

Financial Statements Lindley Catering Limited

For the period ended 31 May 2009



Company No 4242557

Company information

Company registration number :	4242557
Registered office :	The Mellor Building Queens Road Penkhull Stoke on Trent ST4 7TR
Directors :	P Biffen 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 period ended 31 May 2009

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 period after taxation amounted to £851,567 (52 week period ended 25 May 2008 £691,799) which has been transferred to reserves. The directors did not recommend the payment of a dividend (52 week period ended 25 May 2008 £Nil) during the period

Directors

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

A C McCrindle (deceased 4 November 2009)

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 facility. The interest rate exposure of the financial assets and liabilities of the company as at 31 May 2009 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			Total £
	Fixed £	Floating £	Zero £	
Financial assets				
Cash	–	273,154	–	273,154
Trade debtors	–	–	3,846,852	3,846,852
	–	273,154	3,846,852	4,120,006
Financial liabilities				
Trade creditors	–	–	7,069,147	7,069,147

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the 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 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 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 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 56 (2008 60) 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

26 November 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 31 May 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 19. 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 Sections 495 and 496 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 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/UKNP.

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 2009 and of its profit for the period 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

Grant Thornton UK LLP

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

8 February 2010

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

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

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 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.

Profit and loss account

	Note	2009 £	2008 £
Turnover – continuing activities	1	37,476,198	37,848,821
Cost of sales		<u>(13,146,207)</u>	<u>(12,888,319)</u>
Gross profit		24,329,991	24,960,502
Administrative expenses		<u>(24,773,594)</u>	<u>(24,921,984)</u>
Other operating income		<u>1,183,860</u>	<u>734,125</u>
Operating profit – continuing activities		740,257	772,643
Interest receivable and similar income		<u>2,404</u>	<u>3,773</u>
Profit on ordinary activities before taxation	1	742,661	776,416
Tax on profit on ordinary activities	3	108,906	(84,617)
Profit retained and transferred to reserves	11	<u>851,567</u>	<u>691,799</u>

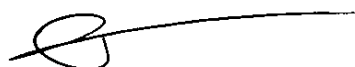
There were no recognised gains or losses other than the profit for the financial period

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	4	1,198,407	1,179,029
Investments	5	5,676,951	5,676,951
		<u>6,875,358</u>	<u>6,855,980</u>
Current assets			
Stocks	6	1,436,198	661,878
Debtors	7	9,637,571	6,586,367
Cash at bank and in hand		273,154	145,032
		<u>11,346,923</u>	<u>7,393,277</u>
Creditors : amounts falling due within one year	8	<u>(11,663,109)</u>	<u>(8,541,652)</u>
Net current liabilities		<u>(316,186)</u>	<u>(1,148,375)</u>
Net assets		<u>6,559,172</u>	<u>5,707,605</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	3,020,645	2,169,078
Shareholders' funds	12	<u>6,559,172</u>	<u>5,707,605</u>

The financial statements were approved by the Board of Directors 26 November 2009 and signed on their behalf by



D Hulme
Director

Lindley Catering Limited
Company No 4242557

Cash flow statement

	Note	2009 £	2008 £
Net cash inflow from operating activities	13	615,235	761,800
Returns on investment and servicing of finance			
Interest received		<u>2,404</u>	<u>3,773</u>
Net cash inflow from return on investment and servicing of finance		2,404	3,773
Taxation		(2,600)	(85,027)
Capital expenditure and financial investment			
Sale of tangible fixed assets		<u>-</u>	<u>25,219</u>
Purchase of tangible fixed assets		<u>(486,917)</u>	<u>(721,549)</u>
Net cash outflow from capital expenditure and financial investment		(486,917)	(696,330)
Increase/(decrease) in cash	14	<u>128,122</u>	<u>(15,784)</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

	2009 £	2008 £
Depreciation of tangible fixed assets	467,539	488,049
Impairment of tangible fixed assets	–	317,660
Auditors remuneration	19,750	23,000
Operating lease rentals		
– land and buildings	20,000	20,000
– other	144,003	110,244

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

	2009 £	2008 £
Staff costs during the period were as follows		
Wages and salaries	11,945,126	11,972,914
Pension costs	19,258	20,250
	11,964,384	11,993,164

	2009 Number	2008 Number
The average number of employees during the period was		
Management and administration	226	180
Catering staff	1,760	1,642
	1,986	1,822

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

	2009 £	2008 £
Emoluments	391,468	368,144
Pension contributions	19,258	17,996
	410,726	386,140

During the period 3 directors (2008 3) participated in money purchase pension schemes

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

	2009	2008
	£	£
Emoluments	139,756	131,398
Pension contributions	6,992	6,570
	<u>146,748</u>	<u>137,968</u>

3 Tax on profit on ordinary activities

	2009	2008
	£	£
The taxation (credit)/charge is based on the profit for the period and represents		
Corporation tax at 28% (2008 30%)		
– current year charge	15,750	40,000
– adjustments in respect of previous years	(37,400)	(15,030)
	<u>(21,650)</u>	<u>24,970</u>
Deferred tax	(87,256)	59,647
	<u>(108,906)</u>	<u>84,617</u>

Factors affecting the tax (credit)/charge for the period

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2008 30%) The differences are explained as follows

	2009	2008
	£	£
Profit on ordinary activities before taxation	<u>742,661</u>	<u>776,416</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008 30%)	207,945	232,925
Effect of		
Expenses not deductible for tax purposes	42,503	7,238
Capital allowances for the period in excess of depreciation	(14,536)	34,834
Other short term timing differences	22,876	28,634
Change in tax rate	–	(4,475)
Group relief	(237,788)	(253,772)
Marginal relief	(5,250)	(5,384)
Adjustment in respect of prior periods	(37,400)	(15,030)
	<u>(21,650)</u>	<u>24,970</u>

4 Tangible fixed assets

	Furniture, fixtures, tools and equipment £
Cost	
At 26 May 2008	2,621,593
Additions	486,917
Disposals	(19,886)
At 31 May 2009	<u>3,088,624</u>
Depreciation	
At 26 May 2008	1,442,564
Provided in the period	467,539
Disposals	(19,886)
At 31 May 2009	<u>1,890,217</u>
Net book amount	
At 31 May 2009	<u>1,198,407</u>
At 25 May 2008	<u>1,179,029</u>

5 Fixed asset investments

	£
At 25 May 2008 and 31 May 2009	<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 31 May 2009

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

	2009 £	2008 £
Goods for resale	<u>1,436,198</u>	<u>661,878</u>

7 Debtors

	2009 £	2008 £
Trade debtors	3,846,852	3,169,648
Amounts due from group undertakings	3,434,789	2,509,387
Deferred tax asset (note 9)	247,719	160,463
Contract advances	1,270,000	–
Other debtors	494,539	514,603
Prepayments and accrued income	<u>343,672</u>	<u>232,266</u>
	<u>9,637,571</u>	<u>6,586,367</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

	2009 £	2008 £
Trade creditors	7,069,147	4,343,651
Amounts owed to group undertakings	8,750	–
Obligations under finance leases and hire purchase contracts	12,580	–
Corporation tax	15,750	40,000
Other taxation and social security	761,100	620,474
Other creditors	3,669,178	3,405,093
Accruals and deferred income	<u>126,604</u>	<u>132,434</u>
	<u>11,663,109</u>	<u>8,541,652</u>

9 Deferred taxation

	2009 £	2008 £
At 26 May 2008	160,463	220,110
Credited/(charged) during the period	<u>87,256</u>	<u>(59,647)</u>
At 31 May 2009	<u>247,719</u>	<u>160,463</u>

9 Deferred taxation (continued)

At 31 May 2009, 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

	2009 £	2008 £
Excess of tax allowances over book depreciation of fixed assets	(183,350)	(108,505)
Other timing differences	(64,369)	(51,958)
	<u>(247,719)</u>	<u>(160,463)</u>

10 Share capital

	2009 £	2008 £
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 26 May 2008	553,979	2,169,078
Profit for the period	–	851,567
At 31 May 2009	<u>553,979</u>	<u>3,020,645</u>

12 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial period	851,567	691,799
Opening shareholders' funds	5,707,605	5,015,806
Closing shareholders' funds	<u>6,559,172</u>	<u>5,707,605</u>

13 Net cash inflow from operating activities

	2009 £	2008 £
Operating profit	740,257	772,643
Depreciation	467,539	488,049
Impairment	–	317,660
Increase in stocks	(774,320)	(148,536)
Increase in debtors	(2,463,948)	(693,717)
Increase in creditors	2,645,707	25,701
Net cash inflow from operating activities	<u>615,235</u>	<u>761,800</u>

14 Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
Increase/(decrease) in cash in the period	128,122	(15,784)
Inception of new finance leases and hire purchase contracts	(12,580)	–
Net funds at 25 May 2008	145,032	160,816
Net funds at 31 May 2009	<u>260,574</u>	<u>145,032</u>

15 Analysis of changes in net funds

	At 26 May 2008 £	Cashflow £	Non-cash movement £	At 31 May 2009 £
Cash at bank and in hand	145,032	128,122	–	273,154
Finance leases and hire purchase contracts	–	–	(12,580)	(12,580)
Net funds	<u>145,032</u>	<u>128,122</u>	<u>(12,580)</u>	<u>260,574</u>

16 Guarantees and other financial commitments

Leasing commitments

	31 May 2009		25 May 2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
– within one year	–	16,637	–	19,384
– within two to five years	20,000	166,163	20,000	124,619
	<u>20,000</u>	<u>182,800</u>	<u>20,000</u>	<u>144,003</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.