

Financial Statements

Lindley Catering Limited

For the 52 week period ended 25 May 2008



Company No. 4242557

Company information

Company registration number :	4242557
Registered office :	The Mellor Building Queens Road Penkhull Stoke on Trent ST4 7TR
Directors :	A C McCrindle P Biffen D Hulme
Secretary :	A C McCrindle
Solicitors :	Knight & Sons The Brampton Newcastle Under Lyme Newcastle Staffordshire ST5 0QW
Bankers :	Lloyds TSB Bank Plc P O Box 908 125 Colmore Row Birmingham B3 3AE
Auditors :	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 52 week period ended 25 May 2008.

Change of accounting reference date

On 10 May 2008, the company changed its accounting reference date from 6 June 2007 to 28 May 2008.

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 52 week period after taxation amounted to £691,799 (51 week period ended 27 May 2007: £1,773,990) which has been transferred to reserves. The directors did not recommend the payment of a dividend (2007: £Nil) during the period.

Directors

The directors of the company are listed below. All served on the Board throughout the period.

A C McCrindle
P Biffen
D Hulme

Financial risk management objectives and policies

The company uses financial instruments, these include 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.
- *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 25 May 2008 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
	£	£	£	£
Financial assets				
Cash	–	145,032	–	145,032
Trade debtors	–	–	3,169,648	3,169,648
	–	145,032	3,169,648	3,314,680
Financial liabilities				
Trade creditors	–	–	4,343,651	4,343,651

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 60 (2007 : 45) 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



D Hulme
Director

29 April 2009



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 25 May 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 19. 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 whether 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 25 May 2008 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 25 May 2008.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

29 April 2009

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.

Basis of consolidation

The company is exempt from preparing consolidated financial statements under Section 228 of the Companies Act 1985 on the grounds that it is itself a subsidiary, and its results are consolidated in the ultimate parent company's financial statements. Therefore, these financial statements present information about the company as an individual company and not about its group.

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

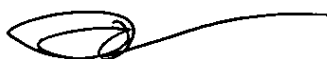
	Note	2008 £	2007 £
Turnover – continuing activities	1	37,848,821	38,242,308
Cost of sales		<u>(12,888,319)</u>	<u>(13,301,880)</u>
Gross profit		24,960,502	24,940,428
Administrative expenses		<u>(24,921,984)</u>	<u>(24,023,331)</u>
Other operating income		<u>734,125</u>	<u>736,840</u>
Operating profit – continuing activities		772,643	1,653,937
Net interest receivable and similar income		<u>3,773</u>	<u>–</u>
Profit on ordinary activities before taxation	1	776,416	1,653,937
Tax on profit on ordinary activities	3	<u>(84,617)</u>	<u>120,053</u>
Profit retained and transferred to reserves	11	<u><u>691,799</u></u>	<u><u>1,773,990</u></u>

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

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	4	1,179,029	1,288,408
Investments	5	5,676,951	5,676,951
		<u>6,855,980</u>	<u>6,965,359</u>
Current assets			
Stocks	6	661,878	513,342
Debtors	7	6,586,367	5,952,297
Cash at bank and in hand		145,032	160,816
		<u>7,393,277</u>	<u>6,626,455</u>
Creditors : amounts falling due within one year	8	<u>(8,541,652)</u>	<u>(8,576,008)</u>
Net current liabilities		<u>(1,148,375)</u>	<u>(1,949,553)</u>
Net assets		<u>5,707,605</u>	<u>5,015,806</u>
Capital and reserves			
Called up share capital	10	2,984,548	2,984,548
Share premium account	11	553,979	553,979
Profit and loss account	11	2,169,078	1,477,279
Shareholders' funds	12	<u>5,707,605</u>	<u>5,015,806</u>

The financial statements were approved by the Board of Directors on 29 April 2009 and signed on their behalf by :



D Hulme
 Director

Cash flow statement

	Note	2008 £	2007 £
Net cash inflow from operating activities	13	<u>761,800</u>	<u>237,707</u>
Returns on investment and servicing of finance			
Interest received		<u>3,773</u>	<u>—</u>
Net cash inflow from return on investment and servicing of finance		3,773	—
Taxation		(85,027)	—
Capital expenditure and financial investment			
Sale of tangible fixed assets		25,219	—
Purchase of tangible fixed assets		<u>(721,549)</u>	<u>(172,965)</u>
Net cash outflow from capital expenditure and financial investment		(696,330)	(172,965)
(Decrease)/increase in cash	14	<u>(15,784)</u>	<u>64,742</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 :

	2008 £	2007 £
Depreciation of tangible fixed assets	488,049	353,640
Impairment of tangible fixed assets	317,660	—
Auditors' remuneration	23,000	24,000
Loss and disposal of fixed assets	—	6,692
Operating lease rentals		
– land and buildings	20,000	20,000
– other	110,244	61,154

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

	2008 £	2007 £
Staff costs during the period were as follows :		
Wages and salaries	11,972,914	11,553,845
Pension costs	20,250	18,847
	11,993,164	11,572,692

	2008 Number	2007 Number
The average number of employees during the period was :		
Management and administration	180	177
Catering staff	1,642	1,900
	1,822	2,077

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

	2008 £	2007 £
Emoluments	368,144	357,416
Pension contributions	17,996	16,538
	386,140	373,954

During the period 3 directors (2007 : 3) participated in money purchase pension schemes.

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

	2008	2007
	£	£
Emoluments	131,398	115,832
Pension contributions	6,570	6,038
	<u>137,968</u>	<u>121,870</u>

3 Tax on profit on ordinary activities

	2008	2007
	£	£
The taxation charge/(credit) is based on the profit for the period and represents:		
Corporation tax at 30% (2007 : 30%)		
– current year charge	40,000	100,057
– adjustments in respect of previous years	(15,030)	–
	<u>24,970</u>	<u>100,057</u>
Deferred tax	59,647	(220,110)
	<u>84,617</u>	<u>(120,053)</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% (2007 : 30%). The differences are explained as follows :

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>776,416</u>	<u>1,653,937</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2007 : 30%)	232,925	496,181
Effect of:		
Expenses not deductible for tax purposes	7,238	11,009
Capital allowances for the period in excess of depreciation	34,834	(56,388)
Other short term timing differences	28,634	(19,563)
Change in tax rate	(4,475)	–
Group relief	(253,772)	(330,150)
Marginal relief	(5,384)	(1,032)
Adjustment in respect of prior periods	(15,030)	–
	<u>24,970</u>	<u>100,057</u>

4 Tangible fixed assets

	Furniture, fixtures, tools and equipment £
Cost	
At 28 May 2007	5,120,853
Additions	721,549
Disposals	<u>(3,220,809)</u>
At 25 May 2008	<u><u>2,621,593</u></u>
Depreciation	
At 28 May 2007	3,832,445
Provided in the year	488,049
Impairment	317,660
Disposals	<u>(3,195,590)</u>
At 25 May 2008	<u><u>1,442,564</u></u>
Net book amount	
At 25 May 2008	<u><u>1,179,029</u></u>
At 27 May 2007	<u><u>1,288,408</u></u>

5 Fixed asset investments

	£
At 28 May 2007 and 25 May 2008	<u><u>5,676,951</u></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 25 May 2008:

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

	2008 £	2007 £
Goods for resale	<u>661,878</u>	<u>513,342</u>

7 Debtors

	2008 £	2007 £
Trade debtors	3,169,648	3,573,485
Amounts due from parent undertaking	2,509,387	1,658,697
Deferred tax asset (note 9)	160,463	220,110
Other debtors	514,603	397,198
Prepayments and accrued income	232,266	102,807
	<u>6,586,367</u>	<u>5,952,297</u>

8 Creditors : amounts falling due within one year

	2008 £	2007 £
Trade creditors	4,343,651	5,495,215
Corporation tax	40,000	100,057
Other taxation and social security	620,474	857,215
Other creditors	3,405,093	2,047,924
Accruals and deferred income	132,434	75,597
	<u>8,541,652</u>	<u>8,576,008</u>

9 Deferred taxation

	2008 £	2007 £
At 28 May 2007	220,110	—
(Charged)/credited during the period	<u>(59,647)</u>	<u>220,110</u>
At 25 May 2008	<u>160,463</u>	<u>220,110</u>

Deferred taxation (continued)

At 25 May 2008, the company had a deferred tax asset which has been recognised as set out 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.

	2008 £	2007 £
Excess of tax allowances over book depreciation of fixed assets	(108,505)	(160,163)
Other timing differences	(51,958)	(59,947)
	<u>(160,463)</u>	<u>(220,110)</u>

10 Share capital

	2008 £	2007 £
Authorised		
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
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 28 May 2007	553,979	1,477,279
Profit for the period	—	691,799
At 25 May 2008	<u>553,979</u>	<u>2,169,078</u>

12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial period	691,799	1,773,990
Opening shareholders' funds	<u>5,015,806</u>	<u>3,241,816</u>
Closing shareholders' funds	<u>5,707,605</u>	<u>5,015,806</u>

13 Net cash inflow from operating activities

	2008 £	2007 £
Operating profit	772,643	1,653,937
Depreciation	488,049	353,640
Impairment	317,660	–
Loss on disposal of fixed assets	–	6,692
(Increase)/decrease in stocks	(148,536)	12,824
Increase in debtors	(693,717)	(1,636,602)
Increase/(decrease) in creditors	25,701	(152,784)
Net cash inflow from operating activities	<u>761,800</u>	<u>237,707</u>

14 Reconciliation of net cash flow to movement in net funds

	2008 £	2007 £
(Decrease)/increase in cash in the period	(15,784)	64,742
Net funds at 27 May 2007	<u>160,816</u>	<u>96,074</u>
Net funds at 25 May 2008	<u>145,032</u>	<u>160,816</u>

15 Analysis of changes in net funds

	At 28 May 2007 £	Cashflow £	At 25 May 2008 £
Cash at bank and in hand	<u>160,816</u>	<u>(15,784)</u>	<u>145,032</u>

16 Guarantees and other financial commitments

Leasing commitments

	Land and buildings £	25 May 2008 Other £	Land and buildings £	27 May 2007 Other £
Operating leases which expire :				
– within one year	–	19,394	–	23,547
– within two to five years	20,000	124,619	20,000	86,697
	<u>20,000</u>	<u>144,003</u>	<u>20,000</u>	<u>110,244</u>

17 Contingent liability

The company are currently in negotiations with Her Majesty's Revenue & Customs (HMRC) concerning the deductibility of an element of interest expense incurred by the company during the previous three years. The directors continue to believe that the company's position on this issue is robust, however at the present time an assessment of any potential financial impact is not possible and as a result no provision has been made in these financial statements. In the event that there is any financial impact on the company, the directors believe that this will be recoverable from its venture capital company.

18 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.

19 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.