

REGISTERED NUMBER: 01235023 (England and Wales)

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011  
FOR  
KEY CATERING PLC**

TUESDAY



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**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

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FOR THE YEAR ENDED 31 MAY 2011**

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**KEY CATERING PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MAY 2011**

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**DIRECTORS:**

J R Stacey  
R J Stacey  
M J Stacey  
K E Stacey  
J L M Stacey  
S J Stacey  
B A Stacey

**SECRETARY:**

R J Stacey

**REGISTERED OFFICE:**

Harben House  
Harben Parade  
Finchley Road  
LONDON  
NW3 6LH

**REGISTERED NUMBER:**

1235023 (England and Wales)

**AUDITORS:**

KBSP Partners LLP  
Chartered Accountants  
Statutory Auditors  
Harben House  
Harben Parade  
Finchley Road  
London NW3 6LH

**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MAY 2011**

The directors present their report with the financial statements of the company for the year ended 31 May 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the supply of disposable and vending requisites

**REVIEW OF BUSINESS**

The results for the year and the financial position of the company at the year end were considered satisfactory by directors  
The results for the company are set out on page 5

The company's key indicators during the year were as follows

	2011	2010	Change
	£	£	£
Turnover	16,338,483	27,081,796	(10,743,313)
Operating Profit/(loss)	253,711	(2,243,776)	2,497,487
Profit/(Loss) before tax	22,724	(2,488,846)	2,511,570
Shareholders' funds	3,330,846	3,313,122	17,724

The prior period shows the results for an eighteen month period following a change of accounting period. The loss for the prior period results include obsolete stock that was written off as it was considered by the directors to have no realisable value. The current year includes no such items. The directors have continued cutting operating costs and this has helped the company return to profit. In an effort to improve profit margins the company has sourced new suppliers and also made the decision to cease supplying low margin customers.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 May 2011

**FIXED ASSETS**

The values of the properties have changed materially since the last valuation and this is reflected in the financial statements

**FUTURE DEVELOPMENTS**

The directors aim to maintain the management policies which have resulted in the company's continued improving profitability. They consider that the current economic climate will impact on sales from continuing operations in 2012.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2010 to the date of this report

J R Stacey  
R J Stacey  
M J Stacey  
K E Stacey  
J L M Stacey  
S J Stacey  
B A Stacey

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The company does not follow any specified code or standard practice on payments. However it is the company's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of the payment when the business is agreed. It is the company policy to abide by these terms. Creditors days are 90 days (2010 64 days)

**FINANCIAL INSTRUMENTS**

Information on financial instruments are set out in note 16 to the financial statements

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MAY 2011**

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**PRINCIPAL RISKS & UNCERTAINTIES**

The directors consider the principal risks and uncertainties facing the company to be as follows

**Competitive risks**

- actions by the company's competitors,
- changes in consumer preferences, perception and/or spending,
- weakening economic conditions

**Legislative risks**

- all relevant legislative changes are closely monitored and incorporated within the day to day routine of the company

**Financial management risks**

The company's main objectives are

- to ensure sufficient working capital exists to achieve the company's objectives,
- to minimise the amount of borrowings, if and when required

**Exposure to credit, liquidity and cash flow risk**

- the company only grant credit to those customers who satisfy the company's credit assessment procedures with the objective to minimise credit risk,
- liquidity risk is mitigated by ensuring that the company's payment terms are adhered to by its customers and that exposure to borrowings is limited,
- the company manages the variability in cash flow receipts to ensure cash flow risk is minimised

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, KBSP Partners LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



R J Stacey - Director

24 November 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
KEY CATERING PLC**

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We have audited the financial statements of Key Catering Plc for the year ended 31 May 2011 on pages five to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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



David Stockman (Senior Statutory Auditor)  
for and on behalf of KBSP Partners LLP  
Chartered Accountants  
Harben House  
Harben Parade  
Finchley Road  
LONDON  
NW3 6LH

28 November 2011

**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2011**

	Notes	year ended 31 5 11		period 1 12 08 to 31 5 10	
		£	£	£	£
<b>TURNOVER</b>	2		16,338,483		27,081,796
Cost of sales			11,396,624		21,498,320
<b>GROSS PROFIT</b>			4,941,859		5,583,476
Distribution costs		1,605,258		2,579,621	
Administrative expenses		3,082,890		5,247,631	
			4,688,148		7,827,252
<b>OPERATING PROFIT/(LOSS)</b>	4		253,711		(2,243,776)
Interest receivable and similar income	5		-		252
			253,711		(2,243,524)
Interest payable and similar charges	6		230,987		245,322
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			22,724		(2,488,846)
Tax on profit/(loss) on ordinary activities	7		-		-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>			22,724		(2,488,846)

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous period

**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MAY 2011**

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	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	22,724	(2,488,846)
Revaluation deficit of property	(5,000)	-
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>17,724</u>	<u>(2,488,846)</u>

The notes form part of these financial statements



BALANCE SHEET  
31 MAY 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	8	5,724,710	5,821,759
<b>CURRENT ASSETS</b>			
Stocks	9	2,524,948	2,476,513
Debtors	10	2,418,303	2,788,583
Cash at bank and in hand		4,721	431
		<u>4,947,972</u>	<u>5,265,527</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>4,443,378</u>	<u>4,735,077</u>
<b>NET CURRENT ASSETS</b>		<u>504,594</u>	<u>530,450</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,229,304</u>	<u>6,352,209</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	<u>2,898,458</u>	<u>3,039,087</u>
<b>NET ASSETS</b>		<u><u>3,330,846</u></u>	<u><u>3,313,122</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	50,000	50,000
Share premium	18	122,200	122,200
Revaluation reserve	18	2,742,108	2,747,108
Capital reserve	18	6,312	6,312
Profit and loss account	18	410,226	387,502
<b>SHAREHOLDERS' FUNDS</b>	22	<u><u>3,330,846</u></u>	<u><u>3,313,122</u></u>

The financial statements were approved by the Board of Directors on 24 November 2011 and were signed on its behalf by



R J Stacey - Director

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011

1 **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with applicable accounting standards

**Accounting convention**

The financial statement have been prepared under historical cost convention as modified by the revaluation of freehold and long leasehold properties

**Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company prepares publicly available consolidated financial statements that include the results of this company

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax

Revenue is recognised from the sale of goods when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	- 2% on cost
Leasehold property	- Over the period of the lease
Long leasehold	- 2% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 15% on reducing balance

As a result of the high residual value of freehold and long leasehold properties any depreciation would be immaterial and therefore has not been provided This is a departure from the Companies Act 2006, which requires all assets to be depreciated In the opinion of the directors the net realisable values of these properties is more than the book values and to depreciate them would not give a true and fair view The directors considers that this policy results in the accounts giving a true and fair view

All freehold and long leasehold properties are revalued annually Where material, any surplus or deficit on revaluation is transferred to the revaluation reserve, except that any deficit below original cost, which are expected to be permanent, are charged to the profit and loss account The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recovered

**Stocks**

Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition Net realisable value is based on estimated selling price less any further cost expected to be incurred to disposal

**Deferred tax**

Where material deferred tax is recognised in respect of material timing differences that have originated but not reversed at the balance sheet date, deferred tax is not provided on revaluation gains, unless there is binding agreement to dispose of the asset concerned Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date Deferred tax assets are only recognised to the extent that the directors consider that there are suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction Exchange differences are taken into account in arriving at the operating result

**Pension costs and other post-retirement benefits**

The company operates a money purchase pension scheme Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**2 TURNOVER**

Turnover arises from its principal activity wholly undertaken in the United Kingdom

**3 STAFF COSTS**

	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
Wages and salaries	2,506,766	4,424,969
Social security costs	228,245	387,008
Other pension costs	18,165	38,800
	<u>2,753,176</u>	<u>4,850,777</u>

The average monthly number of employees during the year was as follows

	year ended 31 5 11	period 1 12 08 to 31 5 10
Office, management and sales	40	47
Warehouse and distribution	82	94
	<u>122</u>	<u>141</u>

**4 OPERATING PROFIT/(LOSS)**

The operating profit (2010 - operating loss) is stated after charging

	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
Depreciation - owned assets	106,659	232,394
Loss on disposal of fixed assets	7,986	21,419
Auditors' remuneration	16,590	16,000
Other services relating to taxation	2,015	1,500
	<u>133,250</u>	<u>271,313</u>
Directors' remuneration	302,830	576,617
Directors' pension contributions to money purchase schemes	18,165	38,800
	<u>320,995</u>	<u>615,417</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows

	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
Emoluments etc	71,492	125,500
Pension contributions to money purchase schemes	<u>8,400</u>	<u>12,600</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011

## 5 INTEREST RECEIVABLE AND SIMILAR INCOME

	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
Bank deposit interest	-	252

## 6 INTEREST PAYABLE AND SIMILAR CHARGES

	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
Bank interest	17,858	24,158
Bank charges	25,188	45,025
Invoice Discounting Charges	28,921	-
Bank loan interest	128,592	156,149
Invoice Discounting Interest	23,180	-
Hire purchase	7,248	19,990
	<u>230,987</u>	<u>245,322</u>

## 7 TAXATION

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 May 2011 nor for the period ended 31 May 2010

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	year ended 31 5 11 £	period 1 12 08 to 31 5 10 £
Profit/(loss) on ordinary activities before tax	<u>22,724</u>	<u>(2,488,846)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010 - 28%)	4,545	(696,877)
Effects of		
Depreciation in excess of capital allowances	349	3,098
Disallowed expenses	1,698	13,526
Unutilised tax losses	-	674,687
Utilised brought forward tax losses	(6,592)	-
Surrendered to group	-	5,566
Current tax charge	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

Subject to approval from HM Revenue & Customs as at 31 May 2011 there were taxable losses carried forward of £3,723,306 (2010 £3,756,266). Despite the fact that a profit was made in the current year, it is not clear whether full use will be made of the carried forward tax losses and so the directors decided it would be prudent not to account for a deferred tax asset at this time of £744,661 (2010 £1,051,7554).

**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**8 TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property £	Long leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>				
At 1 June 2010	4,550,000	14,262	810,000	438,732
Revaluations	30,000	-	(35,000)	-
At 31 May 2011	<u>4,580,000</u>	<u>14,262</u>	<u>775,000</u>	<u>438,732</u>
<b>DEPRECIATION</b>				
At 1 June 2010	-	14,262	-	372,974
Charge for year	-	-	-	13,152
Eliminated on disposal	-	-	-	-
At 31 May 2011	<u>-</u>	<u>14,262</u>	<u>-</u>	<u>386,126</u>
<b>NET BOOK VALUE</b>				
At 31 May 2011	<u>4,580,000</u>	<u>-</u>	<u>775,000</u>	<u>52,606</u>
At 31 May 2010	<u>4,550,000</u>	<u>-</u>	<u>810,000</u>	<u>65,758</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 June 2010	150,070	964,297	196,095	7,123,456
Additions	-	19,600	14,917	34,517
Disposals	-	(92,765)	-	(92,765)
Revaluations	-	-	-	(5,000)
At 31 May 2011	<u>150,070</u>	<u>891,132</u>	<u>211,012</u>	<u>7,060,208</u>
<b>DEPRECIATION</b>				
At 1 June 2010	135,776	657,772	120,913	1,301,697
Charge for year	2,854	77,936	12,717	106,659
Eliminated on disposal	-	(72,858)	-	(72,858)
At 31 May 2011	<u>138,630</u>	<u>662,850</u>	<u>133,630</u>	<u>1,335,498</u>
<b>NET BOOK VALUE</b>				
At 31 May 2011	<u>11,440</u>	<u>228,282</u>	<u>77,382</u>	<u>5,724,710</u>
At 31 May 2010	<u>14,294</u>	<u>306,525</u>	<u>75,182</u>	<u>5,821,759</u>

Cost or valuation at 31 May 2011 is represented by

	Freehold property £	Leasehold property £	Long leasehold £	Plant and machinery £
Valuation in 2006	2,472,308	-	274,800	-
Valuation in 2011	30,000	-	(35,000)	-
Cost	<u>2,077,692</u>	<u>14,262</u>	<u>535,200</u>	<u>438,732</u>
	<u>4,580,000</u>	<u>14,262</u>	<u>775,000</u>	<u>438,732</u>

**KEY CATERING PLC (REGISTERED NUMBER: 01235023)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**8 TANGIBLE FIXED ASSETS - continued**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2006	-	-	-	2,747,108
Valuation in 2011	-	-	-	(5,000)
Cost	150,070	891,132	211,012	4,318,100
	<u>150,070</u>	<u>891,132</u>	<u>211,012</u>	<u>7,060,208</u>

If properties had not been revalued they would have been included at the following historical cost

	2011 £	2010 £
Cost	<u>2,612,892</u>	<u>2,612,892</u>

The majority of the properties were valued on an open market basis on 29 September 2011 by Robert Sterling Surveyors LLP

Robert Sterling Surveyors LLP are members of The Royal Institution of Chartered Surveyors and are independent of the company. The remaining property was valued on an open market basis on 27 October 2011 by Speirs Gumley. Speirs Gumley are members of The Royal Institution of Chartered Surveyors and are independent of the company.

If the properties were sold at their current values then the potential tax arising would be £166,426 (2010 £205,785)

The net book value of motor vehicles includes £25,356 (2010 £268,013) in respect of assets held under hire purchase contracts. The depreciation charge in Note 4 includes £8,451 (2010 £147,577) for assets held under hire purchase contracts.

**9 STOCKS**

	2011 £	2010 £
Goods for re-sale	<u>2,524,948</u>	<u>2,476,513</u>

**10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade debtors	2,083,695	2,392,765
Other debtors	3,943	4,312
Directors' current accounts	7,051	5,423
Prepayments and accrued income	323,614	386,083
	<u>2,418,303</u>	<u>2,788,583</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011

## 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank loans and overdrafts (see note 13)	98,796	998,699
Other loans (see note 13)	1,225,611	-
Hire purchase contracts (see note 14)	12,390	66,624
Trade creditors	2,830,987	3,412,396
Taxation	45,641	-
Social security and other taxes	106,038	159,624
Other creditors	37,942	41,545
Directors' current accounts	7,405	7,405
Accrued expenses	78,568	48,784
	<u>4,443,378</u>	<u>4,735,077</u>

## 12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Bank loans (see note 13)	2,255,205	2,784,828
Hire purchase contracts (see note 14)	2,950	14,158
Amounts owed to group undertakings	640,303	240,101
	<u>2,898,458</u>	<u>3,039,087</u>

## 13 LOANS

An analysis of the maturity of loans is given below

	2011 £	2010 £
Amounts falling due within one year or on demand		
Bank overdrafts	-	878,313
Bank loans	98,796	120,386
Factoring loan	1,225,611	-
	<u>1,324,407</u>	<u>998,699</u>
Amounts falling due between one and two years		
Bank loans	<u>98,796</u>	<u>120,386</u>
Amounts falling due between two and five years		
Bank loans	<u>395,186</u>	<u>481,545</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>1,761,223</u>	<u>2,182,897</u>

The interest on bank loan is calculated at 3 months LIBOR plus a margin of 4.0%

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011

## 14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2011 £	2010 £
Gross obligations repayable		
Within one year	13,572	72,689
Between one and five years	3,240	16,813
	<u>16,812</u>	<u>89,502</u>
Finance charges repayable		
Within one year	1,182	6,065
Between one and five years	290	2,655
	<u>1,472</u>	<u>8,720</u>
Net obligations repayable		
Within one year	12,390	66,624
Between one and five years	2,950	14,158
	<u>15,340</u>	<u>80,782</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2011 £	2010 £
Expiring		
Between one and five years	90,000	90,000
In more than five years	66,500	66,500
	<u>156,500</u>	<u>156,500</u>

## 15 SECURED DEBTS

The following secured debts are included within creditors

	2011 £	2010 £
Bank overdraft	-	878,313
Bank loans	2,354,001	2,905,214
Factoring loan	1,225,611	-
Hire purchase contracts	15,340	80,782
	<u>3,594,952</u>	<u>3,864,309</u>

The bank loans and overdrafts are secured by fixed and floating charges over the company's assets in favour of the lenders

The hire purchase liabilities are secured over the assets concerned

The amount due to the factor is secured over the debtors ledger



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011

## 16 FINANCIAL INSTRUMENTS

The Company's principal assets are properties, bank balances, trade and other receivables

## Credit risk

- The management monitor credit risk closely and consider that its current policies and procedures meets its objectives of managing exposure to credit risk. The Company has no significant concentrations of credit risk

## Currency risk

- The Company has currency risk as some of the suppliers are paid in foreign currency but the amounts involved are not significant to the Company

## Interest rate risk

- The floating rate borrowing are currently at 4.0% above 3 months LIBOR and the Company has not hedged its interest rate exposure during the year

## 17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid  
Number Class

Nominal  
value  
£1

2011  
£  
50,000

2010  
£  
50,000

50,000 Ordinary shares

## 18 RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital reserve £	Totals £
At 1 June 2010	387,502	122,200	2,747,108	6,312	3,263,122
Profit for the year	22,724				22,724
Surplus on revaluation	-	-	(5,000)	-	(5,000)
At 31 May 2011	410,226	122,200	2,742,108	6,312	3,280,846

## 19 PENSION COMMITMENTS

The company operates a money purchase pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension cost represents contributions payable by the company and amounted to £18,165 (2010 £38,800). As at 31 May 2011 there was no outstanding or prepaid contributions.

## 20 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Key Catering Holdings Limited, a company registered in England. There is no ultimate controlling party to Key Catering Holdings Limited.

## 21 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions conferred by FRS 8 - Related party disclosure, from the requirement from disclosing transactions with its parent and other group undertakings. The company is a wholly owned subsidiary of the parent undertaking for which consolidated financial statements are available to the public.

At 31 May 2011 the director M J Stacey owed the company £5,215 (2010 £3,587) and the director K E Stacey owed the company £1,836 (2010 £1,836). These balances are interest free and are repayable on demand. The company owed the director J R Stacey £7,405 (2010 £7,405) at 31 May 2011.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2011

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit/(Loss) for the financial year	22,724	(2,488,846)
Other recognised gains and losses relating to the year (net)	(5,000)	-
<b>Net addition/(reduction) to shareholders' funds</b>	17,724	(2,488,846)
Opening shareholders' funds	3,313,122	5,801,968
<b>Closing shareholders' funds</b>	<u>3,330,846</u>	<u>3,313,122</u>