

2591701

**Quaglino's Restaurant Limited
Report and Accounts**

31 March 1997



Quaglino's Restaurant Limited

Registered No. 2591701

DIRECTORS

Sir Terence Conran (Chairman)
D Gunewardena
J Kissin

SECRETARY

D Gunewardena

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

22 Shad Thames
London SE1 2YU

Quaglino's Restaurant Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1997.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 6 and shows the profit before taxation for the year of £2,200,000 (1996 - £2,019,000). A dividend of £350,000 was paid during the year.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is that of restaurateurs.

During the year the company purchased the interest in its lease from Sir Terence Conran for an independently valued consideration of £3,000,000.

The directors consider the results to be satisfactory.

DIRECTORS AND THEIR INTERESTS

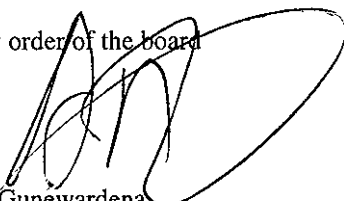
The directors of the company during the year are as listed on page 2. Their interests in the ordinary share capital of the company were as follows:

	<i>Ordinary shares 31 March 1997</i>	<i>Ordinary shares 31 March 1996</i>
J Kissin	20	20

167 Ordinary Shares are held by the parent undertaking, Conran Holdings Limited, a company controlled by Sir Terence Conran and in which D Gunewardena has an interest. The interests of the directors in Conran Holdings Limited are disclosed in the accounts of that company.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

D. Gunewardena
Secretary

- 7 NOV 1997

Quaglino's Restaurant Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Quaglino's Restaurant Limited

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

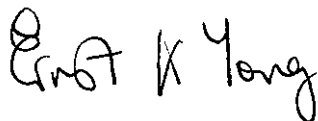
Basis of opinion

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 related to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

- 7 NOV 1997

Quaglino's Restaurant Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1997

	<i>Notes</i>	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
TURNOVER	2	9,425	9,813
Cost of sales		(6,929)	(7,376)
		<hr/>	<hr/>
GROSS PROFIT		2,496	2,437
Administrative expenses		(432)	(468)
		<hr/>	<hr/>
OPERATING PROFIT	3	2,064	1,969
Interest receivable	6	144	59
Interest payable and similar charges	7	(8)	(9)
		<hr/>	<hr/>
		136	50
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,200	2,019
Tax on profit on ordinary activities	8	(762)	(680)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,438	1,339
Dividends	9	(350)	(350)
		<hr/>	<hr/>
PROFIT RETAINED FOR THE FINANCIAL YEAR		1,088	989
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the company for the year of £1,438,000 (1996 - £1,339,000).

Quaglino's Restaurant Limited

BALANCE SHEET at 31 March 1997

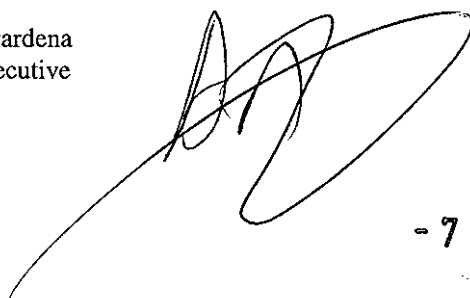
	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Tangible assets	10	4,660	1,933
CURRENT ASSETS			
Stock	11	137	64
Debtors	12	479	439
Cash at bank and in hand		4	1,260
		620	1,763
CREDITORS: amounts falling due within one year	14	(2,525)	(2,029)
NET CURRENT LIABILITIES		(1,905)	(266)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,755	1,667
SHAREHOLDERS' FUNDS			
Called up share capital	15	-	-
Profit and loss account	16	2,755	1,667
		2,755	1,667

Approved by the board

Sir Terence Conran
Chairman



D Gunewardena
Chief Executive



- 7 NOV 1997

Quaglino's Restaurant Limited

STATEMENT OF CASH FLOWS for the year ended 31 March 1997

	<i>Note</i>	<i>1997 £'000</i>	<i>1996 £'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	2,296	2,442
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		144	53
Interest paid		(8)	(9)
Dividend paid to Minority Interest		(58)	(58)
		<hr/>	<hr/>
NET CASH FLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		78	(14)
		<hr/>	<hr/>
TAXATION			
UK corporation tax paid		(578)	(266)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(3,124)	(132)
Sale of tangible fixed assets		-	1
		<hr/>	<hr/>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(3,124)	(131)
		<hr/>	<hr/>
EQUITY DIVIDENDS PAID		(292)	(292)
		<hr/>	<hr/>
CASHFLOW BEFORE FINANCING		(1,620)	1739
		<hr/>	<hr/>
FINANCING			
Repayment of loan from parent undertaking	13(b)	(84)	(250)
Loan to group undertaking	13(b)	103	(103)
		<hr/>	<hr/>
NET CASH FLOW FROM FINANCING		19	(353)
(DECREASE)/INCREASE IN CASH IN THE PERIOD	13(a)	(1,601)	1,386
		<hr/>	<hr/>

Quaglino's Restaurant Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents sales to outside customers at invoiced amounts excluding service charge and Valued Added Tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on the original cost of the assets at the following fixed instalment rates:

Plant and equipment	-	over 4 years
Furniture, fixtures and fittings	-	over 4 years
Computer and office equipment	-	over 4 years
Leasehold improvements	-	over the shorter of the period of the lease and 25 years
Leasehold Properties	-	no depreciation is provided on freehold and long leasehold properties with more than 25 years to run as it is the group's policy to maintain these assets in a continual state of sound repair.
Safety equipment	-	over 4 years

During the financial year, crockery, linen and staff uniforms have been transferred from fixed assets to current assets.

Stocks

Stocks consist of raw materials, consumables, crockery, linen and staff uniforms. Raw materials and consumables are stated at the lower of cost and net realisable value on a first-in, first-out basis.

Crockery, linen and staff uniforms are accounted for on a renewal basis.

Leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Any benefit received as an incentive to sign a lease is spread on a straight-line basis over the period to the first rent review date, in accordance with UITF12.

Prior Year Comparatives

Prior year comparatives have been restated where necessary to be on a consistent basis with this financial year.

2. TURNOVER

Turnover, attributable to continuing operations, is derived from the sale of food, wines, spirits, beverages and sundry items.

Quaglino's Restaurant Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

3. OPERATING PROFIT

(a) This is stated after charging:

	1997 £'000	1996 £'000
Depreciation	306	292
Auditor's remuneration - audit	7	7
- other services	7	2
Lease rentals on land and buildings	193	213
Staff costs (see note 5)	2,555	2,343

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	1997 £'000	1996 £'000
Operating profit	2,064	1,969
Depreciation	306	292
Write off of fixed assets	11	20
Transfer from fixed assets to current assets	79	-
Increase in debtors	(175)	53
Decrease/(increase) in stock	(72)	54
Increase/(decrease) in creditors	83	54
	2,296	2,442

4. DIRECTORS' REMUNERATION

The company has an agreement with Terence Conran Limited, a company beneficially owned by Sir Terence Conran, for the provision of the services of Sir Terence Conran as a director and Chairman, and D Gunewardena as a director. D Gunewardena is remunerated by that company and also by the parent company, Conran Holdings Limited.

The fees payable by the company under this agreement are subject to annual review and for the year to 31 March 1997 amounted to £70,000 (1996 - £72,000). No remuneration is payable directly to these directors nor are any pension contributions payable on their behalf.

Management services are provided to the company by Conran Restaurants Limited, a fellow subsidiary undertaking and J Kissin is remunerated by that company.

Quaglino's Restaurant Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

5. STAFF COSTS

Staff costs (including executive directors) consist of:	<i>1997</i>	<i>1996</i>
	<i>£'000</i>	<i>£'000</i>
Wages	2,306	2,371
Less: service charge receivable (until 30 June 1995)	-	(302)
Pensions	5	3
Other staff costs	76	58
Social security	168	213
	<u>2,555</u>	<u>2,343</u>

The average number of full-time employees during the year was 215 (1996 - 209).

From 1 July 1995, a system was introduced such that service charges are collected and distributed by a "Tronc" committee which is independent of the company. From this date therefore, service charge income and costs have not been accounted for by the company.

6. INTEREST RECEIVABLE

	<i>1997</i>	<i>1996</i>
	<i>£'000</i>	<i>£'000</i>
Bank interest receivable	142	59
Interest on corporation tax overpayment	2	-
	<u>144</u>	<u>59</u>

7. INTEREST PAYABLE

	<i>1997</i>	<i>1996</i>
	<i>£'000</i>	<i>£'000</i>
Bank interest and similar charges	8	7
Loan from parent undertaking	-	2
	<u>8</u>	<u>9</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>1997</i>	<i>1996</i>
	<i>£'000</i>	<i>£'000</i>
UK corporation tax at 33%	762	680
	<u>762</u>	<u>680</u>

9. DIVIDENDS

	<i>1997</i>	<i>1996</i>
	<i>£'000</i>	<i>£'000</i>
Ordinary final paid	350	350
	<u>350</u>	<u>350</u>

Quaglino's Restaurant Limited

NOTES TO THE ACCOUNTS at 31 March 1997

10. TANGIBLE FIXED ASSETS

	Leasehold premises £'000	Leasehold improvements £'000	Linen & staff uniforms £'000	Crockery cutlery etc. £'000	Furniture fixtures & fittings £'000	Plant & kitchen equipment £'000	Maintenance & safety equipment £'000	Total £'000
Cost								
At 1 April 1996	-	1,839	33	57	255	507	11	2,702
Additions	3,032	12	-	-	15	63	2	3,124
Disposals	-	-	-	-	-	(1)	-	(1)
Write offs during year	-	-	(8)	(3)	-	-	-	(11)
Transfers to current assets	-	-	(25)	(54)	-	-	-	(79)
At 31 March 1997	3,032	1,851	-	-	270	569	13	5,735
Depreciation								
At 1 April 1996	-	270	-	-	154	344	2	770
Disposals	-	-	-	-	-	(1)	-	(1)
Provided during year	-	89	-	-	70	144	3	306
At 31 March 1997	-	359	-	-	224	487	5	1,075
Net book value:								
At 31 March 1997	3032	1,492	-	-	46	82	8	4,660
At 1 April 1996	-	1,569	33	57	101	163	9	1,933

Quaglino's Restaurant Limited

11. STOCK

	1997 £'000	1996 £'000
Transfers from fixed assets	79	-
Raw materials	58	64
	<u>137</u>	<u>64</u>

12. DEBTORS: due within one year

	1997 £'000	1996 £'000
Trade debtors	252	217
Amounts owed by group undertakings	99	108
Prepayments	82	59
Other debtors	32	9
ACT debtor	14	46
	<u>479</u>	<u>439</u>

13(a) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1997 £'000	1996 £'000
(Decrease)/increase in cash in the period	(1,601)	1,386
Repayment of loan from parent undertaking	84	250
Loan to group undertaking	(103)	103
	<u>(1,620)</u>	<u>1,739</u>
Change in net debt	(1,620)	1,739
Net funds at 1 April 1996	1,279	(460)
	<u>1,279</u>	<u>(460)</u>
Net debt at 31 March 1997	(341)	1,279

13(b) ANALYSIS OF CHANGES IN NET DEBT

	As at 1 April 1996 £'000	Cash flow £'000	As at 31 March 1997 £'000
Cash at bank and in hand	1,260	(1,256)	4
Bank overdraft	-	(345)	(345)
Repayment of loan from parent undertaking	(84)	84	-
Loan to group undertaking	103	(103)	-
	<u>1,279</u>	<u>(1,620)</u>	<u>(341)</u>

Quaglino's Restaurant Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

14. CREDITORS: amounts falling due within one year

	1997 £'000	1996 £'000
Bank overdraft	345	-
Payments received on account	37	21
Trade creditors	316	301
Amounts owed to group undertakings	109	127
Corporation tax	957	492
Other taxation and social security	409	357
Other creditors	95	24
Accruals	169	292
Payable to group companies in respect of group relief	88	415
	<u>2,525</u>	<u>2,029</u>

15. SHARE CAPITAL

	1997 No.	Authorised 1996 No.	Allotted, called up and fully paid	
			1997 £	1996 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>200</u>	<u>200</u>

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT IN RESERVES

	Profit and loss loss account 1997 £'000	Profit and loss account 1996 £'000
At 1 April 1996	1,667	678
Profit After Tax	1,438	1339
Dividends	(350)	(350)
At 31 March 1997	<u>2,755</u>	<u>1,667</u>

17. LEASE COMMITMENTS

The company leases certain land and buildings. The rents payable under these leases are subject to reviews at intervals specified in the lease. The rental for the year on these leases was £193,000 (1996 - £213,000).

Quaglino's Restaurant Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

17. LEASE COMMITMENTS (Continued)

The current annual rentals under the foregoing leases are as follows:

	<i>Property 1997 £'000</i>	<i>Property 1996 £'000</i>
Operating leases which expire:		
- within one year	-	-
- within two to five years	48	-
- after five years	125	222
	<u>173</u>	<u>222</u>

18. CAPITAL COMMITMENTS

	<i>1997 £'000</i>	<i>1996 £'000</i>
Authorised and contracted	<u>31</u>	<u>-</u>

19. ULTIMATE PARENT UNDERTAKING

Quaglino's Restaurant Limited is a subsidiary undertaking of Conran Holdings Limited, registered in England and Wales. The results of the company are consolidated in the accounts of Conran Holdings Limited.

20. RELATED PARTY TRANSACTIONS

Conran Restaurants Limited, a fellow subsidiary of Conran Holdings Limited, provides a central purchasing and warehousing service for the restaurants at cost. The company also pays administration fees to Conran Restaurants Limited for head office and warehousing services.

The value of these transactions during the year was:

	<i>1997 £'000</i>
Goods purchased	909
Administration fees	330
	<u>1,239</u>

The company paid rent of £188,000 on its premises to its landlord, Sir Terence Conran. On 1 November 1996 the leasehold of these premises was purchased from Sir Terence Conran for an independently valued consideration of £3,000,000.

There were no other material related party transactions, except for fees for the services of directors, detailed in note 4 to these accounts.