

Financial Statements

Lindley Catering Limited

For the year ended 31 May 2011

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Company No 04242557

Company information

Company registration number :	04242557
Registered office :	The Mellor Building Queens Road Penkhull Stoke on Trent ST4 7TR
Directors :	D Hulme
Secretary :	D Hulme
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 year ended 31 May 2011

Principal activity

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

Results and dividends

The loss for the year after taxation amounted to £58,090 (2010 profit £5,749,993) which has been transferred to reserves. The loss before tax before exceptional items is £58,090 (2010 profit £704,165), exceptional items are detailed in note 1

The directors did not recommend the payment of a dividend (2010 £Nil) during the year

The company operates as part of a group headed by Lindley Catering Holdings Limited. Reference should also be made to the financial statements of that company for a further understanding of the group's activities

Directors

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

P Biffen (resigned 25 May 2011)
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 facility. The interest rate exposure of the financial assets and liabilities of the company as at 31 May 2011 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 rates			
	Fixed	Floating	Zero	Total
	£	£	£	£
Financial assets				
Trade debtors	-	-	4,052,570	4,052,570
Financial liabilities				
Trade creditors	-	-	6,168,545	6,168,545

Credit risk

The company's principal financial assets are 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 statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 each of the directors is aware

- there is no relevant audit information of which the company's auditor 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 auditor 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

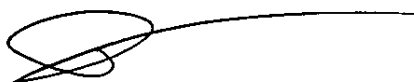
- settle the terms of payment with suppliers when agreeing the terms of each transaction
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 49 (2010 49) days' purchases

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485(4) of the Companies Act 2006

ON BEHALF OF THE BOARD



D Hulme
Director

30 November 2011

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

We have audited the financial statements of Lindley Catering Limited for the year ended 31 May 2011 which comprise the principal accounting policies, profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Tobias Wilson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

30 November 2011

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice

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

Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The company operates as part of a group headed by Lindley Catering Holdings Limited. Reference should also be made to the financial statements of that company for further information regarding future prospects.

Basis of consolidation

The company is exempt from preparing consolidated financial statements under Section 400 of the Companies Act 2006 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 arises from trading in the United Kingdom and comprises the value of work performed and goods and services provided during the year outside of the group excluding value added tax.

Income from direct sales is recognised at the point the service or good is provided.

Depreciation

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

Furniture, fixtures, tools and equipment	33% 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.

Contract Advances

Incentives awarded to customers on contracts are amortised on a straight line basis over the contract term.

Other income

Includes rebates awarded by suppliers, the income is recognised in line with agreed contractual terms

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 year.

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 year 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.

Cash and liquid resources

Cash, for the purposes of the consolidated cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources consist of short term deposits which may be withdrawn only at more than 24 "working" hours notice.

Profit and loss account

	Note	2011 £	2010 £
Turnover – continuing activities	1	36,849,169	39,657,480
Cost of sales		<u>(13,167,984)</u>	<u>(14,071,419)</u>
Gross profit		23,681,185	25,586,061
Administrative expenses before exceptional items		(24,785,948)	(26,061,581)
Exceptional administrative income	1	-	269,761
Total administrative expenses		<u>(24,785,948)</u>	<u>(25,791,820)</u>
Other operating income		<u>1,232,360</u>	<u>988,000</u>
Operating profit – continuing activities		127,597	782,241
Interest receivable and similar income		<u>3,119</u>	<u>4,776,067</u>
Profit on ordinary activities before taxation	1	130,716	5,558,308
Tax on profit on ordinary activities	3	(188,806)	191,685
(Loss)/profit retained and transferred to reserves	11	<u>(58,090)</u>	<u>5,749,993</u>

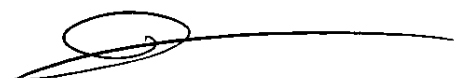
There were no recognised gains or losses other than the profit for the financial year

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	4	954,288	1,055,725
Investments	5	5,676,951	5,676,951
		<u>6,631,239</u>	<u>6,732,676</u>
Current assets			
Stocks	6	1,555,411	844,901
Debtors	7	12,108,835	15,177,255
Cash at bank and in hand		3,105,690	—
		<u>16,769,936</u>	<u>16,022,156</u>
Creditors : amounts falling due within one year	8	<u>(11,150,100)</u>	<u>(10,445,667)</u>
Net current assets		5,619,836	5,576,489
Net assets		<u>12,251,075</u>	<u>12,309,165</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	8,712,548	8,770,638
Shareholders' funds	12	<u>12,251,075</u>	<u>12,309,165</u>

The financial statements were approved by the Board of Directors on 30 November 2011 and signed on their behalf by



D Hulme
Director

Lindley Catering Limited
Company No. 04242557

The accompanying notes form part of these financial statements.

Cash flow statement

	Note	2011 £	2010 £
Net cash inflow/(outflow) from operating activities	13	<u>3,794,652</u>	<u>(5,070,836)</u>
Returns on investment and servicing of finance			
Interest received		<u>3,119</u>	<u>4,776,067</u>
Net cash inflow from return on investment and servicing of finance		3,119	4,776,067
Taxation		(22,574)	(15,750)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(312,897)</u>	<u>(306,665)</u>
Net cash outflow from capital expenditure and financial investment		(312,897)	(306,665)
Cash flow before financing		3,462,300	(617,184)
Financing			
Capital element of finance lease rentals		—	(12,580)
Increase/(decrease) in cash	14	<u><u>3,462,300</u></u>	<u><u>(629,764)</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

	2011 £	2010 £
Depreciation of tangible fixed assets	406,948	420,339
Auditors remuneration	19,750	1,369,750
Operating lease rentals		
– land and buildings	20,000	20,000
– other	156,543	72,901

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

	2011 £	2010 £
Exceptional administrative income		
– VAT income	–	(353,729)
– other	–	83,968
	–	(269,761)

Exceptional VAT income

During the prior year, HM Revenue & Customs, agreed and settled a claim for overpaid VAT, from 1973 to 1994. The net VAT recovered, after fees, was £353,729 and has been treated as exceptional operating income, whilst the associated interest of £4,776,067 was included within net interest

2 Directors and employees

	2011 £	2010 £
Staff costs during the year were as follows		
Wages and salaries	12,326,659	12,250,451
Pension costs	18,800	14,806
	12,345,459	12,265,257

	2011	2010
	Number	Number
The average number of employees during the year was		
Management and administration	281	303
Catering staff	2,416	2,205
	<u>2,697</u>	<u>2,508</u>

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

	2011	2010
	£	£
Emoluments	268,256	286,022
Compensation for loss of office	84,658	–
Pension contributions	18,800	12,129
	<u>371,714</u>	<u>298,214</u>

During the year 2 directors (2010 2) participated in money purchase pension schemes

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

	2011	2010
	£	£
Emoluments	121,911	130,740
Compensation for loss of office	84,658	–
Pension contributions	12,310	6,096
	<u>218,879</u>	<u>136,836</u>

3 Tax on profit on ordinary activities

	2011	2010
	£	£
The taxation charge/(credit) is based on the profit for the year and represents		
Corporation tax at 27.67% (2010 28%)		
– current year charge	–	–
– adjustments in respect of previous years	(27,531)	20,590
	<u>(27,531)</u>	<u>20,590</u>
Deferred tax	216,337	(212,275)
	<u>188,806</u>	<u>(191,685)</u>

Factors affecting the tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 27.67% (2010: 28%). The differences are explained as follows:

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>130,716</u>	<u>5,558,308</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 27.67% (2010: 28%)	36,169	1,556,326
Effect of:		
Income not chargeable for tax purposes	–	(1,909,349)
Expenses not deductible for tax purposes	3,102	30,716
Capital allowances for the year in excess of depreciation	(11,255)	(27,161)
Other fixed asset differences	2,043	7,156
Other short term timing differences	22,173	28,102
Trading losses not utilised	(52,232)	293,966
Group relief	–	20,244
Adjustments in respect of prior years	(27,531)	20,590
	<u>(27,531)</u>	<u>20,590</u>

4 Tangible fixed assets

	Furniture, fixtures, tools and equipment £
Cost	
At 31 May 2010	3,274,962
Additions	312,897
Disposals	(36,033)
At 31 May 2011	<u>3,551,826</u>
Depreciation	
At 31 May 2010	2,219,237
Provided in the year	406,948
Disposals	(28,647)
At 31 May 2011	<u>2,597,538</u>
Net book amount	
At 31 May 2011	<u>954,288</u>
At 31 May 2010	<u>1,055,725</u>

5 Fixed asset investments

£

At 31 May 2010 and 31 May 2011

5,676,951

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 directors will continue to review this treatment, to consider whether it is the most appropriate.

The company had the following subsidiary undertakings as at 31 May 2011

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

	2011 £	2010 £
Goods for resale	<u>1,555,411</u>	<u>844,901</u>

7 Debtors

	2011 £	2010 £
Trade debtors	4,052,570	6,072,070
Amounts due from group undertakings	5,823,244	6,666,518
Deferred tax asset (note 9)	243,657	459,994
Contract advances	1,000,000	1,125,000
Other debtors	438,758	450,378
Prepayments and accrued income	521,091	403,295
Corporation tax	29,515	—
	<u>12,108,835</u>	<u>15,177,255</u>

Contract advances relate to initial payments made at the inception of certain new contracts which are amortised over the length of the contract on a straight-line basis.

8 Creditors : amounts falling due within one year

	2011 £	2010 £
Bank overdraft	—	356,610
Trade creditors	6,168,545	6,466,441
Amounts owed to group undertakings	351,605	3,833
Corporation tax	—	20,590
Other taxation and social security	1,502,121	1,067,520
Other creditors	3,084,564	2,421,127
Accruals and deferred income	43,265	109,546
	<u>11,150,100</u>	<u>10,445,667</u>

9 Deferred taxation

	2011 £	2010 £
At 31 May 2010	459,994	247,719
Credited during the year	<u>(216,337)</u>	<u>212,275</u>
At 31 May 2011	<u>243,657</u>	<u>459,994</u>

At 31 May 2011, the company had a deferred tax asset which has been recognised as set out in note 7 to the financial statements. This asset will be recoverable to the extent that sufficient trading profits arise in the future and is set out below:

	2011 £	2010 £
Excess of tax allowances over book depreciation of fixed assets	(116,511)	(136,492)
Other timing differences	(48,268)	(29,535)
Losses and other deduction	<u>(78,878)</u>	<u>(293,967)</u>
	<u>(243,657)</u>	<u>(459,994)</u>

10 Share capital

	2011 £	2010 £
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 31 May 2010	553,979	8,770,638
Loss for the year	–	(58,090)
At 31 May 2011	<u>553,979</u>	<u>8,712,548</u>

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/profit for the financial year	(58,090)	5,749,993
Opening shareholders' funds	<u>12,309,165</u>	<u>6,559,172</u>
Closing shareholders' funds	<u>12,251,075</u>	<u>12,309,165</u>

13 Net cash (outflow)/inflow from operating activities

	2011 £	2010 £
Operating profit	127,597	782,241
Depreciation	406,948	420,339
Loss on disposal of fixed assets	7,386	29,008
(Increase)/decrease in stocks	(710,510)	591,297
Decrease/(increase) in debtors	2,881,598	(5,327,409)
Decrease/(increase) in creditors	1,081,633	(1,566,312)
Net cash inflow/(outflow) from operating activities	<u>3,794,652</u>	<u>(5,070,836)</u>

14 Reconciliation of net cash flow to movement in net funds/(debt)

	2011 £	2010 £
Increase/(decrease) in cash in the year	3,462,300	(629,764)
Cash outflow from financing	–	12,580
Net funds at 31 May 2010	<u>(356,610)</u>	<u>260,574</u>
Net funds/(debt) at 31 May 2011	<u>3,105,690</u>	<u>(356,610)</u>

15 Analysis of changes in net funds/(debt)

	At 31 May 2010 £.	Cashflow £	Non-cash movement £.	At 31 May 2011 £
Cash at bank and in hand	—	3,105,690	—	3,105,690
Bank overdraft	(356,610)	356,610	—	—
Net (debt)/funds	<u>(356,610)</u>	<u>3,462,300</u>	<u>—</u>	<u>3,105,690</u>

16 Guarantees and other financial commitments

Leasing commitments

	Land and buildings £.	31 May 2010 Other £.	Land and buildings £.	31 May 2011 Other £.
Operating leases which expire				
– within one year	—	19,967	—	35,762
– within two to five years	20,000	154,732	20,000	92,660
	<u>20,000</u>	<u>174,699</u>	<u>20,000</u>	<u>128,422</u>

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