

# **Lindley Catering Limited**

Financial statements

For the 51 week period ended 27 May 2007

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**Company No. 4242557**

## Company information

<b>Company registration number :</b>	4242557
<b>Registered office :</b>	The Mellor Building Queens Road Penkhull Stoke on Trent ST4 7TR
<b>Directors :</b>	A C McCrindle P Biffen D Hulme
<b>Secretary :</b>	A C McCrindle
<b>Solicitors :</b>	Knight & Sons The Brampton Newcastle Under Lyme Newcastle Staffordshire ST5 0QW
<b>Bankers :</b>	Lloyds TSB Bank Plc P O Box 908 125 Colmore Row Birmingham B3 3AE
<b>Auditors :</b>	Grant Thornton UK LLP Registered Auditors Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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## Report of the directors

The directors present their report together with the audited financial statements for the 51 week period ended 27 May 2007

### Change of accounting reference date

On 10 May 2007, the company changed its accounting reference date from 6 June 2007 to 28 May 2007

### Principal activity

The principal activity of the company is the provision of catering services, including trading as licensed victuallers

### Results and dividends

The profit for the 51 week period after taxation amounted to £1,773,990 (53 week period ended 6 June 2006 £1,400,299) which has been transferred to reserves. The directors did not recommend the payment of a dividend (2006 £Nil) during the period

### Directors

The directors of the company are listed below. All served on the Board throughout the period, unless otherwise indicated.

A C McCrindle  
P Biffen  
D Hulme

### Financial risk management objectives and policies

The company uses financial instruments, these include a bank overdraft, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

- *Liquidity risk* – The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved by an overdraft facility.
- *Interest rate risk* – The company finances its operations through a mixture of retained profits and a bank overdraft. The interest rate exposure of the financial assets and liabilities of the company as at 27 May 2007 is shown below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Interest rate			
	Fixed	Floating	Zero	Total
	£	£	£	£
<b>Financial assets</b>				
Cash	–	160,816	–	160,816
Trade debtors	–	–	3,573,485	3,573,485
	<u>–</u>	<u>160,816</u>	<u>3,573,485</u>	<u>3,734,301</u>
<b>Financial liabilities</b>				
Trade creditors	–	–	5,495,215	5,495,215
	<u>–</u>	<u>–</u>	<u>5,495,215</u>	<u>5,495,215</u>

### **Credit risk**

The company's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. The directors do not consider there to be any material credit risk, as given the nature of the business, cash is received on completion of contract.

### **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 group and 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance

**Disabled persons**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**Creditor payment policy**

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 118 (2006 80) days' purchases

**Auditors**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD



A C McCrindle  
Director

15 October 2007

## Report of the independent auditors to the members of Lindley Catering Limited

We have audited the financial statements of Lindley Catering Limited for the period ended 27 May 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

## Report of the independent auditors to the members of Lindley Catering Limited

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 May 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements for the period ended 27 May 2007



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
MANCHESTER

13 December 2007



## Principal accounting policies

### **Basis of preparation**

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

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes were required from the previous year

### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

### **Depreciation**

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives. The rates generally applicable are

Furniture, fixtures, tools and equipment	15% straight line/life of contract
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### **Investments**

Investments are included at cost less amounts written off

### **Stocks**

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

### **Contributions to pension schemes**

#### **Defined contribution schemes**

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period

### **Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

**Foreign currency**

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

## Profit and loss account

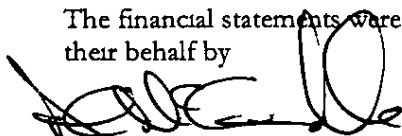
	Note	51 week period ended 27 May 2007 £	53 week period ended 6 June 2006 £
<b>Turnover – continuing activities</b>	1	38,242,308	36,493,763
Cost of sales		<u>(13,301,880)</u>	<u>(12,904,719)</u>
<b>Gross profit</b>		24,940,428	23,589,044
Administrative expenses		(24,023,331)	(22,764,207)
Other operating income		<u>736,840</u>	<u>575,462</u>
<b>Operating profit – continuing activities</b>		1,653,937	1,400,299
Net interest		<u>–</u>	<u>–</u>
<b>Profit on ordinary activities before taxation</b>	1	1,653,937	1,400,299
Tax on profit on ordinary activities	3	120,053	–
<b>Profit retained and transferred to reserves</b>	11	<u>1,773,990</u>	<u>1,400,299</u>

There were no recognised gains or losses other than the profit for the financial period

## Balance sheet

	Note	27 May 2007 £	6 June 2006 £
<b>Fixed assets</b>			
Tangible assets	4	1,288,408	1,475,775
Investments	5	<u>5,676,951</u>	<u>5,676,951</u>
		<b>6,965,359</b>	<b>7,152,726</b>
<b>Current assets</b>			
Stocks	6	513,342	526,166
Debtors	7	5,952,297	4,095,585
Cash at bank and in hand		<u>160,816</u>	<u>155,101</u>
		<b>6,626,455</b>	<b>4,776,852</b>
<b>Creditors : amounts falling due within one year</b>	8	<u>(8,576,008)</u>	<u>(8,687,762)</u>
<b>Net current liabilities</b>		<b>(1,949,553)</b>	<b>(3,910,910)</b>
<b>Net assets</b>		<u><b>5,015,806</b></u>	<u><b>3,241,816</b></u>
<b>Capital and reserves</b>			
Called up share capital	10	2,984,548	2,984,548
Share premium account	11	553,979	553,979
Profit and loss account	11	<u>1,477,279</u>	<u>(296,711)</u>
<b>Shareholders' funds</b>	12	<u><b>5,015,806</b></u>	<u><b>3,241,816</b></u>

The financial statements were approved by the Board of Directors on 15 October 2007 and signed on their behalf by



A C McCrindle  
Director

## Cash flow statement

		51 week period ended 27 May 2007 £	53 week period ended 6 June 2006 £
	Note		
<b>Net cash inflow from operating activities</b>	13	<u>237,707</u>	<u>1,537,611</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<u>(172,965)</u>	<u>(197,485)</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(172,965)</u>	<u>(197,485)</u>
<b>Financing</b>			
Repayment of finance leases	14	—	(708,485)
Repayment of loans	14	<u>—</u>	<u>(2,037,000)</u>
<b>Net cash outflow from financing</b>		<u>—</u>	<u>(2,745,485)</u>
<b>Increase/(decrease) in cash</b>	14	<u><u>64,742</u></u>	<u><u>(1,405,359)</u></u>

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the company

The profit on ordinary activities before taxation is stated after

	51 week period ended 27 May 2007 £	53 week period ended 6 June 2006 £
Depreciation	353,640	492,506
Auditors' remuneration	24,000	22,500
Operating lease rentals		
– land and buildings	20,000	17,500
– other	61,154	153,589

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed since the consolidated accounts of the company's parent, Lindley Catering Holdings Limited, are required to disclose non-audit fees on a consolidated basis

### 2 Directors and employees

	51 week period ended 27 May 2007 £	53 week period ended 6 June 2006 £
Staff costs during the period were as follows		
Wages and salaries	11,553,845	11,554,673
Pension costs	18,847	5,755
	<u>11,572,692</u>	<u>11,560,428</u>

	51 week period ended 27 May 2007 Number	53 week period ended 6 June 2006 Number
The average number of employees during the period was		
Management and administration	177	170
Catering staff	1,900	1,700
	<u>2,077</u>	<u>1,870</u>

**Directors and employees (continued)**

The total amounts for directors' remuneration and other benefits was as follows

	27 May 2007 £	6 June 2006 £
Emoluments	357,416	309,174
Pension contributions	16,538	15,455
	<u>373,954</u>	<u>324,629</u>

During the period 3 directors (2006 3) participated in money purchase pension schemes

Directors remuneration shown above included the following amount payable in respect of the highest paid director

	27 May 2007 £	6 June 2006 £
Emoluments	115,832	112,937
Pension contributions	6,038	5,656
	<u>121,870</u>	<u>118,593</u>

**3 Tax on profit on ordinary activities**

	27 May 2007 £	6 June 2006 £
The taxation credit is based on the profit for the period and represents		
Corporation tax at 30% (2006 30%)	100,057	—
Deferred tax	(220,110)	—
	<u>(120,053)</u>	<u>—</u>

**Factors affecting the tax credit for the period**

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2006 30%) The differences are explained as follows

	27 May 2007 £	6 June 2006 £
Profit on ordinary activities before taxation	<u>1,653,937</u>	<u>1,400,299</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 30%)	496,181	420,090
Effect of		
Expenses not deductible for tax purposes	11,009	2,972
Capital allowances for the period in excess of depreciation	(56,388)	(19,359)
Other short term timing differences	(19,563)	49,722
Trade losses utilised	—	(108,230)
Group relief	(330,150)	(345,195)
Marginal relief	(1,032)	—
	<u>100,057</u>	<u>—</u>

#### 4 Tangible fixed assets

	Furniture, fixtures, tools and equipment £
<b>Cost</b>	
At 7 June 2006	4,957,153
Additions	172,965
Disposals	(9,265)
At 27 May 2007	<u>5,120,853</u>
<b>Depreciation</b>	
At 7 June 2006	3,481,378
Provided in the year	353,640
Disposals	(2,573)
At 27 May 2007	<u>3,832,445</u>
<b>Net book amount</b>	
At 27 May 2007	<u>1,288,408</u>
At 6 June 2006	<u>1,475,775</u>

#### 5 Fixed asset investments

	£
At 6 June 2006 and 27 May 2007	<u>5,676,951</u>

During the year ended 30 May 2004, the entire trade and assets of the company's subsidiary undertaking, Lindley Catering Investments Limited, were transferred to the company at their book value. No adjustment has been made to the carrying value of the company's investment in the subsidiary undertaking. This represents a departure from accounting principles, which require assets to be written down to the lower of cost and net realisable value. If an adjustment had been made, it would require a write-off in relation to Lindley Catering Limited through the company profit and loss account. As there has been no overall loss to the group because the trade and assets are retained within the group, the directors consider this policy is necessary in order that the financial statements may give a true and fair view.

The company had the following subsidiary undertakings as at 27 May 2007

Name of subsidiary	Class of share capital held	Proportion held by parent company	Nature of business
K&S (408) Limited	Ordinary	100%	Dormant
Lindley Catering Investments Limited	Ordinary	100%	Dormant
Stadia Catering Services Limited	Ordinary	100%	Dormant

The above are holdings of ordinary shares and all undertakings are registered in England and Wales



**6 Stocks**

	27 May 2007 £	6 June 2006 £
Goods for resale	<u>513,342</u>	<u>526,166</u>

**7 Debtors**

	27 May 2007 £	6 June 2006 £
Trade debtors	3,573,485	2,544,537
Amounts due from parent undertaking	1,658,697	1,018,607
Deferred tax asset (note 9)	220,110	—
Other debtors	397,198	263,647
Prepayments and accrued income	<u>102,807</u>	<u>268,794</u>
	<u>5,952,297</u>	<u>4,095,585</u>

**8 Creditors : amounts falling due within one year**

	27 May 2007 £	6 June 2006 £
Bank loans and overdraft	—	59,027
Trade creditors	5,495,215	3,609,516
Amounts due to group undertakings	—	1,948,303
Corporation tax	100,057	—
Other taxation and social security	857,215	927,398
Other creditors	2,047,924	2,063,436
Accruals and deferred income	<u>75,597</u>	<u>80,082</u>
	<u>8,576,008</u>	<u>8,687,762</u>

**9 Deferred taxation**

	27 May 2007 £	6 June 2006 £
At 7 June 2006	—	—
Credited during the period	<u>220,110</u>	<u>—</u>
At 27 May 2007	<u>220,110</u>	<u>—</u>

**Deferred taxation (continued)**

At 27 May 2007, the company had a deferred tax asset which has been recognised in note 7 to the financial statements, as set out below. This asset will be recoverable to the extent that sufficient trading profits arise in the future. At 6 June 2006, the company did not recognise a deferred tax asset due to previous losses.

	27 May 2007 £	6 June 2006 £
Excess of tax allowances over book depreciation of fixed assets	(160,163)	(278,521)
Other timing differences	(59,947)	(75,532)
	<u>(220,110)</u>	<u>(354,053)</u>

**10 Share capital**

	27 May 2007 £	6 June 2006 £
<b>Authorised</b>		
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>2,984,548</u>	<u>2,984,548</u>

**11 Share premium account and reserves**

	Share premium account £	Profit and loss account £
At 7 June 2006	553,979	(296,711)
Profit for the period	–	1,773,990
At 27 May 2007	<u>553,979</u>	<u>1,477,279</u>

**12 Reconciliation of movements in shareholders' funds**

	2007 £	2006 £
Profit for the financial period	1,773,990	1,400,299
Opening shareholders' funds	<u>3,241,816</u>	<u>1,841,517</u>
Closing shareholders' funds	<u>5,015,806</u>	<u>3,241,816</u>

### 13 Net cash inflow from operating activities

	51 week period ended 27 May 2007 £	53 week period ended 6 June 2006 £
Operating profit	1,653,937	1,400,299
Depreciation	353,640	492,506
Loss on disposal of fixed assets	6,692	–
Decrease/(increase) in stocks	12,824	(17,932)
Increase in debtors	(1,636,602)	(1,118,286)
(Decrease)/increase in creditors	(152,784)	781,024
Net cash inflow from operating activities	<u>237,707</u>	<u>1,537,611</u>

### 14 Reconciliation of net cash flow to movement in net funds

	51 week period ended 27 May 2007 £	53 week period ended 6 June 2006 £
Increase/(decrease) in cash in the year	64,742	(1,405,359)
Repayment of capital element of finance leases	–	708,485
Repayment of loans	–	2,037,000
Movement in net funds	<u>64,742</u>	<u>1,340,126</u>
Net funds/(debt) at 6 June 2006	<u>96,074</u>	<u>(1,244,052)</u>
Net funds at 27 May 2007	<u>160,816</u>	<u>96,074</u>

### 15 Analysis of changes in net funds

	At 7 June 2006 £	Cashflow £	At 27 May 2007 £
Cash at bank and in hand	155,101	5,715	160,816
Overdraft	(59,027)	59,027	–
	<u>96,074</u>	<u>64,742</u>	<u>160,816</u>

### 16 Guarantees and other financial commitments

#### Leasing commitments

	27 May 2007	6 June 2006		
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
– within one year	–	23,547	–	33,814
– within two to five years	20,000	86,697	20,000	27,340
	20,000	110,244	20,000	61,154

**17 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings

There are no other related party transactions

**18 Immediate and ultimate parent undertaking**

The company's immediate and ultimate parent undertaking and controlling party is Lindley Catering Holdings Limited, a company registered in England and Wales. Copies of the group accounts for the ultimate parent undertaking may be obtained from its registered office