

DIRECTORS' REPORT

Registered Office

Bank House
19 High Street
Lutterworth
Leicestershire

Company No

2108452

The directors present their annual report, together with the audited financial statements, for the year ended 30 June 2000.

1. Principal Activity and Review of Business

The principal activity of the company during the year continued to be the provision of contract catering services. A summary of the results for the year is set out in the Profit and Loss Account on page 4 of these financial statements. In the opinion of the directors, the company continues to make satisfactory progress.

2. Results and Dividend

The directors recommended the payment of a dividend of £38,000. It is proposed that the retained profit of £116,483 is transferred to reserves.

3. Fixed Assets

Full details of the disclosures in respect of fixed assets are given in the notes to the attached financial statements. The group continues to invest in the development of its products to ensure their continued success in competitive markets.

4. Year 2000 and the Introduction of the Euro

The directors have considered the potential impact and extent of Year-2000 compatibility and the introduction of the Euro on the business and operations of the company. Assessments have been made of all potential difficulties that may arise, having regard to the inherent uncertainties and risks involved. Steps have been taken to ensure that all the company's systems are fully compliant and that its relationships with key customers and suppliers will not be adversely affected by any potential compatibility difficulties.

5. Employees

It is the company's policy to ensure that employees are kept fully involved in all matters relevant to their employment and to provide employees with all relevant information to enable their full participation in such matters.

6. Donations

The company made charitable donations during the year amounting to £600.

CATERING PARTNERSHIP LIMITED

DIRECTORS' REPORT

(Continued)

7. Directors

The directors who held office during the year, together with their beneficial interests in the shares of the company, were as follows:-

Mr H Gadsden
Mr A J Coombs

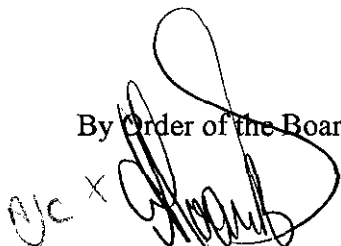
In that the company is a wholly-owned subsidiary of Catering Partnership (Holdings) Limited, the directors have no interests in the shares of the company. The directors' interests in the shares of the parent company are disclosed in the Director's Report of that company.

A statement of directors' responsibilities is set out on page 3.

8. Auditors

The auditors, Messrs Crowfoot and Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By Order of the Board

A handwritten signature in black ink, appearing to be 'A J Coombs', is written over the text 'By Order of the Board'.

Secretary

21 September 2000

CATERING PARTNERSHIP 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 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 judgments and estimates that are reasonable and prudent

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.

**AUDITORS' REPORT TO THE MEMBERS OF
CATERING PARTNERSHIP LIMITED**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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 financial statements and to report our opinion to you.

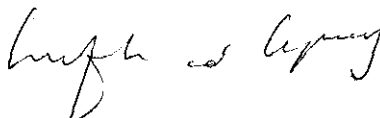
Basis of Opinion

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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor

21 September 2000

Chartered Accountants

CATERING PARTNERSHIP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2000

		2000		1999	
	Note	£	£	£	£
Turnover - continuing activities	2		6,766,031		5,460,029
Cost of sales			5,832,925		4,621,988
			<hr/>		<hr/>
Gross Profit			933,106		838,041
Administrative expenses		559,232		514,182	
Other operating charges		310,367		234,439	
Other income		(144,829)		(106,365)	
		<hr/>	724,770	<hr/>	642,256
			<hr/>		<hr/>
Operating Profit - continuing activities	3		208,336		195,785
Interest payable			8,797		4,991
			<hr/>		<hr/>
Profit on ordinary activities before taxation			199,539		190,794
Taxation	6		45,056		60,150
			<hr/>		<hr/>
Profit on ordinary activities after taxation			154,483		130,644
Dividend:-	7				
on equity shares		38,000		24,000	
on non-equity shares		-	38,000	-	24,000
		<hr/>	<hr/>	<hr/>	<hr/>
Retained profit for the financial year			116,483		106,644
Retained profit at 1 July 1999			292,257		185,613
			<hr/>		<hr/>
Retained profit at 30 June 2000			408,740		292,257
			<hr/> <hr/>		<hr/> <hr/>

CATERING PARTNERSHIP LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 JUNE 2000**

	2000	1999
	£	£
Profit for the financial year	116,483	106,644
	<hr/>	<hr/>
Total gains and losses relating to the year and recognised since last annual report	116,483	106,644
	<hr/> <hr/>	<hr/> <hr/>

CATERING PARTNERSHIP LIMITED

BALANCE SHEET - 30 JUNE 2000

		2000		1999	
	Note	£	£	£	£
Tangible Fixed Assets	8		72,004		69,829
Current Assets	9	1,619,165		1,391,455	
		<u> </u>		<u> </u>	
Creditors: amounts falling due within one year	10	1,250,593		1,155,604	
		<u> </u>		<u> </u>	
Net Current Assets			368,572		235,851
			<u> </u>		<u> </u>
			440,576		305,680
Creditors: amounts falling due after more than one year					
Bank loans	11	16,385		-	
Obligations under hire purchase contracts	13	4,509		2,873	
		<u> </u>		<u> </u>	
			20,894		2,873
			<u> </u>		<u> </u>
			419,682		302,807
Deferred Taxation	14		2,942		2,550
			<u> </u>		<u> </u>
			416,740		300,257
			<u> </u>		<u> </u>
Capital and Reserves					
Called up share capital	15		8,000		8,000
Profit and loss account			408,740		292,257
			<u> </u>		<u> </u>
Shareholders' Funds: including non-equity interests	16		416,740		300,257
			<u> </u>		<u> </u>

Approved by the Board on 21 September 2000

Directors

CATERING PARTNERSHIP LIMITED

CASHFLOW STATEMENT

YEAR ENDED 30 JUNE 2000

	2000 £	1999 £
Reconciliation of Operating Profit to Net Cashflow from Operating Activities		
Operating profit	208,336	195,785
Depreciation	19,060	21,224
Increase in stocks	(11,454)	(34,393)
Increase in debtors	(390,394)	(395,540)
(Decrease)/increase in creditors	(21,826)	416,424
Loss on sale of fixed assets	-	1,248
Loss /(profit) on sale of motor vehicles	7,441	(4,305)
	<hr/>	<hr/>
Net Cash (Outflow)/Inflow from Operating Activities	(188,837)	200,443
	<hr/>	<hr/>
Cashflow Statement	£	£
Net cash (outflow)/inflow from operating activities	(188,837)	200,443
Returns on investments and servicing of finance (note 22)	(8,797)	(4,991)
Capital expenditure (note 22)	(26,682)	14,873
Financing (note 22)	38,590	(25,361)
Taxation paid	(47,782)	(33,629)
Dividends paid	(38,000)	(24,000)
	<hr/>	<hr/>
(Decrease)/Increase in Cash	(271,508)	127,335
	<hr/>	<hr/>
Reconciliation of Net Cashflow to Movement in Net Debt (note 23)	£	£
(Decrease)/increase in cash in the year	(271,508)	127,335
Cash (outflow)/inflow from changes in debts and lease financing	(37,701)	25,362
	<hr/>	<hr/>
Changes in net debt resulting from cashflows	(309,209)	152,697
New finance leases	(12,817)	(8,014)
	<hr/>	<hr/>
Movement in net debt in the year	(322,026)	144,683
Net funds at 1 July 1999	194,624	49,941
	<hr/>	<hr/>
Net (Debt)/Funds at 30 June 2000	(127,402)	194,624
	<hr/>	<hr/>

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2000

1. Accounting Policies

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b. Turnover

Turnover represents net invoices sales of goods excluding value added tax.

c. Tangible Fixed Assets

Depreciation has been provided at the following annual rates in order to write off the cost of each asset over its estimated useful life:-

Computer equipment	25% on reducing balance
Office equipment, fixtures and fittings	15% on reducing balance
Motor vehicles	30% on reducing balance

d. Stocks

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

e. Accounting for Leases and Hire Purchase Contracts

Assets financed by hire purchase and leasing agreements which give rights approximating to ownership (finance leases) have been capitalised at amounts equal to the original cost of the assets to the lessors and depreciation provided on the basis of company depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the current year's interest element is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligations in each period. Amounts payable under operating leases are charged to the profit and loss account when incurred, on an accruals basis

f. Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

g. Pensions

The company operates a defined contribution pension scheme for the directors and some staff. Payments are charged to the profit and loss account in the year in which they are incurred.

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

2. Turnover

The turnover and profit is attributable to the one principal activity of the company.

All turnover is derived from the United Kingdom.

3. Operating Profit	2000	1999
is stated after charging:-	£	£
Depreciation of tangible fixed assets:-		
owned assets	17,157	8,253
assets held under hire purchase contracts and finance leases	1,903	12,971
Directors' remuneration including benefits in kind	63,265	54,856
Directors' pension contributions	926	2,547
Auditors' remuneration	5,000	3,888
Operating lease rentals:		
land and buildings	10,000	11,500
plant, equipment and vehicles	38,912	35,004
	<u> </u>	<u> </u>
and after crediting:-		
Bank interest received	5,441	5,512
	<u> </u>	<u> </u>

4. Employment Costs

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

	Number	Number
Catering staff	359	289
Head office staff	25	26
	<u> </u>	<u> </u>
	384	315
	<u> </u>	<u> </u>

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

4. Employment Costs (continued)	2000 £	1999 £
Staff costs, including directors' remuneration, were as follows:-		
Wages and salaries	2,944,684	2,316,068
Social security costs	199,040	173,159
Other pension costs	2,589	5,153
	<hr/>	<hr/>
	3,146,313	2,494,380
	<hr/>	<hr/>
5. Interest payable and similar Charges	£	£
Bank loans and overdraft	6,633	358
Hire purchase	2,164	4,335
Late taxation	-	298
	<hr/>	<hr/>
	8,797	4,991
	<hr/>	<hr/>
6. Taxation	£	£
Corporation tax at 20% - 22% (1999 20% - 24%) based on the taxable result for the year	47,846	43,824
Prior year adjustment	(3,182)	16,190
Deferred taxation	392	136
	<hr/>	<hr/>
	45,056	60,150
	<hr/>	<hr/>
The company is a close company under the terms of the Income and Corporation Taxes Act 1988.		
7. Dividend	£	£
Paid during the year on ordinary shares	38,000	24,000
Paid during the year on 'A' ordinary shares	-	-
	<hr/>	<hr/>
	38,000	24,000
	<hr/>	<hr/>

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

8. Tangible Fixed Assets

	Computer Equipment	Office Equipment Fixtures and Fittings	Motor Vehicles	Total
Cost	£	£	£	£
As at 1 July 1999	46,838	40,678	71,730	159,246
Additions	16,724	10,952	6,000	33,676
Disposals	-	-	(35,715)	(35,715)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2000	63,562	51,630	42,015	157,207
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation				
As at 1 July 1999	27,845	15,078	46,494	89,417
Charge for the year	9,057	5,113	4,890	19,060
Eliminated on disposals	-	-	(23,274)	(23,274)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2000	36,902	20,191	28,110	85,203
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
As at 30 June 2000	26,660	31,439	13,905	72,004
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 1999	18,993	25,600	25,236	69,829
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of £72,004 (1999 £69,829) includes £6,552 (1999 £31,701) in respect of assets held under finance leases and hire purchase agreements.

9. Current Assets

	2000 £	1999 £
Stocks (note 12)	84,680	73,226
Trade debtors	559,353	473,404
Amounts due to group company	810,782	538,090
Other debtors	6,785	13,223
Called up share capital not paid	5,000	5,000
Prepayments	124,321	86,130
Cash at bank and in hand	28,244	202,382
	<hr/>	<hr/>
	1,619,165	1,391,455
	<hr/>	<hr/>

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

10. Creditors: amounts falling due within one year	2000	1999
	£	£
Bank loan (note 11)	32,104	-
Bank overdraft (note 11)	97,370	-
Obligations under hire purchase contracts (note 13)	5,278	4,885
Trade creditors	658,298	580,236
Corporation tax	47,846	60,898
Other creditors	136,525	110,237
Other taxes and social security	212,864	233,974
Accruals	60,308	165,374
	<u>1,250,593</u>	<u>1,155,604</u>

11. Bank Loans and Overdrafts

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

12. Stocks	£	£
Goods for re-sale	84,680	73,226
	<u>84,680</u>	<u>73,226</u>

If valued at replacement cost at 30 June 2000, the value of goods for re-sale would not be materially different from the balance sheet value.

13. Obligations under Hire Purchase Contracts	£	£
Falling due within one year	6,377	5,852
Falling due within two to five years	5,348	3,415
	<u>11,725</u>	<u>9,267</u>
Less finance charges allocated to future periods	1,938	1,509
	<u>9,787</u>	<u>7,758</u>

Liabilities under hire purchase contracts are secured on related fixed assets.

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

14. Deferred Taxation

	2000		1999	
	Provided £	Unprovided £	Provided £	Unprovided £
Provision for taxation deferred in respect of accelerated capital allowances	2,942	-	2,550	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15. Called Up Share Capital

	2000 £	1999 £
Authorised		
5,000 ordinary shares of £1 each	5,000	5,000
5,000 'A' ordinary shares of £1 each	5,000	-
	<u>10,000</u>	<u>5,000</u>
Allotted and issued		
3,000 ordinary shares of £1 each	3,000	3,000
5,000 'A' ordinary shares of £1 each	5,000	-
	<u>8,000</u>	<u>3,000</u>
Fully paid		
3,000 ordinary shares of £1 each	3,000	3,000
5,000 'A' ordinary shares of £1 each	-	-
	<u>3,000</u>	<u>3,000</u>

The 'A' ordinary shares carry no voting rights and no rights in the event of any winding up of the company, other than repayment of capital.

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

16. Reconciliation of Movements in Shareholders' Funds

	2000	1999
	£	£
Opening shareholders' funds	300,257	193,613
Profit for the year	154,483	130,644
Dividends	(38,000)	(24,000)
	<hr/>	<hr/>
Closing shareholders' funds	416,740	300,257
	<hr/>	<hr/>
Equity interests	411,740	295,257
Non-equity interests	5,000	5,000
	<hr/>	<hr/>
	416,740	300,257
	<hr/>	<hr/>

17. Related Party Transactions

During the year, the company purchased goods at arm's length value to the sum of £45,659 (1999 £51,582) from Midland Catering Equipment, a business owned by Mr H Gadsden, the director. The company also made a loan of £3,000 to Midland Catering Equipment during the year ended 30 June 1998; the balance outstanding at 30 June 2000 was £2,852 (1999 £2,852). The company has entered into a cross guarantee in respect of bank borrowings with its parent company, Catering Partnership (Holdings) Limited.

An amount of £nil (1999 £3,560) was repayable by the director, Mr H Gadsden at 30 June 1999. The balance was included in "other debtors" on the balance sheet and was repaid during the year. A balance due to Mr H Gadsden of £3,650 is included within "creditors" at 30 June 2000.

During the year, the company purchased a motor vehicle from Mr H Gadsden at its market value of £6,000.

During the year the company has made further loans to its parent company, Catering Partnership (Holdings) Limited. The balance due at the year end has been included within 'debtors' on the balance sheet and is shown in note 9.

Management charges payable to Catering Partnership (Holdings) Limited, amounting to £118,000 (1999 £135,000) have been included in these financial statements.

CATERING PARTNERSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

18. Ultimate Holding Company

The ultimate holding company is Catering Partnership (Holdings) Limited, a company registered in England and Wales.

19. Controlling Party

The controlling party is Mr H Gadsden by reason of his controlling interest in the shares of the ultimate holding company.

20. Pension Contributions

The company has made payments under defined contribution pension schemes for certain employees and directors. The assets of the schemes are held separately from those of the company in independently administered funds. The charge for the year amounted to £2,589 (1999 £2,547). The number of directors for whom contributions were made was one (1999 one).

21. Operating Leases

At 30 June 2000, the company had the following commitments under non-cancellable operating leases, as follows:-

	2000 £	1999 £
Leasehold property - expiring within two to five years	-	10,000
	<u> </u>	<u> </u>
Motor vehicles -		
expiring within one year	12,245	-
expiring within two to five years	22,385	35,004
	<u> </u>	<u> </u>
	34,630	35,004
	<u> </u>	<u> </u>

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

22. Gross Cashflows

	2000		1999	
	£	£	£	£
Returns on Investments and Servicing of Finance				
Interest paid		(8,797)		(4,991)
		<u> </u>		<u> </u>
Capital Expenditure				
Payments to acquire tangible fixed assets	(31,682)		(2,821)	
Receipts from sales of tangible fixed assets	5,000		17,694	
	<u> </u>	(26,682)	<u> </u>	14,873
		<u> </u>		<u> </u>
Financing				
Capital element of hire purchase repayments		(9,899)		(25,361)
New bank loan		48,489		-
		<u> </u>		<u> </u>
		38,590		(25,361)
		<u> </u>		<u> </u>

CATERING PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED 30 JUNE 2000

23. Analysis of Changes in Net Funds

	At 1 July 1999	Cash Flows	Other Changes	At 30 June 2000
	£	£	£	£
Cash at bank and in hand	202,382	(174,138)	-	28,244
Bank overdraft	-	(97,370)	-	(97,370)
		<hr/>		
		(271,508)		
Bank loan	-	(48,489)	-	(48,489)
Hire purchase	(7,758)	10,788	(12,817)	(9,787)
	<hr/>	<hr/>	<hr/>	<hr/>
	194,624	(309,209)	(12,817)	(127,402)
	<hr/>	<hr/>	<hr/>	<hr/>