

Registration number 2108452

**Catering Partnership Limited**

**Directors' report and financial statements**

**for the year ended 30 June 2003**



## **Catering Partnership Limited**

### **Company information**

Directors	H Gadsden A J Coombs C E Smith (appointed 01/05/03)
Secretary	A C Tilbrook (appointed 03/10/03) B J Wilkes (resigned 03/10/03)
Company number	2108452
Registered office	33 Leicester Road Blaby Leicester LE8 4GR
Auditors	Rowley's 20 Friar Lane Leicester LE1 5RA
Business address	33 Leicester Road Blaby Leicester LE8 4GR
Bankers	National Westminster Bank Plc 75 High Street Erdington Birmingham B23 6SB

## **Catering Partnership Limited**

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## **Catering Partnership Limited**

### **Directors' report for the year ended 30 June 2003**

The directors present their report and the financial statements for the year ended 30 June 2003.

#### **Principal activity and review of the business**

The principal activity of the company during the year was that of the provision of contract catering services.

The directors are satisfied with the results for the year and the year end position and are reasonably confident concerning the future.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors have paid interim dividends amounting to £128,000 and they do not recommend payment of a final dividend.

#### **Employment policy**

Regular meetings are held with contract managers to discuss sales, financial position and prospects. Opportunity is given to discuss matters which concern employees. The company has continued its policy regarding employment of disabled persons. Full and fair consideration is given to applications for employment. Appropriate training is given to any disabled person and retraining should anyone become disabled.

#### **Directors and their interests**

The directors who served during the year and their interests in the company are as stated below:

	<b>Ordinary shares</b>		<b>A Ordinary shares</b>	
	<b>30/06/03</b>	<b>01/07/02</b>	<b>30/06/03</b>	<b>01/07/02</b>
H Gadsden	-	-	-	-
A J Coombs	-	-	-	-
C E Smith (appointed 01/05/03)	-	-	-	-

#### **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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

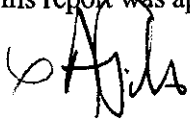
**Catering Partnership Limited**

**Directors' report  
for the year ended 30 June 2003**

**Auditors**

Rowley's were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 5/12/03 and signed on its behalf by



**A C Tilbrook  
Secretary**

# Catering Partnership Limited

## Profit and loss account for the year ended 30 June 2003

		Continuing operations	
		2003	2002
	Notes	£	£
<b>Turnover</b>	<b>2</b>	7,953,067	6,756,109
Cost of sales		(6,970,361)	(5,809,639)
<b>Gross profit</b>		982,706	946,470
Administrative expenses		(1,130,263)	(1,096,256)
Other operating income		424,670	381,372
<b>Operating profit</b>	<b>3</b>	277,113	231,586
Other interest receivable and similar income	4	3,716	2,457
Interest payable and similar charges	5	(4,846)	(1,207)
<b>Profit on ordinary activities before taxation</b>		275,983	232,836
Tax on profit on ordinary activities	8	(54,736)	(59,615)
<b>Profit on ordinary activities after taxation</b>		221,247	173,221
Dividends	9	(128,000)	(168,000)
<b>Retained profit for the year</b>		93,247	5,221
Retained profit brought forward		556,408	551,187
<b>Retained profit carried forward</b>		649,655	556,408

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 17 form an integral part of these financial statements.

## **Catering Partnership Limited**

### **Independent auditors' report to the shareholders of Catering Partnership Limited**

We have audited the financial statements of Catering Partnership Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

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.

**Catering Partnership Limited**

**Independent auditors' report to the shareholders of Catering Partnership Limited continued**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Rowley's  
Chartered Accountants and  
Registered Auditors  
20 Friar Lane  
Leicester  
LE1 5RA**

**8 December 2003**

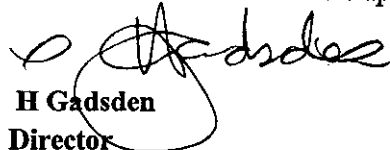


# Catering Partnership Limited

## Balance sheet as at 30 June 2003

	Notes	2003		2002	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		175,719		217,558
<b>Current assets</b>					
Stocks	11	82,732		66,370	
Debtors	12	1,577,513		1,406,166	
Deferred tax asset	15	2,510		-	
Cash at bank and in hand		76,998		22,979	
		<u>1,739,753</u>		<u>1,495,515</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,204,750)</u>		<u>(1,143,557)</u>	
<b>Net current assets</b>			<u>535,003</u>		<u>351,958</u>
<b>Total assets less current liabilities</b>			710,722		569,516
<b>Creditors: amounts falling due after more than one year</b>	14		(53,067)		-
<b>Provisions for liabilities and charges</b>	15		-		(5,108)
<b>Net assets</b>			<u>657,655</u>		<u>564,408</u>
<b>Capital and reserves</b>					
Called up share capital	17		8,000		8,000
Profit and loss account			649,655		556,408
<b>Equity shareholders' funds</b>	18		<u>657,655</u>		<u>564,408</u>

The financial statements were approved by the Board on 5/12/03 and signed on its behalf by

  
H Gadsden  
Director

The notes on pages 8 to 17 form an integral part of these financial statements.

# Catering Partnership Limited

## Cash flow statement for the year ended 30 June 2003

	Notes	2003 £	2002 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		277,113	231,586
Depreciation		92,238	64,043
(Increase) in stocks		(16,362)	(14,002)
(Increase) in debtors		(171,347)	97,418
Increase in creditors		154,972	1,867
<b>Net cash inflow from operating activities</b>		<u>336,614</u>	<u>380,912</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		336,614	380,912
Returns on investments and servicing of finance	24	(1,130)	1,250
Taxation	24	(60,712)	(110,956)
Capital expenditure	24	(64,371)	(170,866)
		210,401	100,340
Equity dividends paid		(128,000)	(168,000)
		82,401	(67,660)
Financing	24	48,754	-
<b>Increase in cash in the year</b>		<u>131,155</u>	<u>(67,660)</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 25)</b>			
<b>Increase in cash in the year</b>		131,155	(67,660)
Cash inflow from decrease in debts and lease financing		(48,754)	-
Change in net funds resulting from cash flows		82,401	(67,660)
New finance leases and hire purchase contracts		13,972	(24,650)
<b>Movement in net funds in the year</b>		96,373	(92,310)
<b>Net at 1 July 2002</b>		(102,265)	(9,955)
<b>Net at 30 June 2003</b>		<u>(5,892)</u>	<u>(102,265)</u>

## **Catering Partnership Limited**

### **Notes to the financial statements for the year ended 30 June 2003**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention .

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	10% per annum of cost (2002 on NBV)
Plant and machinery	-	25% per annum of cost
Fixtures, fittings and equipment	-	15% per annum of cost
Motor vehicles	-	30% per annum of cost (2002 on NBV)

##### **1.4. Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

##### **1.5. Stock**

Stock is valued at the lower of cost and net realisable value.

##### **1.6. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

##### **1.7. Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

#### **2. Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

# Catering Partnership Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

<b>3. Operating profit</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	93,339	64,043
Auditors' remuneration	6,300	5,950
	<u>          </u>	<u>          </u>
and after crediting:		
Profit on disposal of tangible fixed assets	1,101	-
	<u>          </u>	<u>          </u>
 <b>4. Interest receivable and similar income</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Bank interest	3,716	2,457
	<u>          </u>	<u>          </u>
 <b>5. Interest payable and similar charges</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Interest payable on loans < 1 yr	2,181	568
Hire purchase interest	2,665	639
	<u>          </u>	<u>          </u>
	4,846	1,207
	<u>          </u>	<u>          </u>
 <b>6. Employees</b>		
<b>Number of employees</b>	<b>2003</b>	<b>2002</b>
The average monthly numbers of employees (including the directors) during the year were:		
Catering staff	365	329
Head office	33	25
	<u>          </u>	<u>          </u>
	398	354
	<u>          </u>	<u>          </u>
 <b>Employment costs</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,775,224	3,043,291
Social security costs	223,501	212,061
Other pension costs	29,916	31,378
	<u>          </u>	<u>          </u>
	4,028,641	3,286,730
	<u>          </u>	<u>          </u>

**Catering Partnership Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

<b>6.1. Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	101,468	63,164
Pension contributions	26,946	28,561
	<u>128,414</u>	<u>91,725</u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

**7. Pension costs**

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £29,916 (2002 - £31,378).

# Catering Partnership Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

### 8. Tax on profit on ordinary activities

Analysis of charge in period	2003 £	2002 £
<b>Current tax</b>		
UK corporation tax at 30.00% (2002 - 30.00%)	61,300	59,658
Adjustments in respect of previous periods	1,054	(43)
	<u>62,354</u>	<u>59,615</u>
Total current tax charge	<u>62,354</u>	<u>59,615</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	(7,618)	-
Total deferred tax	<u>(7,618)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>54,736</u>	<u>59,615</u>

### Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>275,983</u>	<u>232,836</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 June 2002 : 30%)	82,795	69,851
<b>Effects of:</b>		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	761	1,162
Capital allowances for period in excess of depreciation	9,531	2,143
Marginal rate effect	(32,445)	(12,970)
Rounding	(329)	(528)
Current tax charge for period	<u>60,313</u>	<u>59,658</u>

### 9. Dividends

	2003 £	2002 £
<b>Dividends on equity shares:</b>		
Ordinary shares - interim paid	<u>128,000</u>	<u>168,000</u>

**Catering Partnership Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

10. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2002	14,508	87,170	74,723	160,655	337,056
Additions	-	23,074	9,284	38,391	70,749
Disposals	-	-	(15,402)	(31,804)	(47,206)
At 30 June 2003	<u>14,508</u>	<u>110,244</u>	<u>68,605</u>	<u>167,242</u>	<u>360,599</u>
<b>Depreciation</b>					
At 1 July 2002	2,176	48,065	44,935	24,322	119,498
On disposals	-	-	(15,402)	(12,555)	(27,957)
Charge for the year	1,440	23,821	19,245	48,833	93,339
At 30 June 2003	<u>3,616</u>	<u>71,886</u>	<u>48,778</u>	<u>60,600</u>	<u>184,880</u>
<b>Net book values</b>					
At 30 June 2003	<u>10,892</u>	<u>38,358</u>	<u>19,827</u>	<u>106,642</u>	<u>175,719</u>
At 30 June 2002	<u>12,332</u>	<u>39,105</u>	<u>29,788</u>	<u>136,333</u>	<u>217,558</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003		2002	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Motor vehicles	<u>27,215</u>	<u>12,366</u>	<u>44,832</u>	<u>1,392</u>
<b>11. Stocks</b>			<b>2003</b>	<b>2002</b>
			£	£
Finished goods and goods for resale			<u>82,732</u>	<u>66,370</u>

# Catering Partnership Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

<b>12. Debtors</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Trade debtors	757,384	568,462
Amounts owed by group undertakings	658,992	706,209
Other debtors	45,565	37,371
Prepayments and accrued income	115,572	94,124
	<u>1,577,513</u>	<u>1,406,166</u>
 <b>13. Creditors: amounts falling due within one year</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Bank overdraft	-	91,492
Bank loan	20,021	5,665
Net obligations under finance leases and hire purchase contracts	9,802	28,087
Trade creditors	594,893	494,072
Corporation tax	61,300	59,658
Other taxes and social security costs	294,643	251,174
Directors' accounts	2,895	-
Other creditors	172,068	147,105
Accruals and deferred income	49,128	66,304
	<u>1,204,750</u>	<u>1,143,557</u>
 <b>14. Creditors: amounts falling due after more than one year</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Bank loan	48,754	-
Net obligations under finance leases and hire purchase contracts	4,313	-
	<u>53,067</u>	<u>-</u>

The bank loan and overdrafts are secured by a fixed and floating charge over the assets of the company.



**Catering Partnership Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

**15. Provisions for liabilities and charges**

	<b>Deferred taxation (Note 16) £</b>	<b>Total £</b>
At 1 July 2002	5,108	5,108
Movements in the year	7,618	7,618
At 30 June 2003	<u>2,510</u>	<u>2,510</u>

**16. Provision for deferred taxation**

	<b>2003 £</b>	<b>2002 £</b>
Accelerated capital allowances	<u>-</u>	<u>5,108</u>
Provision at 1 July 2002	5,108	
Deferred tax charge in profit and loss account	<u>(7,618)</u>	
Provision at 30 June 2003	<u>(2,510)</u>	

# Catering Partnership Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

<b>17. Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
5,000 Ordinary shares of £1 each	5,000	5,000
5,000 A Ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
3,000 Ordinary shares of £1 each	3,000	3,000
5,000 A Ordinary shares of £1 each	5,000	5,000
	<u>8,000</u>	<u>8,000</u>

The A Ordinary shares carry no voting rights in the event of any winding up of the company other than that of repayment of capital.

<b>18. Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit for the year	221,247	173,221
Dividends	(128,000)	(168,000)
	<u>93,247</u>	<u>5,221</u>
Opening shareholders' funds	564,408	559,187
Closing shareholders' funds	<u>657,655</u>	<u>564,408</u>

### 19. Contingent liabilities

The company has entered into a cross guarantee with its parent company, Catering Partnership (Holdings) Limited, in respect of bank borrowings.

# Catering Partnership Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

### 20. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing		Maximum in year
	2003	2002	
	£	£	£
A J Coombs	<u>5,000</u>	<u>-</u>	<u>5,000</u>

### 21. Related party transactions

During the year the company purchased goods and services of £132,531 (2002: £100,948) from Midland Catering Equipment, a business owned by Mr H Gadsden. Also during the year, the company charged Midland Catering Equipment for services to the sum of £2,000 (2002: £12,000). At the year end the company was owed by Midland Catering Equipment £27,852 (2001: £31,783). All transactions were carried out on an arms length basis on normal trading terms.

### 22. Ultimate parent undertaking

The company's ultimate parent company is Catering Partnership (Holdings) Limited, a company registered in England and Wales.

### 23. Controlling interest

The company is controlled by H Gadsden, by virtue of his interest in the entire issued equity share capital of Catering Partnership (Holdings) Limited.

# Catering Partnership Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

### 24. Gross cash flows

	2003 £	2002 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,716	2,457
Interest paid	(4,846)	(1,207)
	<u>(1,130)</u>	<u>1,250</u>
<b>Taxation</b>		
Corporation tax paid	<u>(60,712)</u>	<u>(110,956)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(84,721)	(170,866)
Receipts from sales of tangible assets	20,350	-
	<u>(64,371)</u>	<u>(170,866)</u>
<b>Financing</b>		
New long term bank loan	<u>48,754</u>	<u>-</u>

### 25. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	22,979	54,019		76,998
Overdrafts	(91,492)	91,492		-
	<u>(68,513)</u>	<u>145,511</u>		<u>76,998</u>
Debt due within one year	(20,021)	-	-	(20,021)
Debt due after one year	-	(48,754)	-	(48,754)
Finance leases and hire purchase contracts	(28,087)	-	13,972	(14,115)
	<u>(48,108)</u>	<u>(48,754)</u>	<u>13,972</u>	<u>(82,890)</u>
<b>Net funds</b>	<u>(116,621)</u>	<u>96,757</u>	<u>13,972</u>	<u>(5,892)</u>