

REGISTERED NUMBER: 1235023 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010
FOR
KEY CATERING PLC**

TUESDAY



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KEY CATERING PLC (REGISTERED NUMBER: 1235023)

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FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

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KEY CATERING PLC
COMPANY INFORMATION
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010

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:

The KBSP Partnership
Chartered Accountants
Statutory Auditors
Harben House
Harben Parade
Finchley Road
London NW3 6LH

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

The directors present their report with the financial statements of the company for the period 1 December 2008 to 31 May 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the period 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

	2010	2008	Change
	£	£	£
Turnover	27,081,796	21,170,794	5,911,002
Operating loss	(2,243,776)	(23,257)	(2,220,519)
Loss before tax	(2,488,846)	(307,370)	(2,181,476)
Shareholders' funds	3,313,122	5,801,967	(2,488,845)

The company extended the accounting period by six months as the group of which it is a part of had planned to restructure, however this did not occur. The results reflect the company's decision in the period to write off obsolete stock that was considered by the directors to have no realisable value. The directors have continued cutting operating costs the effect of which will not be fully appreciated until the next financial year.

In an effort to improve profit margins the company has sourced new suppliers from overseas, and also made the decision to cease supplying low margin customers.

DIVIDENDS

No dividends will be distributed for the period ended 31 May 2010

FIXED ASSETS

The values of the properties have not changed materially since the last valuation

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 2011.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2008 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 64 days (2008: 83 days)

FINANCIAL INSTRUMENTS

Information on financial instruments are set out in note 22 to the financial statements

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

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.

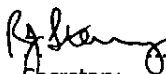
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:


R J Stacey - Secretary

Date 25/11/10

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF KEY CATERING PLC

We have audited the financial statements of Key Catering Plc for the period ended 31 May 2010 on pages five to fifteen. 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 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.

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 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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 The KBSP Partnership
Chartered Accountants
Statutory Auditors
Harben House
Harben Parade
Finchley Road
London NW3 6LH



Date

29/11/10

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

	Notes	period 1 12 08 to 31 5 10 £	£	year ended 30 11 08 £	£
TURNOVER	2		27,081,796		21,170,794
Cost of sales			21,498,320		15,224,021
GROSS PROFIT			5,583,476		5,946,773
Distribution costs		2,579,621		2,043,520	
Administrative expenses		5,247,631		3,926,509	
			7,827,252		5,970,029
OPERATING LOSS	4		(2,243,776)		(23,256)
Interest receivable and similar income	5		252		4,022
			(2,243,524)		(19,234)
Interest payable and similar charges	6		245,322		288,135
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(2,488,846)		(307,369)
Tax on loss on ordinary activities	7		-		-
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION			(2,488,846)		(307,369)

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current period or previous year

The notes form part of these financial statements

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**BALANCE SHEET
31 MAY 2010**

	Notes	2010 £	2008 £
FIXED ASSETS			
Tangible assets	8	5,821,759	6,037,080
CURRENT ASSETS			
Stocks	9	2,476,513	4,467,296
Debtors	10	2,788,583	2,982,611
Cash in hand		431	786
		<u>5,265,527</u>	<u>7,450,693</u>
CREDITORS			
Amounts falling due within one year	11	<u>4,735,077</u>	<u>4,419,664</u>
NET CURRENT ASSETS		<u>530,450</u>	<u>3,031,029</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,352,209</u>	<u>9,068,109</u>
CREDITORS			
Amounts falling due after more than one year	12	<u>3,039,087</u>	<u>3,266,141</u>
NET ASSETS		<u><u>3,313,122</u></u>	<u><u>5,801,968</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	50,000	50,000
Share premium	17	122,200	122,200
Revaluation reserve	17	2,747,108	2,747,108
Capital reserve	17	6,312	6,312
Profit and loss account	17	387,502	2,876,348
SHAREHOLDERS' FUNDS	21	<u><u>3,313,122</u></u>	<u><u>5,801,968</u></u>

The financial statements were approved by the Board of Directors on
on its behalf by

as 11/10

and were signed


R J Stacey - Director


M J Stacey - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

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 acash 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 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 Were 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 provided in full as required by FRS19 Deferred tax in respect of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is not discounted

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

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

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.

2 TURNOVER

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

3 STAFF COSTS

	period 1 12 08 to 31 5 10 £	year ended 30 11 08 £
Wages and salaries	4,424,969	3,415,109
Social security costs	387,008	330,339
Other pension costs	38,800	15,600
	<u>4,850,777</u>	<u>3,761,048</u>

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

	period 1 12 08 to 31 5 10	year ended 30 11 08
Office, management and sales	47	54
Warehouse and distribution	94	104
	<u>141</u>	<u>158</u>

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

4 OPERATING LOSS

The operating loss is stated after charging

	period 1 12 08 to 31 5 10 £	year ended 30 11 08 £
Depreciation - owned assets	232,394	190,018
Loss on disposal of fixed assets	21,419	29,398
Auditors' remuneration	16,000	15,500
Other services relating to taxation	1,500	1,500
	<u>576,617</u>	<u>457,535</u>
Directors' remuneration	38,800	15,600
Directors' pension contributions to money purchase schemes		

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

	period 1 12 08 to 31 5 10 £	year ended 30 11 08 £
Emoluments etc	125,500	101,038
Pension contributions to money purchase schemes	12,600	-

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	period 1 12 08 to 31 5 10 £	year ended 30 11 08 £
Bank deposit interest	252	3,346
Other interest	-	676
	<u>252</u>	<u>4,022</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	period 1 12 08 to 31.5.10 £	year ended 30 11 08 £
Bank interest	24,158	27,059
Bank charges	45,025	37,067
Bank loan interest	156,149	206,167
Hire purchase	19,990	17,842
	<u>245,322</u>	<u>288,135</u>

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

7 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period ended 31 May 2010 nor for the year ended 30 November 2008

Factors affecting the tax charge

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

	period 1 12 08 to 31 5 10 £	year ended 30 11 08 £
Loss on ordinary activities before tax	<u>(2,488,846)</u>	<u>(307,369)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(696,877)	(92,211)
Effects of		
Depreciation in excess of capital allowances	3,098	(2,372)
Disallowed expenses	13,526	22,848
Unutilised tax losses	674,687	69,656
Surrendered to group	<u>5,566</u>	<u>2,079</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

As at 31 May 2010 there were taxable losses carried forward of (£3,756,266) (2008 (£1,346,760))

8 TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Long leasehold £	Plant and machinery £
COST OR VALUATION				
At 1 December 2008	4,550,000	14,262	810,000	431,875
Additions	-	-	-	13,507
Disposals	-	-	-	(6,650)
At 31 May 2010	<u>4,550,000</u>	<u>14,262</u>	<u>810,000</u>	<u>438,732</u>
DEPRECIATION				
At 1 December 2008	-	14,262	-	351,553
Charge for period	-	-	-	27,347
Eliminated on disposal	-	-	-	(5,926)
At 31 May 2010	<u>-</u>	<u>14,262</u>	<u>-</u>	<u>372,974</u>
NET BOOK VALUE				
At 31 May 2010	<u>4,550,000</u>	<u>-</u>	<u>810,000</u>	<u>65,758</u>
At 30 November 2008	<u>4,550,000</u>	<u>-</u>	<u>810,000</u>	<u>80,322</u>

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

8 TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 December 2008	150,070	1,104,369	187,722	7,248,298
Additions	-	41,700	8,373	63,580
Disposals	-	(181,772)	-	(188,422)
At 31 May 2010	<u>150,070</u>	<u>964,297</u>	<u>196,095</u>	<u>7,123,456</u>
DEPRECIATION				
At 1 December 2008	129,665	615,550	100,188	1,211,218
Charge for period	6,111	178,211	20,725	232,394
Eliminated on disposal	-	(135,989)	-	(141,915)
At 31 May 2010	<u>135,776</u>	<u>657,772</u>	<u>120,913</u>	<u>1,301,697</u>
NET BOOK VALUE				
At 31 May 2010	<u>14,294</u>	<u>306,525</u>	<u>75,182</u>	<u>5,821,759</u>
At 30 November 2008	<u>20,405</u>	<u>488,819</u>	<u>87,534</u>	<u>6,037,080</u>

Cost or valuation at 31 May 2010 is represented by

	Freehold property £	Leasehold property £	Long leasehold £	Plant and machinery £
Valuation in 2008	2,472,308	-	274,800	-
Cost	<u>2,077,692</u>	<u>14,262</u>	<u>535,200</u>	<u>438,732</u>
	<u>4,550,000</u>	<u>14,262</u>	<u>810,000</u>	<u>438,732</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2008	-	-	-	2,747,108
Cost	<u>150,070</u>	<u>964,297</u>	<u>196,095</u>	<u>4,376,348</u>
	<u>150,070</u>	<u>964,297</u>	<u>196,095</u>	<u>7,123,456</u>

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

	2010 £	2008 £
Cost	<u>2,612,892</u>	<u>2,612,892</u>

The properties were valued on an open market basis on 4 April 2008 by Speirs Gumley

KEY CATERING PLC (REGISTERED NUMBER: 1235023)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010****8 TANGIBLE FIXED ASSETS - continued**

Speir Gumley who carried out the valuation on 4 April 2008 are members of The Royal Institution Of Chartered Surveyors and are independent of the company The difference between asset value and valuation is not material and has not been adjusted

The cost of the fixed assets held for use in operating leases is £14,262 (2008 £14,262) and the accumulated depreciation is £14,262 (2008 £14,262)

The net book value of motor vehicles includes £268,013 (2008 - £390,818) in respect of assets held under hire purchase contracts. The depreciation charge in Note 4 includes £147,577 (2008 £105,845) for assets held under hire purchase contracts

9 STOCKS

	2010 £	2008 £
Goods for re-sale	2,476,513	4,467,296

10 DEBTORS

	2010 £	2008 £
Amounts falling due within one year		
Trade debtors	2,392,765	2,601,810
Other debtors	4,312	6,603
Directors' current accounts	5,423	5,423
Prepayments and accrued income	386,083	245,012
	<u>2,788,583</u>	<u>2,858,848</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	123,763
	<u>-</u>	<u>123,763</u>
Aggregate amounts	<u>2,788,583</u>	<u>2,982,611</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2008 £
Bank loans and overdrafts (see note 13)	998,699	385,267
Hire purchase contracts (see note 14)	66,624	130,052
Trade creditors	3,412,396	3,447,363
Social security and other taxes	159,624	345,701
Other creditors	41,545	28,937
Directors' current accounts	7,405	22,357
Accrued expenses	48,784	59,987
	<u>4,735,077</u>	<u>4,419,664</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2008 £
Bank loans (see note 13)	2,784,828	2,941,177
Hire purchase contracts (see note 14)	14,158	104,351
Amounts owed to group undertakings	240,101	220,613
	<u>3,039,087</u>	<u>3,266,141</u>

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

13 LOANS

An analysis of the maturity of loans is given below

	2010 £	2008 £
Amounts falling due within one year or on demand		
Bank overdrafts	878,313	326,444
Bank loans	<u>120,386</u>	<u>58,823</u>
	<u>998,699</u>	<u>385,267</u>
 Amounts falling due between one and two years		
Bank loans	<u>120,386</u>	<u>176,471</u>
 Amounts falling due between two and five years		
Bank loans	<u>481,545</u>	<u>529,412</u>
 Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>2,182,897</u>	<u>2,235,294</u>

The interest on bank loan is calculated at 3 months LIBOR plus a margin of 1.5%

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2010 £	2008 £
	Hire purchase contracts	
Gross obligations repayable		
Within one year	72,689	144,195
Between one and five years	<u>16,813</u>	<u>115,334</u>
	<u>89,502</u>	<u>259,529</u>
 Finance charges repayable		
Within one year	6,065	14,143
Between one and five years	<u>2,655</u>	<u>10,983</u>
	<u>8,720</u>	<u>25,126</u>
 Net obligations repayable		
Within one year	66,624	130,052
Between one and five years	<u>14,158</u>	<u>104,351</u>
	<u>80,782</u>	<u>234,403</u>

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

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

		Land and buildings
	2010 £	2008 £
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

	2010 £	2008 £
Bank overdrafts	878,313	326,444
Bank loans	2,905,214	3,000,000
Hire purchase contracts	80,782	234,403
	<u>3,864,309</u>	<u>3,560,847</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

16 CALLED UP SHARE CAPITAL

Number	Class.	Nominal value £1	2010 £	2008 £
50,000	Ordinary shares		<u>50,000</u>	<u>50,000</u>

17 RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital reserve £	Totals £
At 1 December 2008	2,876,348	122,200	2,747,108	6,312	5,751,968
Deficit for the period	(2,488,846)				(2,488,846)
At 31 May 2010	<u>387,502</u>	<u>122,200</u>	<u>2,747,108</u>	<u>6,312</u>	<u>3,263,122</u>

18 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 £38,800 (2008 £15,600). As at 31 May 2010 there was no outstanding or prepaid contributions.

KEY CATERING PLC (REGISTERED NUMBER: 1235023)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 DECEMBER 2008 TO 31 MAY 2010**

19 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Key Catering Holdings Limited, a company registered in England

20 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 2010 the director M J Stacey owed the company £3,587 (2008 £3,587) and the directors K E Stacey owed the company £1,836 (2008 £1,836), these balances are interest free and are repayable on demand. The company owed the director J R Stacey £7,405 (2008 £22,357) at 31 May 2010.

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2008 £
Loss for the financial period	(2,488,846)	(307,369)
Net reduction of shareholders' funds	(2,488,846)	(307,369)
Opening shareholders' funds	5,801,968	6,109,337
Closing shareholders' funds	3,313,122	5,801,968

22 FINANCIAL INSTRUMENTS

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

Credit risk

The management monitors credit risk closely and considers that its current policies and procedures meet 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.

Liquidity risk

The Company was not exposed to liquidity risk during the year.

Interest rate risk

The floating rate borrowings are currently at 1.5% above 3 months LIBOR and the Company has not hedged its interest rate exposure during the year.