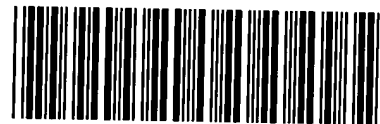


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Company Registration No. 06566108 (England and Wales)

**CATERFOOD HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

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# CATERFOOD HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M Felton	
	Mr C Taylor	
	Mr S D Bender	(Appointed 3 March 2016)
	Mr A M Selley	(Appointed 3 March 2016)
	Ms A Brogan	(Appointed 3 March 2016)
	Mr R Rogers	(Appointed 3 March 2016)

<b>Secretary</b>	Mr C Taylor
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<b>Company number</b>	06566108
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<b>Registered office</b>	814 Leigh Road Slough Berkshire SL1 4BD
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<b>Auditor</b>	Darnells Chartered Accountants Quay House Quay Road Newton Abbot Devon TQ12 2BU
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# CATERFOOD HOLDINGS LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Group balance sheet	8
Company balance sheet	9
Group statement of changes in equity	10
Company statement of changes in equity	11
Group statement of cash flows	12
Company statement of cash flows	13
Notes to the financial statements	14 - 35

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# CATERFOOD HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 30 JUNE 2016

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The directors present the strategic report for the period ended 30 June 2016.

#### **Fair review of the business**

The group's accounting period was shortened by four months to 30 June 2016 (from 31 October 2016) following the takeover of the parent company, Caterfood Holdings Limited, by BFS Group Limited, a member of the Bid Corporation Group (formerly the Bidvest Group) in March 2016 (effective date 1 November 2015), in order to align the group's accounting period with that of the new parent company. The impact of this shorter accounting period has been to decrease the sales and profit compared with the previous year, both because the current period is only eight months long and because the results for the current period to 30 June 2016 do not include a full season's trading.

The directors consider that the key financial performance indicators are Turnover, Gross margin, Earnings before interest, tax depreciation and amortisation (EBITDA) and Net assets. Together these demonstrate the financial performance and strength of the group. An overview of these indicators for the continuing operations for both the current period and the prior year are given below:

Turnover: £12,561,876 (2015 - £21,735,542)  
Gross profit: £3,944,467 (2015 - £7,062,766)  
Gross margin: 31.4% (2015 - 32.5%)  
EBITDA: £711,552 (2015 - £2,466,863)  
EBITDA margin: 5.7% (2015 - 11.3%)  
Net assets: £5,650,903 (2015 - £5,347,810)

The group's sales performance for continuing operations is similar to the sales achieved for the like for like period last year (ie. the 8 months to 30 June 2015) which totalled approximately £12.6 million.

The group's profit margins for continuing operations are slightly down, with the gross profit margin decreasing by 1.1% and the EBITDA margin decreasing by 5.6% in comparison with the previous year. The decrease in the EBITDA margin is the result of increased costs from investing in staff and infrastructure, on which the directors expect to see a return in the future.

The group's net profit before tax for continuing operations for 8 month period to 30 June 2016 is £0.39 million compared with £1.95 million for the previous 12 months. It has not been possible to obtain the net profit before tax for the like for like period last year for comparison purposes, as in the opinion of the directors this would involve incurring unnecessary expense and delay.

At the end of the period, the group's retained profit for the 8 months to 30 June 2016 is £298,010 compared with £1,087,044 for the 12 months to 31 October 2015, following payment of dividends of £nil (2015 - £480,000).

The group has maintained a strong balance sheet position, with cash reserves increasing from £929,032 to £1,677,188 after cash receipts of £286,552 (net of expenditure on acquiring fixed assets) during the period. Net current assets have increased from £1.97 million to £3.2 million. Net assets are up £0.35 million from £5.35 million to £5.7 million.

The directors are satisfied with the group's results for the year and the continued strength of its balance sheet.

# CATERFOOD HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2016

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### Principal risks and uncertainties

The group's principal operational risks include food safety, health and safety and power failures. The management of food safety risks includes both internal and external audits and inspections. The management of health and safety risks includes a health and safety manual, risk assessments and audits by an external organisation. Reviews by external accreditation bodies also contribute to improvements in these areas. The group manages the risk of power outages by having agreements with Western Power under which the group is on the high priority list in the event of power failures.

The group's principal commercial risks include its reliance on the strength of the tourism industry in the west and south of the country and bad debts. The group is committed to continued diversification of its customer base outside of the tourism industry, and particularly outside of the summer season, and is equally committed to the seeking out, introduction and promotion of exciting new lines across its product range, providing continued stimulation for its diverse customer base. Given the current economic environment, significant focus is being placed on the minimisation of bad debt risk, and the group has a dedicated credit control department. New customers are vetted through a credit reference agency before being allowed credit.

### Financial instruments

The group's principal financial instruments comprise a bank overdraft facility, trade debtors and creditors, together with bank and other loans including hire purchase agreements.

Due to the nature of the financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

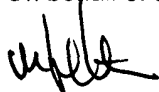
Liquidity risk is managed by the directors' monitoring of rolling forecasts, maintaining a balance between available cash reserves and the group's undrawn bank overdraft facility at a floating rate of interest.

In respect of loans, these comprise loans from financial institutions and loans from the directors. The interest rate on bank loans is variable but the capital monthly repayments are fixed. Other loans from financial institutions, including hire purchase agreements are at fixed interest and fixed monthly repayments. Interest on loans from the directors is payable at a fixed rate and the loans will only be repaid, in whole or part, when finance is available. The group manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cash flow risk by the implementation of policies that require appropriate credit checks on potential customers before any sales are made. The group has no significant concentration of credit risk.

Trade creditors risk is managed by ensuring that there are sufficient funds available to meet amounts as they fall due.

On behalf of the board



Mr M Felton  
Director

Date: 22-02-2017

# CATERFOOD HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 30 JUNE 2016

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The directors present their annual report and financial statements for the period ended 30 June 2016. Information required to be disclosed under Schedule 7 of the Companies Act 2006 is set out in the Strategic Report on pages 2-3.

#### Principal activities

The principal activity of Caterfood Holdings Limited continued to be that of a holding company.

The principal activities of the group continued to be that of the sale and distribution of frozen, chilled and ambient foodstuffs, soft drinks and related provisions to the catering trade, manufacture and distribution of ice cream, handmade food products, and the maintenance of motor vehicles.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M Felton	
Mr M Felton Jnr	(Resigned 24 February 2016)
Mr C Taylor	
Mr S D Bender	(Appointed 3 March 2016)
Mr A M Selley	(Appointed 3 March 2016)
Ms A Brogan	(Appointed 3 March 2016)
Mr R Rogers	(Appointed 3 March 2016)

#### Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Future developments

The directors are confident the group is in a strong position as it enters the coming year. The directors remain very optimistic and upbeat as they continue their assertive focus on reducing costs whilst striving to expand the group's operations and increase turnover in the following financial year.

#### Auditor

The auditor, Darnells Chartered Accountants, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# CATERFOOD HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2016

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

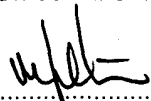
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as the directors who held office at the date of approval of these financial statements are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr M Felton  
Director

Date: 22-02-2017

# **CATERFOOD HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CATERFOOD HOLDINGS LIMITED**

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We have audited the financial statements of Caterfood Holdings Limited for the period ended 30 June 2016 set out on pages 7 to 35. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 set out on pages 3 - 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 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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 group's and the parent company's affairs as at 30 June 2016 and of the group's 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.



# **CATERFOOD HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CATERFOOD HOLDINGS LIMITED**

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### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Mr Paul Beard (Senior Statutory Auditor)**  
**for and on behalf of Darnells Chartered Accountants**  
**Statutory Auditor**  
Quay House  
Quay Road  
Newton Abbot  
Devon  
TQ12 2BU

Date: 9 March 2017

# CATERFOOD HOLDINGS LIMITED

## GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

				8 Month Period ended 30 June 2016 £			12 Month Period ended 31 October 2015 £
	Notes	Continuing operations £	Discontinued operations £		Continuing operations £	Discontinued operations £	
<b>Turnover</b>	<b>3</b>	12,561,876	-	12,561,876	21,735,542	115,718	21,851,260
<b>Cost of sales</b>		(8,617,409)	-	(8,617,409)	(14,672,776)	(41,486)	(14,714,262)
<b>Gross profit</b>		3,944,467	-	3,944,467	7,062,766	74,232	7,136,998
Distribution costs		(1,673,878)	-	(1,673,878)	(2,473,063)	-	(2,473,063)
Administrative expenses		(1,844,183)	-	(1,844,183)	(2,731,289)	(70,415)	(2,801,704)
Other operating income		9,133	-	9,133	175,535	4,194	179,729
<b>Operating profit</b>	<b>4</b>	435,539	-	435,539	2,033,949	8,011	2,041,960
Interest receivable and similar income		-	-	-	53	-	53
Interest payable and similar charges	<b>8</b>	(38,614)	-	(38,614)	(83,347)	(1,156)	(84,503)
Loss on disposal of investments	<b>9</b>	(10,769)	-	(10,769)	-	-	-
<b>Profit before taxation</b>		386,156	-	386,156	1,950,655	6,855	1,957,510
Taxation	<b>10</b>	(88,146)	-	(88,146)	(389,695)	(771)	(390,466)
<b>Profit for the financial period</b>		298,010	-	298,010	1,560,960	6,084	1,567,044
<b>Other comprehensive income</b>				-			-
<b>Total comprehensive income for the period</b>				298,010			1,567,044

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

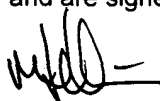
# CATERFOOD HOLDINGS LIMITED

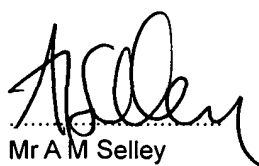
## GROUP BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	13		52,310		145,830
Tangible assets	14		3,996,182		5,287,342
Investments	15		-		50
			<u>4,048,492</u>		<u>5,433,222</u>
<b>Current assets</b>					
Stocks	17	1,799,863		1,349,761	
Debtors	18	2,351,460		2,033,671	
Cash at bank and in hand		1,677,188		929,032	
		<u>5,828,511</u>		<u>4,312,464</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(2,579,963)</u>		<u>(2,345,421)</u>	
<b>Net current assets</b>			<u>3,248,548</u>		<u>1,967,043</u>
<b>Total assets less current liabilities</b>			<u>7,297,040</u>		<u>7,400,265</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(1,502,667)		(1,888,275)
<b>Provisions for liabilities</b>	23		<u>(143,470)</u>		<u>(164,180)</u>
<b>Net assets</b>			<u><u>5,650,903</u></u>		<u><u>5,347,810</u></u>
<b>Capital and reserves</b>					
Called up share capital	25		37,500		37,500
Share premium account			92,000		92,000
Profit and loss reserves			<u>5,521,403</u>		<u>5,223,393</u>
<b>Equity attributable to owners of the parent company</b>			<u>5,650,903</u>		<u>5,352,893</u>
<b>Non-controlling interests</b>			<u>-</u>		<u>(5,083)</u>
			<u><u>5,650,903</u></u>		<u><u>5,347,810</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22-02-2017 and are signed on its behalf by:

  
 .....  
 Mr M Felton  
 Director

  
 .....  
 Mr A M Selley  
 Director

# CATERFOOD HOLDINGS LIMITED

## COMPANY BALANCE SHEET

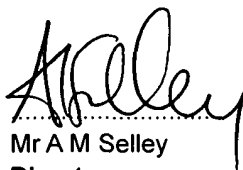
AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Investments	15		587,210		629,820
<b>Current assets</b>					
Debtors	18	-		673,949	
Cash at bank and in hand		772,632		96,226	
		<u>772,632</u>		<u>770,175</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,322,342)</u>		<u>(1,362,495)</u>	
<b>Net current liabilities</b>			(549,710)		(592,320)
<b>Total assets less current liabilities</b>			<u>37,500</u>		<u>37,500</u>
<b>Capital and reserves</b>					
Called up share capital	25		<u>37,500</u>		<u>37,500</u>

The financial statements were approved by the board of directors and authorised for issue on 22-02-2017 and are signed on its behalf by:



Mr M Felton  
Director



Mr A M Selley  
Director

Company Registration No. 06566108

# CATERFOOD HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 November 2014</b>	37,500	92,000	4,136,349	4,265,849	-	4,265,849
<b>Period ended 31 October 2015:</b>						
Profit and total comprehensive income for the period	-	-	1,567,044	1,567,044	-	1,567,044
Dividends 12	-	-	(480,000)	(480,000)	-	(480,000)
Acquisition of non-controlling interests	-	-	-	-	(5,083)	(5,083)
<b>Balance at 31 October 2015</b>	37,500	92,000	5,223,393	5,352,893	(5,083)	5,347,810
<b>Period ended 30 June 2016:</b>						
Profit and total comprehensive income for the period	-	-	298,010	298,010	-	298,010
Disposal of non-controlling interests	-	-	-	-	5,083	5,083
<b>Balance at 30 June 2016</b>	37,500	92,000	5,521,403	5,650,903	-	5,650,903

# CATERFOOD HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 November 2014</b>		37,500	-	37,500
<b>Period ended 31 October 2015:</b>				
Profit and total comprehensive income for the period		-	480,000	480,000
Dividends	12	-	(480,000)	(480,000)
<b>Balance at 31 October 2015</b>		37,500	-	37,500
<b>Period ended 30 June 2016:</b>				
Profit and total comprehensive income for the period		-	-	-
<b>Balance at 30 June 2016</b>		37,500	-	37,500

# CATERFOOD HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	1,298,657		2,070,083	
Interest paid		(38,614)		(84,503)	
Income taxes paid		(165,771)		(359,399)	
<b>Net cash inflow from operating activities</b>		<b>1,094,272</b>		<b>1,626,181</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(227,592)		(1,097,650)	
Proceeds on disposal of tangible fixed assets		514,144		109,486	
Purchase of subsidiaries		-		20,345	
Proceeds on disposal of subsidiaries		14,622		-	
Proceeds on disposal of fixed asset investments		50		-	
Interest received		-		53	
<b>Net cash generated from/(used in) investing activities</b>		<b>301,224</b>		<b>(967,766)</b>	
<b>Financing activities</b>					
Repayment of borrowings		(168,752)		(327,680)	
Proceeds of new bank loans		-		399,379	
Repayment of bank loans		(313,510)		(178,739)	
Payment of finance leases obligations		(165,078)		(34,440)	
Dividends paid to equity shareholders		-		(480,000)	
<b>Net cash used in financing activities</b>		<b>(647,340)</b>		<b>(621,480)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>748,156</b>		<b>36,935</b>	
Cash and cash equivalents at beginning of period		929,032		892,097	
<b>Cash and cash equivalents at end of period</b>		<b>1,677,188</b>		<b>929,032</b>	

# CATERFOOD HOLDINGS LIMITED

## COMPANY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	31		633,796		(326,685)
<b>Investing activities</b>					
Purchase of subsidiaries		-		(1,910)	
Proceeds on disposal of subsidiaries		42,610		-	
Dividends received		-		480,000	
<b>Net cash generated from investing activities</b>			42,610		478,090
<b>Financing activities</b>					
Dividends paid to equity shareholders		-		(480,000)	
<b>Net cash used in financing activities</b>			-		(480,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>			676,406		(328,595)
Cash and cash equivalents at beginning of period			96,226		424,821
<b>Cash and cash equivalents at end of period</b>			772,632		96,226



# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies

#### Company information

Caterfood Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 4A Aspen Way, Paignton, Devon, TQ4 7QR.

The group consists of Caterfood Holdings Limited and all of its subsidiaries.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of both the group and the company, being the currency of the principal economic environment in which they operate. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These group and company financial statements for the period ended 30 June 2016 are the first financial statements of Caterfood Holdings Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 November 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2015 - £480,000 profit).

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies

(Continued)

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Caterfood Holdings Limited and all of its subsidiaries (ie. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control passed.

With the exception of the business combination with Caterfood (South West) Limited (see below), business combinations are accounted for using the purchase method. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The business combination with Caterfood (South West) Limited was a group reconstruction on a share for share exchange, and has therefore been accounted for as a merger applying the merger relief provisions under section 612 of the Companies Act 2006. Under this method of accounting the group profit and loss account includes the results of both the company and Caterfood (South West) Limited as if they had always been combined. As a result no fair value adjustments arose on the acquisition of Caterfood (South West) Limited.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.5 Intangible fixed assets - goodwill

Acquired goodwill and goodwill arising on consolidation are written off in equal annual instalments over 10 years, being the directors' estimate of the useful economic life.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	2% per annum on a straight line basis
Land and buildings leasehold	over the remaining term of the lease
Plant and machinery	10% per annum on a straight line basis
Fixtures, fittings & equipment	20% - 25% per annum on a reducing balance basis
Motor vehicles	25% per annum on a reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated on either a weighted average or a first in first out basis, and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

---

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### **1.12 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### **1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies

(Continued)

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### Deferred tax

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

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The deferred tax balance has not been discounted.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the group to the fund during the year. Any unpaid contributions are included in creditors.

#### 1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Overrides receivable

Determining the amount of overrides, or retrospective discounts, receivable from suppliers at each accounting date requires an estimation of the amounts due based upon the level of purchases and the terms of the discounts with each supplier. The actual amounts of such discounts are generally not known with certainty until after the financial statements have been approved.

At 30 June 2016 the amount of such discounts included in Trade debtors was £56,779 (2015 - £89,772).

#### Accrued holiday pay

Determining the amount to be accrued for holiday pay owed to staff at the period end requires an estimation of both the number of days holiday not yet taken for each member of staff, based on the number of days holiday taken by each member of staff deducted from their annual holiday entitlement, and an average gross pay to be applied.

At 30 June 2016 accrued holiday pay amounted to £54,829 (2015 - £nil).

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Sale of goods	12,081,847	21,145,337
Rendering of services	480,029	705,923
	<u>12,561,876</u>	<u>21,851,260</u>

All turnover derives from the group's principal activities wholly undertaken in the United Kingdom.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 4 Operating profit

	2016 £	2015 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	206,770	318,711
Depreciation of tangible fixed assets held under finance leases	50,384	87,081
Loss on disposal of tangible fixed assets	10,438	17,295
Amortisation of intangible assets	8,421	14,691
Cost of stocks recognised as an expense	8,124,467	13,961,102
Operating lease charges	107,027	131,739

#### Exceptional gains:

Included in Other operating income in 2015 is compensation received of £168,455 in the form of a Final Redress Payment from Clydesdale Bank for the mis-selling of an interest rate hedging product. The company had previously entered into an agreement with Clydesdale Bank whereby an interest rate "collar" was attached to the long term bank loan.

The terms of the loan have since been changed to an ordinary repayment basis, and the company accepted the Final Redress Payment in full and final settlement of its claim for compensation.

#### Exceptional losses:

Included in Administrative expenses are the following exceptional losses:

- a compensation payment of £17,400 in the year ended 31 October 2015 relating to the settlement of a claim for unfair dismissal by an ex-employee;
- consultancy fees of £14,900 (2015 - £29,800) relating to the takeover of the Caterfood Group by BFS Group Limited.

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group	19,547	23,250



# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 6 Employees

The average monthly number of persons (including directors) employed by the group during the period was:

	2016 Number	2015 Number
Directors	3	3
Production	29	30
Sales & marketing	20	26
Transport, distribution & stores	70	79
Administration	28	21
	<u>150</u>	<u>159</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,103,920	3,173,723
Social security costs	187,584	275,338
Pension costs	38,396	70,776
	<u>2,329,900</u>	<u>3,519,837</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	151,913	202,500
Company pension contributions to defined contribution schemes	28,224	49,823
	<u>180,137</u>	<u>252,323</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	55,429	67,500
Company pension contributions to defined contribution schemes	10,952	17,419
	<u>66,381</u>	<u>84,919</u>

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 8 Interest payable and similar charges

	2016	2015
	£	£
Interest on bank overdrafts and loans	33,550	58,201
Interest on finance leases and hire purchase contracts	5,010	7,272
Other interest	54	19,030
Total finance costs	<u>38,614</u>	<u>84,503</u>

### 9 Loss on disposal of investments

	2016	2015
	£	£
Loss on disposal of subsidiaries	<u>(10,769)</u>	<u>-</u>

During the period the group disposed of its investments in two subsidiaries - see note 26 to the financial statements.

### 10 Taxation

	2016	2015
	£	£
UK corporation tax on profits for the current period	<u>108,856</u>	<u>357,274</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(20,710)</u>	<u>33,192</u>
Total tax charge	<u>88,146</u>	<u>390,466</u>

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	<u>386,156</u>	<u>1,957,510</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.41%)	77,231	399,528
Tax effect of expenses that are not deductible in determining taxable profit	317	881
Unutilised tax losses carried forward	2,494	-
Permanent capital allowances in excess of depreciation	4,837	(13,581)
Depreciation on assets not qualifying for tax allowances	3,280	3,879
Other permanent differences	(13)	(241)
Tax expense for the period	<u>88,146</u>	<u>390,466</u>

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 11 Discontinued operations

On 1 November 2015 the group disposed of Red Hot Pub Company Limited, which operates a public house and Truly Treats Limited, which operates a bakery. These two subsidiaries were sold to the former directors as part of the agreement on the takeover by BFS Group Limited, as BFS Group Limited did not wish to acquire these operations.

Details of the sale proceeds and loss on disposal of each of the two subsidiaries are set out in note 26 to the financial statements.

### 12 Dividends

	2016 £	2015 £
Interim paid	-	480,000

The dividends above were all paid to the directors.

### 13 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 November 2015	214,853
Disposals	(88,529)
At 30 June 2016	126,324
<b>Amortisation and impairment</b>	
At 1 November 2015	69,023
Amortisation charged for the period	8,421
Disposals	(3,430)
At 30 June 2016	74,014
<b>Carrying amount</b>	
At 30 June 2016	52,310
At 31 October 2015	145,830

The company had no intangible fixed assets at 30 June 2016 or 30 June 2015.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 14 Tangible fixed assets

Group	Land and buildings freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 November 2015	3,632,033	244,633	2,001,057	907,934	1,906,041	8,691,698
Additions	-	-	127,489	18,607	81,496	227,592
Disposals	(891,146)	(171,788)	(79,717)	(67,839)	(126,285)	(1,336,775)
Transfers	(11,248)	11,248	-	-	-	-
At 30 June 2016	2,729,639	84,093	2,048,829	858,702	1,861,252	7,582,515
<b>Depreciation and impairment</b>						
At 1 November 2015	248,768	20,869	1,464,822	561,947	1,107,950	3,404,356
Depreciation charged in the period	11,083	6,233	71,512	37,833	130,493	257,154
Eliminated in respect of disposals	(1,191)	-	(1,424)	(3,365)	(69,197)	(75,177)
Transfers	(747)	747	(11,077)	11,077	-	-
At 30 June 2016	257,913	27,849	1,523,833	607,492	1,169,246	3,586,333
<b>Carrying amount</b>						
At 30 June 2016	2,471,726	56,244	524,996	251,210	692,006	3,996,182
At 31 October 2015	3,383,265	223,764	536,235	345,987	798,091	5,287,342

The company had no tangible fixed assets at 30 June 2016 or 30 June 2015.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	2015 £	Company 2016 £	2015 £
Plant and machinery	-	18,517	-	-
Motor vehicles	352,683	429,767	-	-
	352,683	448,284	-	-
Depreciation charge for the period in respect of leased assets	50,384	87,081	-	-

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 15 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	16	-	-	587,210	629,820
Unlisted investments		-	50	-	-
		<u>-</u>	<u>50</u>	<u>587,210</u>	<u>629,820</u>

#### Movements in fixed asset investments Group

##### Cost or valuation

At 30 June 2016

50

Disposals

(50)

At 30 June 2016

-

##### Carrying amount

At 30 June 2016

-

At 31 October 2015

50

#### Movements in fixed asset investments Company

##### Cost or valuation

At 30 June 2016

629,820

Disposals

(42,610)

At 30 June 2016

587,210

##### Carrying amount

At 30 June 2016

587,210

At 31 October 2015

629,820

The unlisted investments at cost represent 50 shares of £1 each in The Country Range Group Limited, which were bought back by that company at par during the period.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 16 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Caterfood (South West) Limited	Distribution of food & related products to the catering trade	Ordinary	100.00	
Quality Cuisine (South West) Limited	Manufacture of handmade food	Ordinary	100.00	
Yarde Farm Limited	Manufacture of ice cream	Ordinary	100.00	
Childhay Manor Ice Cream Limited	Dormant	Ordinary		100.00
Motec (SW) Limited	Motor vehicle repairs	Ordinary	100.00	

The investments in subsidiary companies are stated at cost less impairment.

Childhay Manor Ice Cream Limited is a wholly owned subsidiary of Yarde Farm Limited.

During the period the company disposed of its holdings in two following subsidiaries by transferring them to MBM (South West) Limited, a company controlled by Mr M Felton, Mr M Felton (Jr) and Mr C Taylor, for their carrying values which, in the opinion of the directors, represents their fair values, as follows:

- Red Hot Pub Company Limited for its carrying value of £40,700
- Truly Treats Limited for its carrying value of £1,910

### 17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	136,774	72,110	-	-
Finished goods and goods for resale	1,663,089	1,277,651	-	-
	<u>1,799,863</u>	<u>1,349,761</u>	<u>-</u>	<u>-</u>

### 18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,650,112	1,624,373	-	-
Gross amounts due from contract customers	865	-	-	-
Amount due from parent undertaking	78,132	-	-	-
Amounts due from fellow group undertakings	28,078	-	-	673,949
Other debtors	249,578	180,009	-	-
Prepayments and accrued income	344,695	229,289	-	-
	<u>2,351,460</u>	<u>2,033,671</u>	<u>-</u>	<u>673,949</u>

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 19 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	65,002	140,075	-	-
Obligations under finance leases	22	127,255	212,541	-	-
Other borrowings	21	-	5,212	-	-
Trade creditors		1,732,460	1,104,189	-	-
Amounts due to group undertakings		-	-	1,322,342	1,238,825
Corporation tax payable		125,538	182,453	-	-
Other taxation and social security		143,029	186,818	-	-
Other creditors		234,161	381,216	-	123,670
Accruals and deferred income		152,518	132,917	-	-
		<u>2,579,963</u>	<u>2,345,421</u>	<u>1,322,342</u>	<u>1,362,495</u>

Included in Other creditors at 31 October 2015 are directors' loan accounts, which carried interest at 2.44% per annum (charged as an expense in Caterfood (South West) Limited) and were repayable on demand, as follows:

- Mr M Felton £40,490
- Mr M Felton (Jr) £40,876
- Mr C Taylor £42,304

The loans were all repaid by 30 June 2016.

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	1,493,056	1,782,894	-	-
Obligations under finance leases	22	9,611	105,381	-	-
		<u>1,502,667</u>	<u>1,888,275</u>	<u>-</u>	<u>-</u>

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 21 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	1,558,058	1,922,969	-	-
Other loans	-	5,212	-	-
	<u>1,558,058</u>	<u>1,928,181</u>	<u>-</u>	<u>-</u>
Payable within one year	65,002	145,287	-	-
Payable after one year	<u>1,493,056</u>	<u>1,782,894</u>	<u>-</u>	<u>-</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>1,214,687</u>	<u>1,264,532</u>	<u>-</u>	<u>-</u>

The long-term bank loan is secured by a mortgage over the group's freehold properties and by a fixed and floating charge over all current and future assets of the group.

The long-term bank loan bears interest at a rate of 2.17% above the bank base rate, and is repayable in equal monthly instalments over the term of the loan which expires in February 2035.

### 22 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	129,606	219,214	-	-
In two to five years	<u>10,227</u>	<u>106,560</u>	<u>-</u>	<u>-</u>
	139,833	325,774	-	-
Less: future finance charges	<u>(2,967)</u>	<u>(7,852)</u>	<u>-</u>	<u>-</u>
	<u>136,866</u>	<u>317,922</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.



# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
<b>Group</b>		
ACAs	143,470	164,180

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
<b>Movements in the period:</b>		
Liability at 1 November 2015	164,180	-
Charge to profit or loss	(20,710)	-
Liability at 30 June 2016	143,470	-

### 24 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	38,396	70,776

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 25 Share capital

	Group and company	
	2016	2015
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
37,500 Ordinary shares of £1 each	37,500	-
Ordinary "A" Shares of £1 each	-	14,625
Ordinary "B" Shares of £1 each	-	13,500
Ordinary "C" shares of £1 each	-	9,375
	<u>37,500</u>	<u>37,500</u>

During the period the 14,625 Ordinary "A" shares of £1 each, the 13,500 Ordinary "B" shares of £1 each and the 9,375 Ordinary "C" shares of £1 each were re-designated as 37,500 Ordinary shares of £1 each carrying the same rights as the original shares.

The company has one class of ordinary shares which carry no right to fixed income.

### 26 Disposals

On 1 November 2015 the group disposed of its 100% holdings in Red Hot Pub Company Limited and Truly Treats Limited. Included in these financial statements are profits of £nil arising from the group's interests in Red Hot Pub Company Limited and Truly Treats Limited up to the date of disposal.

	Red Hot Pub Company Limited	Truly Treats Limited
	£	£
Cash and cash equivalents	5,733	22,255
Intangible assets	17,154	67,945
Property, plant and equipment	591,682	145,334
Trade and other receivables	2,515	40,484
Inventories	3,792	13,449
Trade and other payables	(531,628)	(253,729)
Tax liabilities	(7,577)	(1,734)
Obligations under finance leases	-	(15,978)
Borrowings	(30,202)	(21,199)
Minority interests	-	5,083
	<u>51,469</u>	<u>1,910</u>
Loss on disposal	(10,769)	-
Total consideration	<u>40,700</u>	<u>1,910</u>
	£	£
The consideration was satisfied by:		
Cash	<u>40,700</u>	<u>1,910</u>

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 27 Operating lease commitments

#### Lessee

The operating leases represent leases to third parties. The leases are negotiated over terms of between one and 6 years.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	149,529	146,561	-	-
Between two and five years	388,688	477,789	-	-
In over five years	34,438	55,106	-	-
	<u>572,655</u>	<u>679,456</u>	<u>-</u>	<u>-</u>

### 28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Acquisition of property, plant and equipment	<u>190,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 29 Related party transactions

#### Transactions with related parties

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 29 Related party transactions

(Continued)

The company is a wholly owned subsidiary of a company that prepares and files consolidated group accounts. It is therefore exempt under FRS 102 from disclosing intra-group related party transactions.

During the period the group had the following transactions with companies controlled by Mr M Felton, Mr M Felton (Jr) and Mr C Taylor:

- Sales on a normal commercial basis of £5,685 (2015 - £nil) to Red Hot Pub Company Limited, a former fellow subsidiary company controlled by Mr M Felton, Mr M Felton (Jr) and Mr C Taylor since 1 November 2015.
- Sales of £9,900 (2015 - £667) to, and Purchases of £71,180 (2015 - £38,301) from, Truly Treats Limited, a former fellow subsidiary company controlled by Mr M Felton, Mr M Felton (Jr) and Mr C Taylor since 1 November 2015, on a normal commercial basis.
- Freehold properties with a net book value of £476,698 were sold to MBM (South West) Limited for their estimated market value of £475,000 (2015 - £nil).

During the period the group had the following transactions with directors:

- Interest was paid to the directors of £54 (2015 - £10,398) on their loan accounts.
- A car with a net book value of £15,502 was sold to Mr M Felton for its estimated market value of £15,600 (2015 - £nil).

During the period Miss P Felton, daughter of Mr M Felton, was employed by the group on normal commercial terms. Miss P Felton received remuneration in the period (including Social Security costs and pension contributions) of £26,653 (2015 - £31,652).

During the period Mr K Felton, a former director of Caterfood (South West) Limited and the son of Mr M Felton, was employed by the group on normal commercial terms. Mr K Felton received remuneration in the period (including Social Security costs and pension contributions) of £14,038.

#### Key management personnel

The total remuneration for key management personnel for the period totalled £180,137 (2015 - £252,323), being the remuneration disclosed in note 7 to the financial statements.

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 29 Related party transactions

(Continued)

No guarantees have been given or received.

### 30 Controlling party

BFS Group Limited, a company incorporated in England & Wales, is the parent company of the smallest group in which the results of the company are consolidated. Copies of the consolidated financial statements of BFS Group Limited can be obtained from its registered office at the following address: 814 Leigh Road, Slough, Berkshire SL1 4BD.

Bid Corporation Limited (formerly Bidvest Group Limited), a company incorporated in South Africa, is the ultimate parent company of the largest group in which the results of the company are consolidated. Copies of the consolidated financial statements of Bid Corporation Limited (formerly Bidvest Group Limited) can be obtained from its registered office at the following address: PO Box 87274, Houghton 2041, Johannesburg, South Africa.

### 31 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	298,010	1,567,044
Adjustments for:		
Taxation charged	88,146	390,466
Finance costs	38,614	84,503
Investment income	-	(53)
Loss on disposal of tangible fixed assets	10,438	17,295
Amortisation and impairment of intangible assets	8,421	14,691
Depreciation and impairment of tangible fixed assets	257,154	405,792
Loss on sale of investments	10,769	-
Movements in working capital:		
(Increase) in stocks	(467,343)	(29,692)
(Increase)/decrease in debtors	(360,788)	68,282
Increase/(decrease) in creditors	1,415,236	(448,245)
<b>Cash generated from operations</b>	<b>1,298,657</b>	<b>2,070,083</b>

# CATERFOOD HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 31 Cash generated from operations - company

	2016 £	2015 £
Profit for the year after tax	-	480,000
Adjustments for:		
Investment income	-	(480,000)
Movements in working capital:		
Decrease/(increase) in debtors	673,949	(164,949)
(Decrease) in creditors	(40,153)	(161,736)
<b>Cash generated from/(absorbed by) operations</b>	<b>633,796</b>	<b>(326,685)</b>