1,079,432</u>	<u>1,194,396</u>
	=====	=====

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

8. DEFICIT	1995	1994
	£	£
The deficit for the year is after charging:		
Rentals under operating leases		
Other operating leases	1,427,320	1,586,524
Depreciation charges	398,390	415,281
Auditors' remuneration	21,000	21,000
	=====	=====

**9. INFORMATION REGARDING TRUSTEES AND EMPLOYEES**

The trustees did not receive any remuneration, but were reimbursed for £353 of expenses which were incurred in attending Board meetings.

Employee costs during the year:	1995	1994
	£	£
Wages and salaries	5,253,699	5,261,986
Social security costs	466,415	492,396
Other pension costs	117,431	111,003
	-----	-----
	5,837,545	5,865,385
	=====	=====

Average number of persons employed during the year including both full and part time employees. (Each part time employee is shown as equivalent to half a full time employee).

	1995	1994
	No.	No.
Training division	322	338
Core work division	36	31
	-----	-----
	358	369
	=====	=====

(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

**10. TANGIBLE FIXED ASSETS**

	Land and Buildings £	Short leasehold improvements £	Furniture, fittings and equipment £	Total £
<b>COST</b>				
At 1st April 1994	920,634	582,760	3,276,367	4,779,761
Additions	0	4,115	143,772	147,887
Disposals	0	(72,409)	(318,785)	(391,194)
At 31st March 1995	920,634	514,466	3,101,354	4,536,454
<b>ACCUMULATED DEPRECIATION</b>				
At 1st April 1994	64,771	386,070	2,120,078	2,570,919
Charge for the year	12,913	44,264	341,213	398,390
Disposals	0	(72,409)	(267,158)	(339,567)
At 31st March 1995	77,684	357,925	2,194,133	2,629,742
<b>NET BOOK VALUE</b>				
At 31st March 1995	842,950	156,541	907,221	1,906,712
At 31st March 1994	855,863	196,690	1,156,289	2,208,842

Details of fixed assets set out above include fully depreciated items totalling £ 1,264,995 as at 31st March 1995 (1994 – £1,265,696)

The Net Book Value of assets held under Contract Purchase Agreements total £ 551,450 as at 31st March 1995 (1994 – Nil)

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

**11. INVESTMENTS HELD AS FIXED ASSETS**

	UNIT TRUST £	GILT £	TOTAL £
<b>COST</b>			
At 1st April 1994	856,905	2,344,323	3,201,228
Purchases	0	635,279	635,279
Sales	(347,912)	(933,985)	(1,281,897)
	-----	-----	-----
At 31st March 1995	508,993	2,045,617	2,554,610
	-----	-----	-----
<b>PROVISION</b>			
At 1st April 1994	0	42,468	42,468
Applied to disposals	0	(16,919)	(16,919)
Adjustment to provision	0	61,196	61,196
	-----	-----	-----
At 31st March 1995	0	86,745	86,745
	-----	-----	-----
<b>NET BOOK VALUE AS AT 31st MARCH 1995</b>	<b>508,993</b>	<b>1,958,872</b>	<b>2,467,865</b>
	=====	=====	=====
<b>NET BOOK VALUE AS AT 31st March 1994</b>	<b>856,905</b>	<b>2,301,855</b>	<b>3,158,760</b>
	=====	=====	=====

The loss on investments of £ 55,182 includes a £ 6,014 profit on disposals and an increase of £ 61,196 in the provision for diminution of value.

The market value of listed investments at 31st March 1995 was £1,958,872 (original cost £2,045,617)

The market value of unlisted Unit Trusts at 31st March 1995 was £564,549 (original cost £508,993)

**12. STOCKS**

	1995 £	1994 £
Consumables	75,044	138,095
	=====	=====

Stocks comprise course and other training materials.



THE HOTEL AND CATERING TRAINING COMPANY LTD  
(A company limited by Guarantee)

NOTES TO THE ACCOUNTS  
Year ended 31st March 1995

13. DEBTORS	1995 £	1994 £
Trade debtors	1,368,800	1,576,688
Other debtors	34,323	43,931
Prepayments and accrued income	1,187,460	1,120,637
	-----	-----
	2,590,583	2,740,256
	=====	=====

14. INVESTMENTS HELD AS CURRENT ASSETS	1995 £	1994 £
Unlisted - Short Term Investments - deposits	839,593	630,046
	=====	=====

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1995 £	1994 £
Trade creditors	603,789	692,171
Other creditors	124,999	16,022
Taxation and social security	351,292	333,093
Accruals and deferred income	543,508	949,501
	-----	-----
	1,623,668	1,989,787
	-----	-----

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Contract Purchase Obligations	457,208	0
	-----	-----
TOTAL CREDITORS	2,080,876	1,989,787
	=====	=====

Other creditors includes a figure of £ 120,667 relating to contract purchase obligations.  
The contract purchase obligations of £ 457,208 falls due between two and five years.

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
Year ended 31st March 1995

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	Opening Balance 1st April 1994 £	Provided / (Released) in year £	Applied in year £	Closing Balance 31st March 1995 £
Dilapidations and associated costs in respect of property leases	318,602	61,889	(52,418)	328,073
Other provisions	130,936	0	(47,853)	83,083
	<u>449,538</u>	<u>61,889</u>	<u>(100,271)</u>	<u>411,156</u>
	=====	=====	=====	=====

The company has arrived at certain relevant amounts included above after reference to external advice.

The Company receives income from the European Social Fund. It is possible that a proportion of that income may be clawed back. No provision has been made for this as the amount is expected to be immaterial.

**17. ACCUMULATED FUND**

	1995 £	1994 £
Balance at 1st April	6,446,318	6,659,418
Deficit for the year transferred from the Income and Expenditure Account	(947,261)	(213,100)
Balance at 31st March	<u>5,499,057</u>	<u>6,446,318</u>
	=====	=====

**18. OPERATING LEASE COMMITMENTS**

At 31st March 1995 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings 1995 £
Leases which expire:	
Within one year	338,787
Within two to five years	299,121
After five years	439,749
	<u>1,077,657</u>
	=====
£	

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

**19. PENSION SCHEME**

The company is a participating member of the ITB Pension Funds, an industry wide scheme in operation for the Industrial Training Boards and their successors. The assets of the scheme are held separately from those of the company in an independently administered fund. The actuarial liability is determined for the scheme as a whole and not for the individual participating employers. The company pays contributions as determined by the scheme's trustees and has no control over the amount funded. For practical purposes the contributions paid to the scheme comprise the company's pension costs relating to the employees who are members of the scheme and these are charged to the profit and loss account in the period to which the contributions relate.

The scheme comprises two funds:

**The Closed Fund:** The Closed Fund was established in 1983 to cater for former members of the Industrial Training Boards' Combined Fund who had been employed by one of the Boards which was abolished by the then Secretary of State for Employment. Certain former members who had been employed by one of the continuing Boards were also included in the Closed Fund.

The Closed Fund is now valued triennially by an independent qualified actuary. The last formal valuation was at 31st March 1991, which showed the market value of the assets was £148.4 million and the actuarial value of those assets represented 164% of the benefits that had accrued to the members. For the purpose of that valuation the actuary assumed investment returns would be 8.5% and that future pensions in payment would increase by 6.5% per annum. The valuation at 31st March 1994 is currently in progress, the results of which are not yet available.

**The Open Fund:** The Open Fund was formed in 1983 from an apportionment of the Combined Fund, and originally comprised those members of the Combined Fund whose employment was not terminated in the financial year 1982/83 as a result of measures taken by the then Secretary of State for Employment.

The Open Fund is valued triennially by an independent qualified actuary. The last formal valuation was at 31st March 1992, which showed the market value of the assets was £196.9 million and the actuarial value of those assets represented 112% of the benefits that had accrued to the members. For the purpose of that valuation the actuary assumed investment returns would be 8.5%, increases in total pensionable earnings would be 7% and that future pensions in payment would increase by 5.5% per annum.

During the year the contribution rates for both employer and employee were reduced by 1%. As a result the company contributed to the scheme at the rate of 5% and 6% of the pensionable earnings of employees who are members of the scheme. Employees contributed at the rate of 5% or 6%. The pension cost charge of £117,431 (1994 - £111,003) represents contributions payable by the company to the scheme.

The Government has a commitment to provide pensions for the past Chairmen of the Hotel and Catering Industry Training Board on broadly similar terms to those provided for staff by the ITB Pension Funds and at 31st March 1995 the amounts set aside relating to this matter totalled £3,895.

**THE HOTEL AND CATERING TRAINING COMPANY LTD**  
(A company limited by Guarantee)

**NOTES TO THE ACCOUNTS**  
**Year ended 31st March 1995**

20. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	1995	1994
	£	£
Operating Deficit for the year	(1,040,704)	(528,765)
Profit on disposal of tangible fixed assets	(23,404)	(16,084)
Depreciation charges	398,390	415,281
Decrease in Stocks	63,051	83,766
Decrease / (Increase) in Debtors	130,126	(359,456)
Increase in Creditors	84,153	57,843
Provisions (applied)	(100,271)	(62,238)
Provisions increased/(released)	61,889	(219,188)
Net cash outflow from operating activities	<u>(426,770)</u>	<u>(628,841)</u>

21. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1995	1994
	£	£
Opening balance	639,690	2,601,055
Net cash inflow / (outflow)	311,195	(1,961,365)
Closing balance	<u>950,885</u>	<u>639,690</u>

22. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET	1995	1994	Change in Year
	£	£	£
Cash at bank and in hand	111,292	9,644	101,648
Short-term investments – deposits	839,593	630,046	209,547
	<u>950,885</u>	<u>639,690</u>	<u>311,195</u>