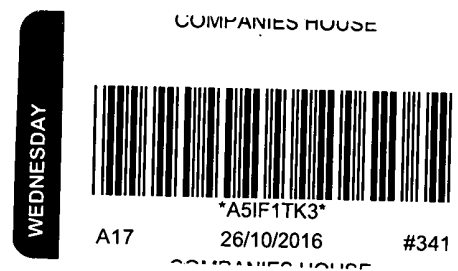


# A.B.M. Catering Limited

## REPORT AND FINANCIAL STATEMENTS

29 July 2016



Company Registration No. 04168334

# A.B.M. Catering Limited

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# A.B.M. Catering Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

P Coates – Chairman  
SJ Johnson  
D Coates CBE  
JF Coates  
DM Coates  
S Hill  
PJ Smith  
D Marks  
NC Floyd

### SECRETARY

S Hill

### REGISTERED OFFICE

Eagle Court  
63-67 Saltisford  
Warwick  
Warwickshire  
CV34 4AF

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

# A.B.M. Catering Limited

## STRATEGIC REPORT

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The directors have pleasure in submitting their Strategic Report for A.B.M. Catering Limited for the 52 week period ended 29 July 2016.

### REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS

The results for the period and financial position of the company are as shown in the annexed financial statements on pages 9 and 10.

The trading profit for the period, before taxation, was £697,715 (2015: £604,830). The directors have paid an interim dividend of £300,000 (2015: £100,000) and do not recommend the payment of a final dividend giving a total dividend for the period of £300,000 (2015: £100,000) which leaves a profit of £258,245 (2015: £379,917) to be retained.

The key performance indicator's monitoring business performance are:

#### *Gross profit margin*

Turnover has increased significantly compared to the prior period as the company had a strong period with the award of 10 new contracts within the first three months the period and the acquisition of 10 contracts from Talkington Bates Midlands Limited. There has also been an increase in gross profit margins to 14.9% (2015: 14.2%) driven partially by strong catering contract management along with the award of new business.

#### *Overheads %*

Overheads as a percentage of turnover were 12.0% (2015: 11.5%) due to further investment in the company infrastructure to facilitate future growth.

### BALANCE SHEET

The directors are pleased to present a strong balance sheet which shows good improvement in Net Assets whilst maintaining Net Current Assets. Intangible Assets have increased on prior year by £562,218 which primarily relates to the purchase of trade and contracts of Talkington Bates Midlands Limited. The increase in Other Creditors predominantly relates to the contingent payment related to this acquisition. Full disclosure of this acquisition is made in note 10. Cash balances within the company remain healthy and good liquidity ratios enable the company to meet its liabilities as they fall due.

### RISKS AND UNCERTAINTIES

The Directors will monitor the effects of Brexit; In particular the recent trend of the weakening GB£. This risk is mitigated by not operating services outside of the UK and having long term supply contracts with its major suppliers, who may source product from outside the UK, with price rise restrictions linked to CPI.

The Directors monitor legislation within the food industry and ensure our policies and procedures are regularly reviewed, trained and implemented to ensure compliance.

### FINANCIAL INSTRUMENTS

The directors and managers are constantly reviewing the objectives of the business operations to identify areas where it is able to reduce financial risk without hindrance to onsite operations.

The directors consider there is limited exposure to credit risk as a substantial amount of sales are on a cash basis and close monitoring of debtors is also performed.

The business assesses pricing to ensure a fair return is achieved on the services supplied. The business has a very strong relationship with its banking team. The company has the facilities available to meet its needs on an ongoing basis. These facilities are reviewed on a regular basis by both the bank and the management team.

# A.B.M. Catering Limited

## STRATEGIC REPORT

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By order of the board:

  
**P Coates**  
Director

21 OCTOBER 2016

# A.B.M. Catering Limited

## DIRECTORS' REPORT

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The directors submit their report and the audited financial statements of the company for the 52 week period ended 29 July 2016.

The directors have not disclosed the following sections of the directors' report "Business review, key performance indicators, risks and uncertainties and financial instruments" as these have been included within the Strategic Report on page 2.

### PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of catering facilities management.

### FUTURE DEVELOPMENTS

Several new contracts began in the early part of the 2016-17 financial period, and the directors are optimistic that the company is well placed to continue to build on the year-on-year growth experienced in turnover and profit in recent periods.

### DIRECTORS

The following directors have held office since 1 August 2015:

P Coates - Chairman

SJ Johnson

D Coates CBE

JF Coates

DM Coates

S Hill

PJ Smith

D Marks

N Floyd (appointed 26 October 2015)

DJ Bowers (resigned 29 January 2016)

### EMPLOYEE INVOLVEMENT

The company encourages all members of staff to participate in the effective running and development of the business. Employees are encouraged to take an active interest in all matters affecting them.

The company recognises its social and statutory duty to employ disabled persons and pursues a policy of providing, where possible, the same employment opportunities to disabled persons as to others.

### DONATIONS

During the period, the company made £2,010 charitable donations to the Starlight Foundation, Cancer Research and various local community based projects. No political donations were made.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

# A.B.M. Catering Limited

## DIRECTORS' REPORT

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### AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board:



**P Coates**  
Director

21 OCTOBER 2016

# A.B.M. Catering Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial period. 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.B.M. CATERING LIMITED

We have audited the financial statements on pages 9 to 29. 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 more fully explained in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <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 company's affairs as at 29 July 2016 and of its 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 and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.B.M. CATERING  
LIMITED (continued)

**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.

*RSM UK Audit LLP*

ANNE LAKIN (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

*21 October*

2016

**A.B.M. Catering Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the 52 week period ended 29 July 2016

	Note	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
<b>TURNOVER</b>		<b>24,363,365</b>	<b>23,210,413</b>
Cost of sales		(20,731,636)	(19,925,820)
<b>GROSS PROFIT</b>		<b>3,631,729</b>	<b>3,284,593</b>
Administrative expenses		(2,931,924)	(2,679,388)
<b>OPERATING PROFIT</b>		<b>699,805</b>	<b>605,205</b>
Interest receivable and similar income	3	1,307	1,437
Interest payable and similar charges	4	(3,397)	(1,812)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>697,715</b>	<b>604,830</b>
Taxation	8	(139,470)	(124,913)
<b>PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME</b>		<b>558,245</b>	<b>479,917</b>

**A.B.M. Catering Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**At 29 July 2016**

	Note	29 July 2016		31 July 2015	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9	589,887		27,669	
Tangible assets	11	615,959		622,778	
		<b>1,205,846</b>		<b>650,447</b>	
<b>CURRENT ASSETS</b>					
Stocks	12	291,938		283,676	
Debtors (due after more than one year £nil (2015: £279,037))	13	3,741,528		3,454,741	
Cash at bank and in hand		1,537,480		1,494,603	
		<b>5,570,946</b>		<b>5,233,020</b>	
<b>CREDITORS: Amounts falling due within one year</b>	14	<b>(3,291,595)</b>		<b>(2,704,402)</b>	
<b>NET CURRENT ASSETS</b>		<b>2,279,351</b>		<b>2,528,618</b>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,485,197</b>		<b>3,179,065</b>	
<b>CREDITORS: Amounts falling due after more than one year</b>	15	<b>(33,996)</b>		<b>(69,164)</b>	
<b>PROVISIONS FOR LIABILITIES</b>	17	<b>(115,696)</b>		<b>(32,641)</b>	
<b>NET ASSETS</b>		<b>3,335,505</b>		<b>3,077,260</b>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18	147		147	
Share premium account		524,873		524,873	
Profit and loss account		2,810,485		2,552,240	
<b>TOTAL EQUITY</b>		<b>3,335,505</b>		<b>3,077,260</b>	

The financial statements on pages 9 to 29 were approved by the board of directors and authorised for issue on 21 October 2016 and are signed on its behalf by:

  
**P Coates**  
 Director

Company Registration No. 04168334

**A.B.M. Catering Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
For the 52 week period ended 29 July 2016

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	Share capital £	Share Premium Account £	Profit and loss account £	Total £
<b>Balance at 26 July 2014</b>	<b>147</b>	<b>524,873</b>	<b>2,172,323</b>	<b>2,697,343</b>
Profit for the period	-	-	479,917	479,917
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>479,917</b>	<b>479,917</b>
Transactions with owners in their capacity as owners:				
Dividends	-	-	(100,000)	(100,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>(100,000)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 July 2015</b>	<b>147</b>	<b>524,873</b>	<b>2,552,240</b>	<b>3,077,260</b>
Profit for the period	-	-	558,245	558,245
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>558,245</b>	<b>558,245</b>
Transactions with owners in their capacity as owners:				
Dividends	-	-	(300,000)	(300,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>(300,000)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 29 July 2016</b>	<b>147</b>	<b>524,873</b>	<b>2,810,485</b>	<b>3,335,505</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# A.B.M. Catering Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

A.B.M. Catering Limited (“the Company”) is a limited Company domiciled and incorporated in England.

The address of the Company’s registered office and principal place of business is Eagle Court, 63-67 Saltisford, Warwick, Warwickshire, CV34 4AF.

The Company’s principal activities and nature of operations are included in the directors’ report.

### BASIS OF ACCOUNTING

These financial statements are the first financial statements of A.B.M Catering Limited prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies (Accounts and Reports) Regulations 2008 and under the historical cost convention. The financial statements of A.B.M Catering Limited for the 53 week period ended 31 July 2015 were prepared in accordance under the historical cost convention, in accordance with the applicable United Kingdom Accounting Standards.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the previous accounting standards applied. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’. Adjustments are recognised directly in retained earnings at the transition date.

### BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue to trade for the foreseeable future.

The validity of the going concern basis is dependent upon the Company managing the risks of the business as identified in the Directors’ report and Strategic report and its financial arrangements. The directors consider that they have sufficient controls in place to manage the risks of the Company and that the Company has and will continue to generate sufficient cash flows to meet the Company’s working capital requirement without the need for any external finance.

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

### PRESENTATION AND FUNCTIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

# A.B.M. Catering Limited

## ACCOUNTING POLICIES

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### REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- 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' & 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 33 'Related Party Disclosures – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of ABM Catering (Holdings) Limited. The consolidated financial statements of ABM Catering (Holdings) Limited are available from Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

### INTANGIBLE FIXED ASSETS

#### *Goodwill*

Goodwill representing the excess of the consideration for acquired trade and assets compared with the fair value of net assets acquired is capitalised and written off evenly over 10 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The directors consider this useful life to be appropriate because goodwill on contracts acquired are in Business and Industry (B&I) and Care sectors, where the average length of time the Company historically runs contracts in these sectors are greater than 10 years.

#### *Other intangible assets*

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	-	15% per annum straight line
Customer lists	-	10% per annum straight line

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

# A.B.M. Catering Limited

## ACCOUNTING POLICIES

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### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	-	10% per annum straight line
Motor vehicles	-	25% per annum straight line
Fixtures and fittings	-	15% per annum straight line
Plant and Equipment	-	15% per annum straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

### STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock 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.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



# A.B.M. Catering Limited

## ACCOUNTING POLICIES

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### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

### RETIREMENT BENEFITS

The Company operates a number of defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs, and other post retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Certain of the employees of the Company participate in individual council's defined benefit schemes. The defined benefit schemes are co-sponsored by a number of different companies. The Company makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes.

As the Company is one of a number of participating employers in the schemes, it is not possible to allocate that part of any actuarial rights or deficit owing to the Company's employees. Consequently, contributions are charged to the profit and loss account as they become payable.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, derived from the provision of catering services to UK based customers. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled.

### FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### ***Financial assets***

##### ***Trade, group and other debtors***

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

# A.B.M. Catering Limited

## ACCOUNTING POLICIES

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### FINANCIAL INSTRUMENTS (continued)

#### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments 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 Company after deducting all of its liabilities.

#### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### *Trade and other creditors*

Trade and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

#### *Bank overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### RESERVES

Reserves of the Company represent the following:

#### *Share Premium*

Consideration received for shares issue above their nominal value net of transaction costs.

#### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

# A.B.M. Catering Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

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### 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Customer lists*

Customer lists primarily relate to the acquisition of Talkington Bates Midlands Limited (note 10). Part of the consideration related to this acquisition is dependant of certain contractual conditions. The directors have decided to recognise 100% of the contingent consideration into the intangible asset as they feel that these contractual conditions will be met, thus triggering contingent payments. Furthermore, the contingent consideration on the acquisition is classed as a Current Liability as the directors feel the contractual considerations needed to trigger the contingent payments will occur within 12 months of the balance sheet date.

#### *Stock*

Stocks are valued at the lower of cost and net realisable value. At the balance sheet date, the directors deem that no stock provision is required. Where sites' catering facilities are closed at the balance sheet date (eg school kitchens being closed due to summer school holiday) it is the company's policy perishable stock is used or disposed of before the kitchen is closed for the summer.

#### *Income Recognition*

Income is recognised when obligation under the sales contract has occurred and is accounted for on an accruals basis. Provisions are made where there is a difference between income invoiced and the income that should be recognised as defined by the sales contract

### 2 TURNOVER

The Company turnover is 100% based in the UK and relates solely to catering facilities management which is considered to be the one reporting segment.

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 week period ended 29 July 2016**

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**3 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>52 week period ended 29 July 2016 £</b>	<b>53 week period ended 31 July 2015 £</b>
Other interest	<b>1,307</b>	<b>1,437</b>
	<hr/>	<hr/>

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>52 week period ended 29 July 2016 £</b>	<b>53 week period ended 31 July 2015 £</b>
Corporation tax interest	<b>106</b>	-
Bank interest	<b>1,669</b>	<b>1</b>
Finance leases	<b>1,622</b>	<b>1,811</b>
	<hr/>	<hr/>
	<b>3,397</b>	<b>1,812</b>
	<hr/>	<hr/>

**5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>52 week period ended 29 July 2016 £</b>	<b>53 week period ended 31 July 2015 £</b>
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period:		
Owned assets	<b>147,864</b>	<b>142,569</b>
Leased assets	<b>50,580</b>	<b>34,664</b>
Amortisation	<b>25,728</b>	<b>6,364</b>
Operating lease rentals:		
Plant and machinery	<b>18,925</b>	<b>36,508</b>
Land and buildings	<b>30,000</b>	<b>30,577</b>
Auditor's remuneration:		
Audit services	<b>11,400</b>	<b>10,850</b>
Profit on disposal of tangible fixed assets	<b>(2,700)</b>	<b>(2,936)</b>
Stock expensed as cost of sales	<b>11,120,307</b>	<b>11,049,881</b>
	<hr/>	<hr/>

# A.B.M. Catering Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

### 6 COMMITMENTS UNDER OPERATING LEASES

The total future minimum payments under non-cancellable operating leases as follows:

	29 July 2016			31 July 2015		
	Other	Land and buildings	Total	Other	Land and buildings	Total
	£	£	£	£	£	£
Amounts due within one year	18,911	59,670	78,581	19,244	30,000	49,244
Amounts due between one and five years	43,418	-	43,418	61,802	-	61,802
	<u>62,329</u>	<u>59,670</u>	<u>121,999</u>	<u>81,046</u>	<u>30,000</u>	<u>111,046</u>

### 7 EMPLOYEES

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

	52 week period ended 29 July 2016 Number	53 week period ended 31 July 2015 Number
Catering staff	907	901
Management and administration	42	40
	<u>949</u>	<u>941</u>

Staff costs for the above persons:

	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
Wages and salaries	10,819,381	9,530,141
Social security costs	508,577	486,883
Other pension costs	199,809	177,337
	<u>11,527,767</u>	<u>10,194,361</u>

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 week period ended 29 July 2016**

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**7 EMPLOYEES (continued)**

**DIRECTORS' REMUNERATION**

	<b>52 week period ended 29 July 2016 £</b>	<b>53 week period ended 31 July 2015 £</b>
Emoluments	<b>615,431</b>	564,801
Money purchase pension contributions	<b>24,330</b>	22,971
Compensation for loss of office	<b>9,000</b>	20,000
	<b>648,761</b>	<b>607,772</b>

Directors' emoluments disclosed above include the following payments:

	<b>Highest paid director 52 week period ended 29 July 2016 £</b>	<b>53 week period ended 31 July 2015 £</b>
Emoluments	<b>283,081</b>	249,317
Money purchase pension contributions	<b>13,000</b>	14,000
	<b>296,081</b>	<b>263,317</b>

	<b>52 week period ended 29 July 2016 Number</b>	<b>53 week period ended 31 July 2015 Number</b>
Number of directors for whom relevant benefits are accruing under:		
Money purchase pension schemes:	<b>5</b>	<b>5</b>

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 week period ended 29 July 2016**

**8 TAXATION**

	<b>52 week period ended 29 July 2016</b>	<b>53 week period ended 31 July 2015</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax on profits of the period	<b>139,225</b>	124,761
Adjustment in respect of prior periods	-	(7,570)
	<hr/>	<hr/>
Total current tax	<b>139,225</b>	117,191
Deferred tax:		
Origination and reversal of timing differences	<b>245</b>	2,601
Adjustment in respect of prior periods	-	5,121
	<hr/>	<hr/>
Total deferred tax	<b>245</b>	7,722
	<hr/>	<hr/>
Tax on profit on ordinary activities	<b>139,470</b>	124,913
	<hr/>	<hr/>

Factors affecting tax charge for the period:

	<b>52 week period ended 29 July 2016</b>	<b>53 week period ended 31 July 2015</b>
	<b>£</b>	<b>£</b>

The tax assessed for the period is lower (2015: lower) than the average standard rate of corporation tax in the UK 20% (2015: 20.67%). The differences are explained below:

Profit on ordinary activities before tax	<b>697,715</b>	604,830
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 20% (2015: 20.67%)	<b>139,543</b>	125,018
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>6,662</b>	2,673
Adjustment to tax charge in respect of previous periods	-	(2,449)
Marginal relief	-	(241)
Rate differences on deferred tax	<b>(6,735)</b>	(86)
	<hr/>	<hr/>
Total tax charge for the period	<b>139,470</b>	124,915
	<hr/>	<hr/>

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 52 week period ended 29 July 2016

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9 INTANGIBLE FIXED ASSETS

	Software and licences £	Goodwill £	Customer list £	Total £
<i>Cost</i>				
At beginning of period	45,811	-	-	45,811
Additions	45,080	82,810	460,056	587,946
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	90,891	82,810	460,056	633,757
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At beginning of period	18,142	-	-	18,142
Charged in the period	7,578	2,792	15,358	25,728
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	25,720	2,792	15,358	43,870
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>				
<b>At 29 July 2016</b>	<b>65,171</b>	<b>80,018</b>	<b>444,698</b>	<b>589,887</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	27,669	-	-	27,669
	<hr/>	<hr/>	<hr/>	<hr/>

Software and licences have been reclassified from fixtures and fittings as part of the transition to FRS 102.

Goodwill and customer list additions relate to the acquisition of 10 contracts from Talkington Bates Midlands Limited, see note 10 for details.



# A.B.M. Catering Limited

## NOTES TO THE FINANCIAL STATEMENTS

### For the 52 week period ended 29 July 2016

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#### 10 ACQUISITIONS

##### *Business combinations*

On 27<sup>th</sup> April 2016, A.B.M. Catering Limited acquired trade and assets from Talkington Bates Midlands Limited. The business acquired operates solely in the UK and its principal activity is contract catering.

The cost of the acquisition comprised of £457,938 cash consideration, of this £157,938 was paid on completion of the acquisition. The remaining £300,000 is contingent consideration based on the renewal of the contracts acquired for defined periods. Maximum and minimum contingent amounts payable are £300,000 and £0, respectively.

The goodwill relating to customer lists and arising on the acquisition of £460,056 is considered to have a useful life of 10 years.

At 27<sup>th</sup> April 2016 (the 'acquisition date'), the assets acquired and liabilities assumed were recognised at their fair values to the Company, as set out below:

	Fair value at date of acquisition £
Inventories	7,148
Cash in hand	790
<b>Net assets</b>	<b>7,938</b>
Intangible asset – customer list	460,056
Intangible asset – goodwill	82,810
Deferred tax liability	(82,810)
<b>Total consideration</b>	<b>467,994</b>
Satisfied by:	
- Cash paid	157,938
- Contingent consideration	300,000
- Acquisition costs	10,056
	<b>467,994</b>

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 52 week period ended 29 July 2016

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**11 TANGIBLE FIXED ASSETS**

	Leasehold Improvements	Motor vehicles	Fixtures and fittings	Plant and Equipment	Total
	£	£	£	£	£
<i>Cost</i>					
At beginning of period	259,574	489,663	436,309	63,438	1,248,984
Additions	16,923	120,505	52,706	1,492	191,626
Disposals	-	(42,195)	-	-	(42,195)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	276,497	567,973	489,015	64,930	1,398,415
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of period	99,503	285,630	228,228	12,846	626,207
Charged in the period	26,757	107,863	54,190	9,634	198,444
Disposals	-	(42,195)	-	-	(42,195)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	126,260	351,298	282,418	22,480	782,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>					
<b>At 29 July 2016</b>	<b>150,237</b>	<b>216,675</b>	<b>206,597</b>	<b>42,450</b>	<b>615,959</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	160,071	204,033	208,082	50,592	622,778
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of motor vehicles is £176,393 (2015: £152,022) in respect of assets held under finance leases and similar hire purchase contracts outstanding at the period end.

**12 STOCKS**

	<b>29 July 2016</b>	<b>31 July 2015</b>
	£	£
Raw materials and consumables	<b>291,938</b>	283,676
	<hr/>	<hr/>

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 week period ended 29 July 2016**

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**13 DEBTORS**

	<b>29 July 2016</b>	<b>31 July 2015</b>
	<b>£</b>	<b>£</b>
<i>Amounts falling due within one year:</i>		
Trade debtors	<b>2,484,355</b>	1,696,689
Prepayments and accrued income	<b>999,312</b>	1,379,015
Amounts due from group undertakings	<b>257,861</b>	100,000
	<hr/>	<hr/>
	<b>3,741,528</b>	3,175,704
<i>Amounts falling due after more than one year:</i>		
Amounts due from group undertakings	-	279,037
	<hr/>	<hr/>
	<b>3,741,528</b>	3,454,741
	<hr/> <hr/>	<hr/> <hr/>

**14 CREDITORS: Amounts falling due within one year**

	<b>29 July 2016</b>	<b>31 July 2015</b>
	<b>£</b>	<b>£</b>
Obligations under finance leases	<b>119,578</b>	66,495
Payments received on account	<b>66,248</b>	47,132
Trade creditors	<b>1,547,297</b>	1,587,545
Corporation tax	<b>139,225</b>	124,763
Other taxation and social security costs	<b>625,729</b>	461,982
Other creditors	<b>570,651</b>	156,125
Accruals and deferred income	<b>222,867</b>	260,360
	<hr/>	<hr/>
	<b>3,291,595</b>	2,704,402
	<hr/> <hr/>	<hr/> <hr/>

The Company has a bank overdraft facility with Lloyds Bank which is secured by an unlimited debenture dated 18 June 2013 with A.B.M. Catering Limited. There was no commitment at the period end under this guarantee (2015: £nil).

# A.B.M. Catering Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

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15	CREDITORS: Amounts falling due after more than one year	29 July 2016 £	31 July 2015 £
	Obligations under finance leases	33,996	69,164
		<u>          </u>	<u>          </u>

The total future minimum lease payments are payable:

	29 July 2016 £	31 July 2015 £
Less than one year	119,578	66,495
Between one and five years	33,996	69,164
	<u>          </u>	<u>          </u>
	153,574	135,659
	<u>          </u>	<u>          </u>

Finance lease payments represent rentals payable by the Company for certain items of motor vehicles. 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.

Obligations under finance leases are secured by related assets. The net book value of secured assets is disclosed in note 11.

## 16 PENSION COMMITMENTS

The Company operates a number of defined contribution pension schemes whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge for these schemes represents contributions payable by the Company and amounted to £63,917 (2015: £59,003).

Certain staff of the Company are members of defined benefit schemes operated by certain councils. As the Company is one of a number of participating employers in these schemes, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed to the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Company. On this basis the scheme is treated as a defined benefit multi-employer scheme.

There were £85,585 (2015: £64,177) outstanding contributions at the end of the financial period.

**A.B.M. Catering Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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17	PROVISIONS FOR LIABILITIES	Deferred taxation £
	At beginning of period	32,641
	Charge for the period	245
	Arising on acquisition	82,810
	<b>At end of period</b>	<b>115,696</b>

The elements of the deferred tax liability, which is carried within provisions, are as follows:

	29 July 2016		31 July 2015	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and capital allowances	51,083	-	45,476	-
Other timing differences	(15,405)	-	(12,835)	-
Intangible fixed assets	80,018	-	-	-
	<b>115,696</b>	<b>-</b>	<b>32,641</b>	<b>-</b>

18	CALLED UP SHARE CAPITAL	29 July 2016 £	31 July 2015 £
	Allotted, issued and fully paid:		
	10,000 ordinary shares of 1p each	100	100
	2,900 ordinary "B" shares of 1p each	29	29
	1,843 ordinary "C" shares of 1p each	18	18
		<b>147</b>	<b>147</b>

The "B" ordinary and "C" ordinary shares rank pari passu with the ordinary shares.

19	DIVIDENDS	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
	Interim dividend paid of £20.35 per share (2015: £6.78)	<b>300,000</b>	100,000

# A.B.M. Catering Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

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### 20 CAPITAL COMMITMENTS

There are capital commitments of £nil (2015: £6,734) relating to a number of investments in client contracts and £45,744 (2015: £31,079) relating to the purchase of fixed assets at the end of the financial period.

### 21 CONTINGENT LIABILITIES

At the period end the Company had guarantees outstanding in respect of Local Government Pension Scheme Bonds as follows:

<b>Bond value</b>	<b>Expiry date</b>
£61,900	31 August 2017
£7,000	31 July 2017
£59,000	31 August 2018

At the period end the Company had an indemnity guarantee of £1 for National Westminster Bank plc.

### 22 RELATED PARTY TRANSACTIONS

During the period the following transactions took place with companies that are associated with A.B.M. Catering Limited due to being under common control. A.B.M. Catering Limited made net sales of £1,014,386 (2015: £791,860) and the balance due to A.B.M. Catering Limited at 29 July 2016 was £331,370 (2015: £123,980).

### 23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The largest and smallest group in which the results of the Company are consolidated is that headed by ABM Catering (Holdings) Limited. The group is under the control of P Coates and his family.

Copies of the group's financial statements may be obtained from:

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

**A.B.M. Catering Limited**  
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**24 FIRST TIME ADOPTION OF FRS 102**

Reconciliations and descriptions of the effect of the transition to FRS 102 on;  
(i) the Company equity at the date of transition to FRS 102;  
(ii) the Company equity at the end of the comparative period; and  
(iii) the Company profit or loss for the comparative period reported under previous UK GAAP  
are given below.

RECONCILIATION OF EQUITY		26 July 2014	31 July 2015
	Notes	£	£
Equity as previously reported under previous UK GAAP		3,065,291	3,404,809
Intangible fixed assets – cost	A	45,811	45,811
Tangible fixed assets – cost	A	(45,811)	(45,811)
Intangible fixed assets - accumulated amortisation	A	(11,778)	(18,142)
Tangible fixed assets - accumulated depreciation	A	11,778	18,142
Intangible fixed assets – cost	B	(807,980)	(807,980)
Intangible fixed assets - accumulated depreciation	B	440,032	480,431
Equity reported under FRS 102		<u>2,697,343</u>	<u>3,077,260</u>

RECONCILIATION OF PROFIT OR LOSS		53 week period ended 31 July 2015 £
	Notes	
Profit or loss as previously reported under previous UK GAAP		439,518
Amortisation - software	A	(6,364)
Depreciation	A	6,364
Amortisation – goodwill	B	40,399
Profit or loss reported under FRS 102		<u>479,917</u>

**A – Software**

Under previous UK GAAP computer software was included within tangible fixed assets and depreciated accordingly as permitted by FRS 15. Under FRS 102 computer software has been transferred to intangible fixed assets and the depreciation reclassified as amortisation.

**B - Goodwill**

The Company has adopted the deemed amortisation policy of 10 years under FRS102 from 20 years under previous UK GAAP and has accelerated the amortisation of the previously recorded Goodwill on the balance sheet. The balance sheet at 26 July 2014 has reduced by £367,948. The brought forward goodwill represented the transfer of the total trade, assets and liabilities of the business and the directors cannot quantify the life of the goodwill acquired.