Financial Statements
Graysons Restaurants Limited

For the year ended 30 June 2014

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COMPANIES HOUSE

Registered number: 06321367

Company Information

Directors	Sir F H Mackay T P O'Neill B H C Watson
Company secretary	B H C Watson
Registered number	06321367
Registered office	Devon House Anchor Street Chelmsford Essex CM2 0GD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH
Bankers	The Royal Bank of Scotland 27 Park Row Leeds LS1 5QB
Solicitors	Amicus Commercial Rumwell Hall Rumwell Taunton Somerset TA4 1EL

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 15

Strategic Report

For the year ended 30 June 2014

Business review

Led by Tim O'Neill, Managing Director, and following the sale of the Group's former education sector catering business and a Group reorganisation in May 2013, Graysons Restaurants continues to focus on the business and industry contract catering sector providing tailor made staff restaurants, cafés and hospitality and event services to a wide range of corporate clients including the financial sector, media, law firms and manufacturing. The management team have focussed on successfully retaining and growing a number of group contracts as well as delivering organic new contract growth in the year. The ethos of the business continues to be to utilise fresh produce from selected local suppliers whilst continually attracting and developing talented people to deliver modern food service environments for our clients.

The company also recognises its responsibilities to the environment as well as ensuring the quality of its services and was accredited with both ISO 9001 & ISO 14001.

Taking account of recent new contract wins and the ability of the company to win further new contracts, together with the ability to successfully develop existing client relationships, the directors consider that future periods will show further growth in sales and gross profit.

Principal risks and uncertainties

The majority of the company's turnover is derived from contractual revenue streams which, whilst not all guaranteed, have a reasonable degree of certainty in normal circumstances. Whilst it is always the case that certain contracts in the business will be due for renewal during the year we manage this process carefully and key client contract relationships are strong.

The retention of key management in the company is important to maintain these relationships and to provide continuity and consistency and the company has demonstrated its ability to retain these key individuals with a management structure that is largely unchanged since June 2013.

Financial risk management

The company's principal financial instruments comprise intra group borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group directors prepare detailed cash flow forecasts incorporating all companies within the group and funds are transferred around the group to ensure sufficient liquidity is maintained at all times.

Credit risk

The company trades with only recognised, creditworthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Strategic Report (continued)

For the year ended 30 June 2014

Financial key performance indicators

The Directors consider the key performance indicators to be turnover, which was £9,220,000 (2013 - £4,114,000) and profit before tax, which was £624,000 (2013 - £24,000).

The growth in turnover from last year is driven mainly by the fact that the accounts to June 2013 only reflected 2 months of trading for the business and industry contracts due to a transfer of trade as part of the reorganisation of the group in May 2013.

Irrespective of the group reorganisation and its effect on the company's turnover, there has been an improvement in both the gross profit and operating profit margins year on year. Gross margin for the year was 58.6% (2013 - 55.0%) and operating margin was 6.8% (2013 - 0.6%).

Based on the above, the directors are satisfied with the performance of the company overall.

Going concern

The financial statements show the company as both profitable and with positive net current assets and net assets. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

As part of the Graysons Hospitality group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged to continue to offer financial support for the foreseeable future in writing to the directors in a letter of support.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have been sensitised to take account of known and potential risks. The underlying assumption is that the group will continue to trade at a similar level to that of its current position with a small improvement in margin and given the contractual nature of the group's business and based on the historical trading of those elements that are not contractual, the directors consider this assumption to be reasonable. These forecasts demonstrate the ability of the group to operate within existing facilities.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

This report was approved by the board on 24th March 2015 and signed on its behalf.

Sir F H Mackay
Director

Directors' Report

For the year ended 30 June 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 law). 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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Results

The profit for the year, after taxation, amounted to £493,000 (2013 - £37,000).

Directors

The directors who served during the year were:

Sir F H Mackay
T P O'Neill
B H C Watson
R M Morley (resigned 1 July 2013)
N E H Thomas (resigned 1 July 2013)

Disabled employees

The Company continues to support the employment of disabled persons, wherever practicable, and to ensure that they share in the training, career development and promotion opportunities available to all employees.

Directors' Report

For the year ended 30 June 2014

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 24th March 2015 and signed on its behalf.

Sir F H Mackay
Director

Grant Thornton

Independent Auditor's Report to the Members of Graysons Restaurants Limited

We have audited the financial statements of Graysons Restaurants Limited for the year ended 30 June 2014, which comprise the Profit and Loss Account, the Balance Sheet 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 auditor

As explained more fully in the Directors' responsibilities statement, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 June 2014 and of its profit 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent Auditor's Report to the Members of Graysons Restaurants 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

James Brown (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Ipswich
Date: 25 March 2015

Profit and Loss Account

For the year ended 30 June 2014

	Note	2014 £000	2013 £000
Turnover	1,2	**9,220**	4,114
Cost of sales		**(3,815)**	(1,851)
Gross profit		**5,405**	2,263
Administrative expenses		**(4,781)**	(2,239)
Operating profit	3	**624**	24
Profit on ordinary activities before taxation		**624**	24
Tax on profit on ordinary activities	6	**(131)**	13
Profit for the financial year	13	**493**	37

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 9 to 15 form part of these financial statements.

Graysons Restaurants Limited
Registered number: 06321367

Balance Sheet

As at 30 June 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	7		**31**		35
Current assets					
Stocks	8	**137**		120	
Debtors	9	**4,076**		1,662	
Cash at bank and in hand		**714**		758	
		4,927		2,540	
Creditors: amounts falling due within one year	10	**(4,800)**		(2,910)	
Net current assets/(liabilities)			**127**		(370)
Net assets/(liabilities)			**158**		(335)
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		**158**		(335)
Shareholders' funds/(deficit)	14		**158**		(335)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24th March 2015

Sir F H Mackay
Director

The notes on pages 9 to 15 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The financial statements show the company as both profitable and with positive net current assets and net assets. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

As part of the Graysons Hospitality group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged to continue to offer financial support for the foreseeable future in writing to the directors in a letter of support.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have been sensitised to take account of known and potential risks. The underlying assumption is that the group will continue to trade at a similar level to that of its current position with a small improvement in margin and given the contractual nature of the group's business and based on the historical trading of those elements that are not contractual, the directors consider this assumption to be reasonable. These forecasts demonstrate the ability of the group to operate within existing facilities.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

The turnover shown in the profit and loss account represents the total value of goods supplied and services provided, exclusive of Value Added Tax and is recognised on delivery of the service.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	20% straight line
Office equipment	-	33% straight line

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements

For the year ended 30 June 2014

2. Turnover

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2014 £000	2013 £000
Auditor's remuneration	8	9

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £000	2013 £000
Wages and salaries	3,570	1,628
Social security costs	385	126
Other pension costs	3	2
	3,958	1,756

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Management staff	15	15
Catering staff	264	91
	279	106

5. Directors' remuneration

	2014 £000	2013 £000
Remuneration	103	66

Notes to the Financial Statements

For the year ended 30 June 2014

6. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Deferred tax (see note 11)		
Origination and reversal of timing differences	**131**	(13)
Tax on profit on ordinary activities	**131**	(13)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2013 - lower than) the standard rate of corporation tax in the UK of 22.5% (2013 - 23%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	**624**	24
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013 - 23%)	**140**	6
Effects of:		
Difference between capital allowances and depreciation	**1**	2
Non-taxable income	**-**	(27)
Utilisation of losses brought forward	**(139)**	-
Group relief	**(3)**	-
Other tax adjustments	**1**	19
Current tax charge for the year (see note above)	**-**	-

Notes to the Financial Statements

For the year ended 30 June 2014

7. Tangible fixed assets

	Fixtures and fittings £000	Office equipment £000	Total £000
Cost			
At 1 July 2013	**86**	**122**	**208**
Additions	**6**	**13**	**19**
At 30 June 2014	**92**	**135**	**227**
Depreciation			
At 1 July 2013	**79**	**94**	**173**
Charge for the year	**4**	**19**	**23**
At 30 June 2014	**83**	**113**	**196**
Net book value			
At 30 June 2014	**9**	**22**	**31**
At 30 June 2013	7	28	35

8. Stocks

	2014 £000	2013 £000
Finished goods and goods for resale	**137**	120

9. Debtors

	2014 £000	2013 £000
Trade debtors	**1,355**	898
Amounts owed by group undertakings	**2,293**	398
Other debtors	**282**	156
Prepayments and accrued income	**132**	65
Deferred tax asset (see note 11)	**14**	145
	4,076	1,662

Notes to the Financial Statements

For the year ended 30 June 2014

10. Creditors:
Amounts falling due within one year

	2014 £000	2013 £000
Bank loans and overdrafts	**473**	-
Trade creditors	**889**	1,085
Amounts owed to group undertakings	**2,499**	1,101
Other taxation and social security	**481**	547
Other creditors	**307**	-
Accruals and deferred income	**151**	177
	4,800	2,910

Bank loans and overdrafts are secured by the assets of the company and by a cross guarantee provided by other members of the Graysons Hospitality Limited group.

11. Deferred tax asset

	2014 £000	2013 £000
At beginning of year	**145**	-
Profit and loss account	**(131)**	13
Losses transferred with trade and assets from group undertakings	**-**	132
At end of year	**14**	145

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Difference between depreciation and capital allowances	**(14)**	(2)
Other timing differences	**-**	(143)
	(14)	(145)

Included within other timing differences is an amount of £nil (2013 - £143,000) in respect of tax losses carried forward.

12. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**-**	-

Notes to the Financial Statements

For the year ended 30 June 2014

13. Reserves

	Profit and loss account £000
At 1 July 2013	(335)
Profit for the year	493
At 30 June 2014	158

14. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' deficit	(335)	-
Profit for the financial year	493	37
Transfer of net assets to fellow group undertaking for nil consideration	-	(113)
Transfer of net liabilities from fellow group undertaking for nil consideration	-	(259)
Closing shareholders' funds/(deficit)	158	(335)

15. Related party transactions

The Company is a wholly owned subsidiary of Graysons Hospitality Limited, the group accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transaction with members of the Graysons Hospitality Limited group.

16. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Graysons Limited.

The company's ultimate parent undertaking is Graysons Hospitality Limited.

The parent undertaking of the largest and smallest group for which group financial statements are prepared is Graysons Hospitality Limited. Copies of Graysons Hospitality Group's financial statements are available from Companies House.

The directors consider Sir Francis Mackay to be the controlling party by way of his shareholding in the ultimate parent company.