

Financial Statements Lindley Catering Holdings Limited

For the year ended 31 May 2012

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COMPANIES HOUSE

Registered number: 05416831

Lindley Catering Holdings Limited

Company Information

Directors	I Daly T Doubleday (appointed 23 January 2012) A Elliott P Heathcote M Needley P Biffen (resigned 23 June 2011) D Hulme (resigned 29 June 2012)
Company secretary	T Doubleday
Company number	05416831
Registered office	The Mellor Building Queens Road Stoke on Trent ST4 7TR
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	National Westminster Bank Plc 35 Fishergate Preston PR2 1BY
Solicitors	Knight Solicitors LLP The Brampton Newcastle Under Lyme ST5 0QW

Contents

	Page
Directors' report	1 - 4
Independent auditor's report	5 - 6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11 - 26

The following pages do not form part of the statutory financial statements

Directors' Report

For the year ended 31 May 2012

The directors present their report and the financial statements for the year ended 31 May 2012

Principal activities

The company's principal activity is that of a holding company. The principal activity of the group is the provision of catering services, including trading as licensed victuallers.

Business review

The directors consider that the Lindley Group had a very successful year being one that saw turnover increase by 17% to £52.1m. This increase in part reflected continued success in the Heritage division, including the commencement of a contract with Warner Bros, and new contract wins in the stadia market (including a full service contract at Tottenham Hotspur FC).

During the year, the business incurred a number of (in part related) one off costs which contributed to an increase in operating loss to £407k. These costs included:

- administrative costs and reorganisation costs relating to the termination of contracts of certain senior employees and a restructure of the business operations,
- provision of costs associated with two onerous contracts, and
- one off costs associated with the launch of a new greenfield site contract.

In reviewing the results, the Directors' view of the underlying EBITDA of the business is as follows:

	2012	2011 £'000
Group operating loss	(407)	(275)
Depreciation of tangible fixed assets	818	555
Amortisation of intangible fixed assets	840	840
Exceptional administrative costs	205	317
Provision against onerous contracts	587	-
Re-organisation costs	216	213
Contract mobilisation costs	126	-
	<u>2,385</u>	<u>1,650</u>

Capital expenditure in the year was £0.8m (2011 - £0.3m) reflecting the continued expansion of Lindley Group and investment in new business.

The 2012/13 year has already seen further business wins and the Directors are confident of a good year ahead for the Group.

Having noted the success enjoyed in the year ended 31 May 2012 and the opportunities for continued growth the directors also have due regard to the continuing challenges that face the group. Principally, these reflect the generally difficult economic environment that we and our customers operate in - manifested in continued pressure on disposable income.

Directors' Report

For the year ended 31 May 2012

To manage such risks the group continues to

- maintain a high quality of service
- maintain a high standard of food and beverage offering
- build strong partnerships with its customers
- monitor contract performance closely
- invest in additional people (at all levels) and systems

Results

The loss for the year, after taxation, amounted to £1,543,445 (2011 - loss £1,432,164) The directors did not recommend the payment of a dividend (2010 £Nil) during the year

Directors

The directors who served during the year were

I Daly

T Doubleday (appointed 23 January 2012)

A Elliott

P Heathcote

M Needley

P Biffen (resigned 23 June 2011)

D Hulme (resigned 29 June 2012)

Financial risk management objectives and policies

The group uses financial instruments, these include a bank loan and overdraft, loan notes, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved by an overdraft facility

Interest rate risk

The group finances its operations through a mixture of cash, retained profits, a bank loan and overdraft and loan notes. The interest rate exposure of the financial assets and liabilities of the company as at 31 May 2011 is shown below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk

Fixed - loan notes (note 18 and 19)

Floating - cash and bank loans and overdrafts (note 18)

Zero - trade debtors (note 17) and trade creditors (note 18)

Directors' Report

For the year ended 31 May 2012

Going Concern

£7.5 million of loan notes are classified in the financial statements as being due for repayment by 31 May 2012 along with associated accrued interest of £2.306 million. The issuer of the loan notes has indicated that it is their intention not to seek repayment of such amounts in the foreseeable future if it is prejudicial to the interests of the Group. Accordingly, while the financial statements reflect the contractual terms it is anticipated that repayment will take place over a longer period. Further information in this regard is given in the accounting policies (note 1) and note 19 to the financial statements.

Directors' responsibilities statement

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company's policy for payment of creditors

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with the company's contractual and other legal obligations

On average the group's trade creditors at the year end represented 62 days' purchases (2011: 62 days).

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Directors' Report

For the year ended 31 May 2012

Disabled employees

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on *27 February 2013* and signed on its behalf



I Daly
Director

Independent Auditor's Report to the Members of Lindley Catering Holdings Limited

We have audited the financial statements of Lindley Catering Holdings Limited for the year ended 31 May 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group Cash flow statement and the related notes. 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 an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of the group's loss 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Lindley Catering Holdings Limited

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read "Tobias Wilson".

Tobias Wilson (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Manchester

Date 28/2/13

Consolidated Profit and Loss Account

For the year ended 31 May 2012

	Note	2012 £	2011 £
Turnover	1,2	52,070,086	44,504,922
Cost of sales		<u>(18,587,853)</u>	<u>(15,190,723)</u>
Gross profit		33,482,233	29,314,199
Administrative expenses		<u>(34,419,462)</u>	<u>(29,705,556)</u>
Exceptional administrative expenses		<u>(205,000)</u>	<u>(317,000)</u>
Total administrative expenses		(34,624,462)	(30,022,556)
Other operating income	3	1,574,850	1,273,422
Goodwill amortisation		<u>(839,982)</u>	<u>(839,982)</u>
Operating loss	4	(407,361)	(274,917)
Interest receivable and similar income	9	4,168	3,119
Interest payable and similar charges	10	<u>(1,082,186)</u>	<u>(1,188,043)</u>
Loss on ordinary activities before taxation		(1,485,379)	(1,459,841)
Tax on loss on ordinary activities	12	<u>(58,066)</u>	<u>27,677</u>
Loss for the financial year	22	<u>(1,543,445)</u>	<u>(1,432,164)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 11 to 26 form part of these financial statements

Consolidated Balance Sheet

As at 31 May 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	13		11,120,413		11,960,395
Tangible assets	14		1,219,617		1,198,710
			12,340,030		13,159,105
Current assets					
Stocks	16	1,014,138		1,555,411	
Debtors	17	10,026,276		6,686,183	
Cash at bank		2,818,801		3,207,889	
		13,859,215		11,449,483	
Creditors amounts falling due within one year	18	(24,070,601)		(17,776,934)	
Net current liabilities			(10,211,386)		(6,327,451)
Total assets less current liabilities			2,128,644		6,831,654
Creditors amounts falling due after more than one year	19		-		(3,159,565)
Net assets			2,128,644		3,672,089
Capital and reserves					
Called up share capital	21		32,210		32,210
Share premium account	22		678,609		678,609
Profit and loss account	22		1,417,825		2,961,270
Shareholders' funds	23		2,128,644		3,672,089

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

27 FEBRUARY 2013



T Doubleday
Director

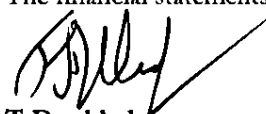
The notes on pages 11 to 26 form part of these financial statements

Company Balance Sheet

As at 31 May 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Investments	15		14,134,615		14,134,615
Current assets					
Debtors	17	560,731		11,381	
Creditors , amounts falling due within one year	18	(22,698,568)		(17,839,648)	
Net current liabilities			(22,137,837)		(17,828,267)
Total assets less current liabilities			(8,003,222)		(3,693,652)
Creditors , amounts falling due after more than one year	19		-		(3,159,565)
Net liabilities			(8,003,222)		(6,853,217)
Capital and Reserves					
Called up share capital	21		32,210		32,210
Share premium account	22		678,609		678,609
Profit and loss account	22		(8,714,041)		(7,564,036)
Shareholders' deficit	23		(8,003,222)		(6,853,217)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



T Doubleday
Director

27 FEBRUARY 2013.

The notes on pages 11 to 26 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 May 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	24	1,004,133	3,461,506
Returns on investments and servicing of finance	25	(1,078,018)	(845,546)
Taxation		451,933	(78,317)
Capital expenditure and financial investment	25	(838,662)	(345,218)
Cash (outflow)/inflow before financing		(460,614)	2,192,425
Financing	25	73,094	(481,546)
(Decrease)/Increase in cash in the year		(387,520)	1,710,879

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 May 2012

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(387,520)	1,710,879
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(73,094)	481,546
Movement in net debt in the year	(460,614)	2,192,425
Net debt at 1 June 2011	(4,908,704)	(7,101,129)
Net debt at 31 May 2012	(5,369,318)	(4,908,704)

The notes on pages 11 to 26 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 May 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice

The directors have reviewed the accounting policies in accordance with FRS18 "Accounting Policies" and have concluded that no changes were required from the previous year

1.2 Going concern

During the year, the group incurred a loss before taxation of £1,485,379 (2011 £1,459,841) and at the year end, the group had a net current liability position of £10,211,386 (2011 £6,327,451) including £9,855,521 million of loan notes and accrued interest due within one year. Net liabilities of the company were £8,003,222 at 31 May 2012 including £12,156,538 due to group undertakings. Despite having consolidated net current liabilities, the directors are confident that the group is a going concern and will be able to meet any liabilities as they fall due having regard to a number of factors noted below

- Given their impact on net current liabilities, particular consideration has been given to the loan notes which at 31 May 2012 were due for repayment. The loan note holders are also majority shareholders in the group (controlled by Sovereign Capital Partners LLP) and have confirmed that they will provide support for the foreseeable future to ensure that the group is able to discharge its liabilities as they fall due. Such support includes but is not limited to the continued availability of the existing loan note facility
- The existing loan notes will either be extended or will be replaced by the loan note holders. Additional sources of capital will also be considered. There are no current commitments or arrangements with regard to any such matters noted above
- It is expected that the group's existing trading activities will generate positive cash flows for the foreseeable future and that the funding of investment in new contracts (and the initial working capital requirement thereof) will be met by a combination of operating cash inflows and bank facilities. In the context of the latter requirement the group has received indication from its current banking provider that a facility sufficient for anticipated investment needs would be available. This offer of funding is predicated on the continued support of the shareholder (confirmed as above)

As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

1.3 Basis of consolidation

The financial statements consolidate the accounts of Lindley Catering Holdings Limited and all of its subsidiary undertakings ('subsidiaries') as at 31 May 2012 using the acquisition method of accounting. All intra-group transactions have been eliminated, including any unrealised profit

1.4 Revenue recognition

Turnover arises from trading in the United Kingdom and comprises the value of work performed and goods and services provided during the year outside of the group excluding value added tax

Income from direct sales is recognised in the period in which services are provided in accordance with the terms of the contractual relationships with third parties

Notes to the Financial Statements

For the year ended 31 May 2012

1. Accounting Policies (continued)

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life being 20 years.

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

Impairment

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25% straight line
Fixtures & fittings	-	33% straight line/life of contract if shorter
Office equipment	-	15% of cost/life of contract if shorter

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Investments are reviewed for impairment if circumstances indicate that their carrying value may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, the carrying value of the investment is impaired. The impairment loss is recognised immediately in the profit and loss account.

Notes to the Financial Statements

For the year ended 31 May 2012

1. Accounting Policies (continued)

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Contract Advances

Allowances paid to customers at contract's inception are amortised on a straight line basis over the contract term.

1.10 Other income

Includes rebates awarded by suppliers, the income is recognised in line with agreed contractual terms.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.13 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.14 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the Financial Statements

For the year ended 31 May 2012

1. Accounting Policies (continued)

1 15 Cash and liquid resources

Cash, for the purposes of the consolidated cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources consist of short term deposits which may be withdrawn only at more than 24 "working" hours notice.

1 16 Employee share schemes

All share-based payment arrangements granted are recognised in the financial statements in accordance with Financial Reporting Standard 20 Share-based Payment. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets). All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "profit and loss reserve".

2. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

All turnover arose within the United Kingdom.

3. Other operating income

	2012	2011
	£	£
Other operating income	<u>1,574,850</u>	<u>1,273,422</u>

4. Operating loss

The operating loss is stated after charging

	2012	2011
	£	£
Amortisation - intangible fixed assets	839,982	839,982
Depreciation of tangible fixed assets		
- owned by the group	817,755	553,701
Operating lease rentals		
- plant and machinery	151,838	156,543
- other operating leases	<u>31,160</u>	<u>20,000</u>

Notes to the Financial Statements

For the year ended 31 May 2012

5. Auditors' remuneration

	2012 £	2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	1,500	1,500
Fees payable to the company's auditor and its associates in respect of		
audit of the company's subsidiary undertakings	27,000	26,000
Other services relating to taxation	8,350	8,350
All other services	6,100	-
	<u>14,354,819</u>	<u>14,852,045</u>

6. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	14,341,857	14,834,369
Other pension costs	12,962	17,676
	<u>14,354,819</u>	<u>14,852,045</u>

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

	2012 No.	2011 No.
Management and administration	353	326
Catering	3,252	2,919
	<u>3,605</u>	<u>3,245</u>

7. Directors' remuneration

	2012 £	2011 £
Emoluments	509,086	258,932
Compensation for loss of office	76,500	84,658

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension scheme's

The highest paid director received remuneration of £179,821 (2011 - £218,879 including £84,568 for compensation for loss of office)

Notes to the Financial Statements

For the year ended 31 May 2012

8. Share based payments

During the year, 16,002 B Ordinary Shares were gifted by Lindley Catering Holdings Limited to one member of the Group's executive team and the existing shareholders. In accordance with Financial Reporting Standard 20 (Share based payments), it has been necessary for the Group to consider the fair value of these shares at the grant date.

The Company's directors have assessed the fair value of the shares at their grant date as £nil, resulting in a fair value charge of £nil in the profit and loss account and no corresponding credit to other reserves. Their assessment reflects the fact that when the shares were re-designated to 'B' ordinary shares from ordinary shares during the year and the change in rights associated with the redesignation effectively reduced the value of such shares to £nil at the date they were granted. Refer to note 21 for details of rights attached to 'B' ordinary shares relative to the Ordinary Shares.

9. Interest receivable

	2012	2011
	£	£
Other interest receivable	4,168	3,119

10. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	56,143	89,703
On other loans	1,026,043	1,098,340
	1,082,186	1,188,043

11. Exceptional items

	2012	2011
	£	£
Write down of investment in own shares (note 8)	205,000	317,000

Notes to the Financial Statements

For the year ended 31 May 2012

12. Taxation

	2012 £	2011 £
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
Adjustments in respect of prior periods	-	(238,940)
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	40,740	211,263
Effect of tax rate change on opening liability	(10,677)	-
Adjustments in respect of prior periods	28,003	-
	<hr/>	<hr/>
Total deferred tax (see note 20)	58,066	211,263
	<hr/>	<hr/>
Tax on loss on ordinary activities	58,066	(27,677)
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25.67% (2011 - 27.67%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(1,485,379)	(1,459,841)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.67% (2011 - 27.67%)	(381,297)	(403,938)
	<hr/>	<hr/>
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	279,143	323,588
Capital allowances for year in excess of depreciation	36,850	16,010
Adjustments to tax charge in respect of prior periods	-	(238,940)
Other timing differences leading to an increase (decrease) in taxation	126,632	116,572
Unrelieved tax losses carried forward	(61,328)	(52,232)
	<hr/>	<hr/>
Current tax charge/(credit) for the year (see note above)	-	(238,940)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 May 2012

13. Intangible fixed assets

	Goodwill
Group	£
Cost	
At 1 June 2011 and 31 May 2012	16,799,622
Amortisation	
At 1 June 2011	4,839,227
Charge for the year	839,982
At 31 May 2012	5,679,209
Net book value	
At 31 May 2012	11,120,413
At 31 May 2011	11,960,395

14. Tangible fixed assets

	Motor vehicles	Fixtures & fittings	Office equipment	Total
Group	£	£	£	£
Cost				
At 1 June 2011	51,133	4,235,423	199,493	4,486,049
Additions	-	839,532	1,307	840,839
Disposals	-	(30,505)	-	(30,505)
At 31 May 2012	51,133	5,044,450	200,800	5,296,383
Depreciation				
At 1 June 2011	51,133	3,094,886	141,320	3,287,339
Charge for the year	-	796,104	21,651	817,755
On disposals	-	(28,328)	-	(28,328)
At 31 May 2012	51,133	3,862,662	162,971	4,076,766
Net book value				
At 31 May 2012	-	1,181,788	37,829	1,219,617
At 31 May 2011	-	1,140,537	58,173	1,198,710

Notes to the Financial Statements

For the year ended 31 May 2012

15. Fixed asset investments

Subsidiary undertakings

The company had the following subsidiary undertakings as at 31 May 2012. All of the undertakings are registered in England and Wales.

Name	Class of shares	Holding
Lindley Catering Limited	Ordinary	100%
Heathcotes Outside Limited	Ordinary	100%
K&S (408) Limited	Ordinary	100%
Lindley Catering Investments Limited	Ordinary	100%
Stadia Catering Services Limited	Ordinary	100%
Heathcote Stadia Catering Services Limited	Ordinary	100%

Name	Business
Lindley Catering Limited	Provision of catering services
Heathcotes Outside Limited	Provision of catering services
K&S (408) Limited	Corporate Trustee of Lindley Catering Holdings Limited
Lindley Catering Investments Limited	Dormant
Stadia Catering Services Limited	Dormant
Heathcote Stadia Catering Services Limited	Dormant

The aggregate of the share capital and reserves as at 31 May 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Lindley Catering Limited	11,766,028	(485,048)
Heathcotes Outside Limited	4,429,770	458,010
K&S (408) Limited	129	-
Lindley Catering Investments Limited	1,832,472	-
Stadia Catering Services Limited	100	-
Heathcote Stadia Catering Services Limited	321,375	-

Notes to the Financial Statements

For the year ended 31 May 2012

15. Fixed asset investments (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2011 and 31 May 2012	<u>14,134,615</u>
Net book value	
At 31 May 2012	<u>14,134,615</u>
At 31 May 2011	<u>14,134,615</u>

16. Stocks

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Finished goods and goods for resale	<u>1,014,138</u>	<u>1,555,411</u>	<u>-</u>	<u>-</u>

17. Debtors

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	7,766,863	4,131,931	-	-
Amounts owed by group undertakings	-	-	560,731	11,381
Other debtors	635,271	438,758	-	-
Prepayments and accrued income	453,845	521,407	-	-
Contract advances	875,000	1,000,000	-	-
Tax recoverable	-	240,724	-	-
Deferred tax asset (see note 20)	295,297	353,363	-	-
	<u>10,026,276</u>	<u>6,686,183</u>	<u>560,731</u>	<u>11,381</u>

Notes to the Financial Statements

For the year ended 31 May 2012

18. Creditors:
Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Loan notes	7,550,000	5,050,000	7,550,000	5,050,000
Bank loans and overdrafts	638,119	541,593	638,119	541,593
Trade creditors	7,830,413	6,168,545	-	-
Amounts owed to group undertakings	-	-	12,156,538	10,861,209
Interest on loan notes	2,305,521	1,269,128	2,305,521	1,269,128
Social security and other taxes	1,854,142	1,502,121	-	-
Other creditors	3,204,692	3,084,787	-	-
Accruals and deferred income	687,714	160,760	48,390	117,718
	24,070,601	17,776,934	22,698,568	17,839,648

19. Creditors:
Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Loan notes	-	2,525,000	-	2,525,000
Interest on loan notes	-	634,565	-	634,565
	-	3,159,565	-	3,159,565

Included within the above are amounts falling due as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Between one and two years				
Debenture loans	-	2,525,000	-	2,525,000

Notes to the Financial Statements

For the year ended 31 May 2012

19. Creditors:

Amounts falling due after more than one year (continued)

The bank loan carries interest at 2.25% above the bank's base rate and was repayable in annual instalments of £173,333 over seven years. Bank arrangement fees of £140,000 have been capitalised and are being released in line with the loan repayments over seven years. The bank loan is secured by guarantees and debentures over the Group's assets.

The loan notes carry an interest rate of 10% per annum which is payable quarterly in arrears together with compound interest at 4% which is payable as the loan notes are redeemed. The notes are redeemable as set out above, subject to redemption being requested by the lender.

On the 8 July 2012, two thirds of the principal amount of the loan notes then outstanding was due for repayment (£5,050,000). However, repayment was not requested or made. There is no indication that the loan note holders will recall the element that is past due.

20. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	353,363	564,626	-	-
(Charge for)/released during the year	(58,066)	(211,263)	-	-
At end of year	<u>295,297</u>	<u>353,363</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	240,772	226,217	-	-
Other timing differences	54,525	48,268	-	-
Trading losses	-	78,878	-	-
	<u>295,297</u>	<u>353,363</u>	<u>-</u>	<u>-</u>

At 31 May 2012, the company had a deferred tax asset of £113,461 which has not been recognised due to the uncertainty as to when this will be recovered.

Notes to the Financial Statements

For the year ended 31 May 2012

21. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
35,270 Ordinary shares of shares of £0 10 each	3,527	5,127
20,834 A Ordinary shares of shares of £0 10 each	2,083	2,083
16,002 B Ordinary shares of shares of £0 10 each	1,600	-
250,000 Preferred ordinary shares of shares of £0 10 each	25,000	25,000
	<u>32,210</u>	<u>32,210</u>

During the financial year, 16,002 of ordinary shares of 10p each were redesignated as B ordinary shares of 10p each. Such shares have been issued to members of the executive management team as set out in note 8.

The rights of the differing classes of shares are summarised below.

On a return of assets on liquidation or otherwise, the assets of the company remaining after payment of its debts and liabilities and available for distribution to holders of Equity Shares shall be distributed between the holders of the Equity Shares as follows:

- first, in paying to the holders of the Preferred Ordinary Shares the sum of £1 00 per Preferred Ordinary Shares held,
- secondly, the aggregate sum of £9,250,000 (nine million two hundred and fifty thousand pounds) less the aggregate cumulative amount distributed to the holders of the Preferred Ordinary Shares and the Ordinary Shares (up to a maximum of £9,250,000 (nine million two hundred and fifty thousand pounds)) under Article 4.1 (or such lesser distributed pro rata to all holders of Preferred Ordinary Shares and Ordinary Shares (pari passu as if the same constituted one class of share) pro rata to the number of Preferred Ordinary Shares and Ordinary Shares held by each of them respectively, and
- thirdly, the balance of the Remaining Assets shall belong to and be distributed among the holders of A and B Equity Shares (pari passu as if the same constituted one class of share) pro rata to the number of Equity Shares held by each of them respectively.

Along with the Ordinary Share holders, the Preferred Ordinary Shareholders have the right to attend and vote at any general meeting. The A and B Ordinary Shareholders have the right to attend but not vote at any general meeting.

22. Reserves

Group	Share premium account £	Profit and loss account £
At 1 June 2011	678,609	2,961,270
Loss for the year	-	(1,543,445)
At 31 May 2012	<u>678,609</u>	<u>1,417,825</u>

Notes to the Financial Statements

For the year ended 31 May 2012

22. Reserves (continued)

	Share premium account £	Profit and loss account £
Company		
At 1 June 2011	678,609	(7,564,036)
Loss for the year	-	(1,150,005)
	<u>678,609</u>	<u>(8,714,041)</u>
At 31 May 2012	<u>678,609</u>	<u>(8,714,041)</u>

23. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Group		
Opening shareholders' funds	3,672,089	5,104,253
Loss for the year	(1,543,445)	(1,432,164)
	<u>2,128,644</u>	<u>3,672,089</u>
Closing shareholders' funds	<u>2,128,644</u>	<u>3,672,089</u>

	2012 £	2011 £
Company		
Opening shareholders' deficit	(6,853,217)	(5,328,026)
Loss for the year	(1,150,005)	(1,525,191)
	<u>(8,003,222)</u>	<u>(6,853,217)</u>
Closing shareholders' deficit	<u>(8,003,222)</u>	<u>(6,853,217)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the company was £1,150,005 (2011 - £-1,525,191)

Notes to the Financial Statements

For the year ended 31 May 2012

24. Net cash flow from operating activities

	2012 £	2011 £
Operating loss	(407,361)	(274,917)
Amortisation of intangible fixed assets	839,982	839,982
Depreciation of tangible fixed assets	817,755	553,700
Loss on disposal of tangible fixed assets	-	7,386
Decrease/(increase) in stocks	541,273	(710,510)
(Increase)/decrease in debtors	(3,850,092)	2,285,964
Increase in creditors	2,026,183	388,432
Accrued interest on loan notes	1,036,393	351,469
Amortisation of deferred arrangement costs	-	20,000
Net cash inflow from operating activities	1,004,133	3,461,506

25. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	4,168	3,119
Interest paid	(1,082,186)	(848,665)
Net cash outflow from returns on investments and servicing of finance	(1,078,018)	(845,546)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(840,839)	(345,218)
Sale of tangible fixed assets	2,177	-
Net cash outflow from capital expenditure	(838,662)	(345,218)

	2012 £	2011 £
Financing		
Draw down of existing facility	98,094	-
Repayment of loans	-	(481,546)
Repayment of debenture loans	(25,000)	-
Net cash inflow/(outflow) from financing	73,094	(481,546)

Notes to the Financial Statements

For the year ended 31 May 2012

26. Analysis of changes in net debt

	1 June 2011	Cash flow	Other non-cash changes	31 May 2012
	£	£	£	£
Cash at bank and in hand	3,207,889	(389,088)	-	2,818,801
Bank overdraft	(4,692)	1,568	-	(3,124)
	<u>3,203,197</u>	<u>(387,520)</u>	<u>-</u>	<u>2,815,677</u>
Debt:				
Debts due within one year	(5,586,901)	(73,094)	(2,525,000)	(8,184,995)
Debts falling due after more than one year	(2,525,000)	-	2,525,000	-
	<u>(4,908,704)</u>	<u>(460,614)</u>	<u>-</u>	<u>(5,369,318)</u>
Net debt				

27. Operating lease commitments

At 31 May 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2012	2011	2012	2011
Group	£	£	£	£
Expiry date:				
Within 1 year	-	-	15,444	35,762
Between 2 and 5 years	<u>31,160</u>	<u>20,000</u>	<u>136,394</u>	<u>92,660</u>

28. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings

A director of the company is also a partner in Sovereign Capital Partners LLP which holds the loan notes detailed in note 12

29. Controlling party

The ultimate controlling party is considered to be Sovereign Capital Partners LLP