

*Companies
House*

Registration number 2108452

Catering Partnership Limited

Directors' report and financial statements

for the year ended 30 June 2005



Catering Partnership Limited

Company information

Directors	H Gadsden A J Coombs C E Smith
Secretary	A M Gadsden
Company number	2108452
Registered office	33 Leicester Road Blaby Leicester LE8 4GR
Auditors	The Rowleys Partnership LLP 20 Friar Lane Leicester LE1 5RA
Business address	33 Leicester Road Blaby Leicester LE8 4GR
Bankers	National Westminster Bank Plc 75 High Street Edlington Birmingham B23 6SB

Catering Partnership Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 17

Catering Partnership Limited

Directors' report for the year ended 30 June 2005

The directors present their report and the financial statements for the year ended 30 June 2005.

Principal activity and review of the business

The principal activity of the company during the year was that of the provision of contract catering services.

The directors are satisfied with the year's results and the year end position but are aware that the future will be challenging.

Results and dividends

The results for the year are set out on page 5.

The directors have paid an interim dividend amounting to £111,972 and they recommend payment of a final dividend amounting to £17,875.

Employment policy

Regular meetings are held with contract managers to discuss sales, financial position and prospects. Opportunity is given to discuss matters which concern employees. The company has continued its policy regarding employment of disabled persons. Full and fair consideration is given to applications for employment. Appropriate training is given to any disabled person and retraining should anyone become disabled.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares		A Ordinary shares	
	30/06/05	01/07/04	30/06/05	01/07/04
H Gadsden	-	-	-	-
A J Coombs	-	-	-	-
C E Smith	-	-	-	-
A C Tilbrook Appointed 19/07/04. Resigned 21/04/05.	-	-	-	-

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 affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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.

Catering Partnership Limited

**Directors' report
for the year ended 30 June 2005**

..... continued

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

The Rowleys Partnership LLP were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 7/12/05 and signed on its behalf by

X *A. M. Gadsden*

X

A M Gadsden
Secretary

Catering Partnership Limited

Independent auditors' report to the shareholders of Catering Partnership Limited

We have audited the financial statements of Catering Partnership Limited for the year ended 30 June 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Catering Partnership Limited

Independent auditors' report to the shareholders of Catering Partnership Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The Rowleys Partnership LLP

The Rowleys Partnership LLP

Chartered Accountants and

Registered Auditors

20 Friar Lane

Leicester

LE1 5RA

8 December 2005

Catering Partnership Limited

**Profit and loss account
for the year ended 30 June 2005**

		Continuing operations	
		2005	2004
	Notes	£	£
Turnover	2	8,609,468	8,446,172
Cost of sales		(7,473,685)	(7,297,061)
Gross profit		1,135,783	1,149,111
Administrative expenses		(1,157,155)	(1,260,441)
Other operating income		358,840	389,962
Operating profit	3	337,468	278,632
Other interest receivable and similar income	4	17,275	8,114
Interest payable and similar charges	5	(3,619)	(5,220)
Profit on ordinary activities before taxation		351,124	281,526
Tax on profit on ordinary activities	8	(78,271)	(55,690)
Profit on ordinary activities after taxation		272,853	225,836
Dividends	9	(129,847)	(91,451)
Retained profit for the year		143,006	134,385
Retained profit brought forward		784,040	649,655
Retained profit carried forward		927,046	784,040

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 17 form an integral part of these financial statements.

Catering Partnership Limited

Balance sheet as at 30 June 2005

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		65,391		127,573
Current assets					
Stocks	11	78,589		74,848	
Debtors	12	1,364,230		1,523,693	
Cash at bank and in hand		623,289		110,121	
		<u>2,066,108</u>		<u>1,708,662</u>	
Creditors: amounts falling due within one year	13	<u>(1,193,715)</u>		<u>(1,018,966)</u>	
Net current assets			<u>872,393</u>		<u>689,696</u>
Total assets less current liabilities			937,784		817,269
Creditors: amounts falling due after more than one year	14		(15,463)		(32,851)
Provisions for liabilities and charges	15		<u>12,725</u>		<u>7,622</u>
Net assets			<u>935,046</u>		<u>792,040</u>
Capital and reserves					
Called up share capital	17		8,000		8,000
Profit and loss account			<u>927,046</u>		<u>784,040</u>
Shareholders' funds	18		<u>935,046</u>		<u>792,040</u>

The financial statements were approved by the Board on 7/12/05 and signed on its behalf by

X
H Gadsden
Director

The notes on pages 8 to 17 form an integral part of these financial statements.

Catering Partnership Limited

Cash flow statement for the year ended 30 June 2005

	Notes	2005 £	2004 £
Operating profit		337,468	278,632
Depreciation		69,714	85,152
(Increase) in stocks		(3,741)	7,884
Decrease in debtors		159,463	53,820
Increase in creditors		138,218	(177,547)
Net cash inflow from operating activities		<u>701,122</u>	<u>247,971</u>
Cash flow statement			
Net cash inflow from operating activities		701,122	247,941
Returns on investments and servicing of finance	24	13,656	2,894
Taxation	24	(60,781)	(61,288)
Capital expenditure	24	(10,707)	(42,362)
		<u>643,290</u>	<u>147,185</u>
Equity dividends paid		(111,972)	(91,451)
		<u>531,318</u>	<u>55,734</u>
Financing	24	(1,397)	32,216
Increase in cash in the year		<u>529,921</u>	<u>87,950</u>
Reconciliation of net cash flow to movement in net funds (Note 25)			
Increase in cash in the year		529,921	87,950
Cash outflow from increase in debts and lease financing		1,397	(32,216)
Change in net funds resulting from cash flows		<u>531,318</u>	<u>55,734</u>
New finance leases and hire purchase contracts		3,175	5,357
Movement in net funds in the year		<u>534,493</u>	<u>61,091</u>
Net funds at 1 July 2004		55,199	(5,982)
Net funds at 30 June 2005		<u>589,692</u>	<u>55,199</u>

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	10% per annum of cost
Plant and machinery	-	33% per annum of cost
Fixtures, fittings and equipment	-	25% per annum of cost
Motor vehicles	-	25% per annum of cost

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

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

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

Operating profit is stated after charging:

Depreciation and other amounts written off tangible assets

Auditors' remuneration

and after crediting:

Profit on disposal of tangible fixed assets

2005	2004
£	£
75,714	84,766
6,875	6,300
6,000	(386)

4. Interest receivable and similar income

Bank interest

Other interest

2005	2004
£	£
17,260	8,114
15	-
17,275	8,114

5. Interest payable and similar charges

Interest payable on loans < 1 yr

Hire purchase interest

2005	2004
£	£
3,109	4,498
510	722
3,619	5,220

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

6. Employees

Number of employees	2005	2004
The average monthly numbers of employees (including the directors) during the year were:		
Catering staff	303	324
Head office	37	34
	<u>340</u>	<u>358</u>
Employment costs	2005	2004
	£	£
Wages and salaries	4,034,171	3,993,215
Social security costs	275,084	261,757
Other pension costs	36,176	27,329
	<u>4,345,431</u>	<u>4,282,301</u>

6.1. Directors' emoluments

	2005	2004
	£	£
Remuneration and other emoluments	166,239	187,077
Pension contributions	32,190	22,190
	<u>198,429</u>	<u>209,267</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

7. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £36,176 (2004 - £27,329).

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2005 £	2004 £
Current tax		
UK corporation tax	83,374	60,781
Adjustments in respect of previous periods	-	21
	<u>83,374</u>	<u>60,802</u>
Total current tax charge	<u>83,374</u>	<u>60,802</u>
Deferred tax		
Timing differences, origination and reversal	(5,103)	(5,112)
Total deferred tax	<u>(5,103)</u>	<u>(5,112)</u>
Tax on profit on ordinary activities	<u>78,271</u>	<u>55,690</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>351,124</u>	<u>281,526</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30 June 2004 : 19%)	66,714	53,490
Effects of:		
Expenses not deductible for tax purposes	288	223
Capital allowances for period in excess of depreciation	5,301	5,631
Marginal rate effect	11,071	-
Rounding	-	1,437
Current tax charge for period	<u>83,374</u>	<u>60,781</u>

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

9.	Dividends			2005 £	2004 £	
	Dividends on equity shares:					
	Ordinary shares - interim paid			111,972	91,451	
	Ordinary shares - final proposed			17,875	-	
				<u>129,847</u>	<u>91,451</u>	
10.	Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
	Cost					
	At 1 July 2004	14,508	134,153	68,906	179,293	396,860
	Additions	-	2,682	-	10,850	13,532
	Disposals	-	-	-	(20,093)	(20,093)
	At 30 June 2005	<u>14,508</u>	<u>136,835</u>	<u>68,906</u>	<u>170,050</u>	<u>390,299</u>
	Depreciation					
	At 1 July 2004	5,056	97,637	58,714	107,880	269,287
	On disposals	-	-	-	(20,093)	(20,093)
	Charge for the year	1,440	21,171	6,831	46,272	75,714
	At 30 June 2005	<u>6,496</u>	<u>118,808</u>	<u>65,545</u>	<u>134,059</u>	<u>324,908</u>
	Net book values					
	At 30 June 2005	<u>8,012</u>	<u>18,027</u>	<u>3,361</u>	<u>35,991</u>	<u>65,391</u>
	At 30 June 2004	<u>9,452</u>	<u>36,516</u>	<u>10,192</u>	<u>71,413</u>	<u>127,573</u>

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

	2005		2004	
Asset description	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>3,464</u>	<u>3,198</u>	<u>6,662</u>	<u>3,198</u>

Catering Partnership Limited

**Notes to the financial statements
for the year ended 30 June 2005**

..... continued

11. Stocks	2005	2004
	£	£
Finished goods and goods for resale	<u>78,589</u>	<u>74,848</u>
12. Debtors	2005	2004
	£	£
Trade debtors	618,079	758,044
Amounts owed by group undertakings	659,059	659,059
Other debtors	11,519	10,987
Prepayments and accrued income	<u>75,573</u>	<u>95,603</u>
	<u>1,364,230</u>	<u>1,523,693</u>
13. Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loan	17,499	18,261
Net obligations under finance leases and hire purchase contracts	635	3,810
Trade creditors	423,899	305,511
Corporation tax	83,374	60,781
Other taxes and social security costs	314,555	305,524
Directors' accounts	92	91
Other creditors	235,418	222,678
Accruals and deferred income	100,368	102,310
Proposed dividend	<u>17,875</u>	<u>-</u>
	<u>1,193,715</u>	<u>1,018,966</u>

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

14. Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loan	15,463	32,216
Net obligations under finance leases and hire purchase contracts	-	635
	<u>15,463</u>	<u>32,851</u>
Loans		
Repayable in one year or less, or on demand (Note 13)	17,499	18,261
Repayable between one and two years	15,462	17,500
Repayable between two and five years	-	14,716
	<u>32,961</u>	<u>50,477</u>

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

15. Provisions for liabilities and charges

	Deferred taxation (Note 16) £	Total £
At 1 July 2004	7,622	7,622
Movements in the year	5,103	5,103
At 30 June 2005	<u>12,725</u>	<u>12,725</u>

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

16. Provision for deferred taxation	2005	2004
	£	£
Accelerated capital allowances	<u>(12,725)</u>	<u>(7,622)</u>
Provision at 1 July 2004	(7,622)	
Deferred tax charge in profit and loss account	<u>(5,103)</u>	
Provision at 30 June 2005	<u>(12,725)</u>	
 17. Share capital	 2005	 2004
	£	£
Authorised equity		
5,000 Ordinary shares of £1 each	5,000	5,000
5,000 A Ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid equity		
3,000 Ordinary shares of £1 each	3,000	3,000
5,000 A Ordinary shares of £1 each	5,000	5,000
	<u>8,000</u>	<u>8,000</u>

The A Ordinary shares carry no voting rights in the event of any winding up of the company other than that of repayment of capital.

18. Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the year	272,853	225,836
Dividends	<u>(129,847)</u>	<u>(91,451)</u>
	143,006	134,385
Opening shareholders' funds	<u>792,040</u>	<u>657,655</u>
Closing shareholders' funds	<u>935,046</u>	<u>792,040</u>

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

19. Contingent liabilities

The company has entered into a cross guarantee with its parent company, Catering Partnership (Holdings) Limited, in respect of bank borrowings.

20. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing		Maximum
	2005	2004	in year
	£	£	£
A J Coombs	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

21. Related party transactions

During the year the company purchased goods and services of £66,987 (2004: £157,377) from Midland Catering Equipment, a business owned by Mr H Gadsden. At the year end the company was owed £1,354 by Midland Catering Equipment (2004: £0). All transactions were carried out on an arms length basis on normal trading terms.

22. Ultimate parent undertaking

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

23. Controlling interest

The company is controlled by H Gadsden, by virtue of his interest in the entire issued equity share capital of Catering Partnership (Holdings) Limited.

Catering Partnership Limited

Notes to the financial statements for the year ended 30 June 2005

..... continued

24. Gross cash flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	17,275	8,114
Interest paid	(3,619)	(5,220)
	<u>13,656</u>	<u>2,894</u>
Taxation		
Corporation tax paid	<u>(60,781)</u>	<u>(61,288)</u>
Capital expenditure		
Payments to acquire tangible assets	(16,707)	(42,367)
Receipts from sales of tangible assets	6,000	5
	<u>(10,707)</u>	<u>(42,362)</u>
Financing		
New long term bank loan	-	32,216
Repayment of short term bank loan	(762)	-
Capital element of finance leases and hire purchase contracts	(635)	-
	<u>(1,397)</u>	<u>32,216</u>

25. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	110,121	513,168		623,289
Debt due within one year	(18,261)	762	-	(17,499)
Debt due after one year	(32,216)	-	16,753	(15,463)
Finance leases and hire purchase contracts	(4,445)	635	3,175	(635)
	<u>(54,922)</u>	<u>1,397</u>	<u>19,928</u>	<u>(33,597)</u>
Net funds	<u>55,199</u>	<u>514,565</u>	<u>19,928</u>	<u>589,692</u>