

ABM Catering (Holdings) Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

29 July 2016



Company Registration No. 07551335

ABM Catering (Holdings) Limited

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ABM Catering (Holdings) Limited

DIRECTORS AND ADVISORS

DIRECTORS

P Coates – Chairman
SJ Johnson
D Coates CBE
JF Coates
DM Coates
S Hill
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

ABM Catering (Holdings) Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for ABM Catering (Holdings) 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 Group are as shown in the financial statements.

The Group's trading profit for the period, before taxation, was £715,492 (2015: £622,474). The directors have paid an interim dividend of £200,000 (2015: £nil) and the directors do not recommend the payment of a final dividend which leaves a profit of £374,099 (2015: £492,776) 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 Group had a strong period with the award of 10 new contracts within the first three months of the period and the acquisition of 10 contracts from Talkington Bates Midlands Limited. This has resulted in the gross profit margins increasing to 14.9% (2015: 14.2%). Strong catering contract management has helped to increase these margins year on year 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 Group to facilitate future growth.

BALANCE SHEET

The directors are pleased to present a strong consolidated 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 11. Cash balances within the group remain healthy and good liquidity ratios enable the Group 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 Group 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.

ABM Catering (Holdings) Limited

STRATEGIC REPORT

By order of the board:


P Coates
Director

21 OCTOBER 2016

ABM Catering (Holdings) Limited

DIRECTORS' REPORT

The directors submit their report and the audited consolidated financial statements of ABM Catering (Holdings) Limited 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 is that of a holding company which owns office buildings used by the Group.

The principal activity of the Company's trading subsidiary A.B.M. Catering Limited in the period under review was that of catering facilities management.

The Company's other subsidiaries, Catering365 Limited, ABM Property Investments Limited, Grosvenor Catering Facilities Management Limited, ABM Catering Solutions Limited and Honest Catering Limited continued not to trade.

FUTURE DEVELOPMENTS

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

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

N Floyd (appointed 26 October 2015)

EMPLOYEE INVOLVEMENT

The Group 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 Group 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 Group 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.

ABM Catering (Holdings) Limited

DIRECTORS' REPORT

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

ABM Catering (Holdings) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 Group and the Company and of the profit or loss of the Group 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 Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 ABM CATERING (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the “financial statements”) on pages 9 to 38. 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 group’s and parent company’s affairs as at 29 July 2016 and of the group’s profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors’ Report for the financial period for which the financial statements are prepared is consistent with the financial statements 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 Group 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 ABM CATERING
(HOLDINGS) 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 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.

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

ABM Catering (Holdings) Limited

CONSOLIDATED 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 £
TURNOVER		24,363,365	23,210,413
Cost of sales		(20,731,637)	(19,925,820)
GROSS PROFIT		3,631,728	3,284,593
Administrative expenses		(2,914,146)	(2,661,744)
OPERATING PROFIT		717,582	622,849
Interest receivable and similar income	3	1,307	1,437
Interest payable and similar charges	4	(3,397)	(1,812)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2-8	715,492	622,474
Taxation	9	(141,393)	(129,698)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME		574,099	492,776

ABM Catering (Holdings) Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 29 July 2016

	Note	29 July 2016		31 July 2015	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10	589,887		27,669	
Tangible assets	12	1,174,225		1,189,077	
			1,764,112		1,216,746
CURRENT ASSETS					
Stocks	14	291,938		283,676	
Debtors	15	3,483,667		3,075,704	
Cash at bank and in hand		1,537,480		1,494,603	
		5,313,085		4,853,983	
CREDITORS: Amounts falling due within one year	16	(3,296,325)		(2,709,036)	
NET CURRENT ASSETS			2,016,760		2,144,947
TOTAL ASSETS LESS CURRENT LIABILITIES			3,780,872		3,361,693
CREDITORS: Amounts falling due after more than one year	17		(33,996)		(69,162)
PROVISIONS FOR LIABILITIES	20		(148,009)		(67,763)
NET ASSETS			3,598,867		3,224,768
CAPITAL AND RESERVES					
Called up share capital	21		147		147
Merger reserve			524,873		524,873
Other reserve			83,674		83,674
Profit and loss account			2,990,173		2,616,074
TOTAL EQUITY			3,598,867		3,224,768

The financial statements on pages 9 to 38 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. 07551335

ABM Catering (Holdings) Limited
COMPANY STATEMENT OF FINANCIAL POSITION
At 29 July 2016

	Note	29 July 2016		31 July 2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12	535,598		535,598	
Investments	13	10,151		10,151	
			545,749		545,749
CREDITORS: Amounts falling due within one year	16	(272,595)		(109,238)	
NET CURRENT LIABILITIES			(272,595)		(109,238)
TOTAL ASSETS LESS CURRENT LIABILITIES			273,154		436,511
CREDITORS: Amounts falling due after more than one year	17		-		(284,435)
PROVISIONS FOR LIABILITIES	20		(24,813)		(28,682)
NET ASSETS			248,341		123,394
CAPITAL AND RESERVES					
Called up share capital	21		147		147
Fair value reserve			83,674		83,674
Profit and loss account brought forward		39,573		(82,361)	
Profit for the period		324,947		121,934	
Dividends		(200,000)		-	
Profit and loss account carried forward			164,520		39,573
TOTAL EQUITY			248,341		123,394

The financial statements on pages 9 to 38 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. 07551335

ABM Catering (Holdings) Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 52 week period ended 29 July 2016

	Share capital	Other reserve	Merger reserve	Profit and loss account	Total
	£	£	£	£	£
Balance at 26 July 2014	147	83,674	524,873	2,123,298	2,731,992
Profit for the period	-	-	-	492,776	492,776
Total comprehensive income for the period	-	-	-	492,776	492,776
Balance at 31 July 2015	147	83,674	524,873	2,616,074	3,224,768
Profit for the period	-	-	-	574,099	574,099
Total comprehensive income for the period	-	-	-	574,099	574,099
Transactions with owners in their capacity as owners:					
Dividends	-	-	-	(200,000)	(200,000)
Total transactions with owners in their capacity as owners	-	-	-	(200,000)	(200,000)
Balance at 29 July 2016	147	83,674	524,873	2,990,173	3,598,867

ABM Catering (Holdings) Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
For the 52 week period ended 29 July 2016

	Share capital	Fair value reserve	Profit and loss account	Total
	£	£	£	£
Balance at 26 July 2014	147	91,707	(90,394)	1,460
Profit for the period	-	-	121,934	121,934
Total comprehensive income for the period	-	-	121,934	121,934
Balance at 31 July 2015	147	91,707	31,540	123,394
Profit for the period	-	-	324,947	324,947
Total comprehensive income for the period	-	-	324,947	324,947
Transactions with owners in their capacity as owners:				
Dividends	-	-	(200,000)	(200,000)
Total transactions with owners in their capacity as owners:	-	-	(200,000)	(200,000)
Balance at 31 July 2016	147	91,707	156,487	248,341

ABM Catering (Holdings) Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 52 week period ended 29 July 2016

	Note	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
OPERATING ACTIVITIES	19		
Cash generated from operations		750,508	736,554
Interest paid		(3,397)	(1,812)
Income taxes paid		(129,394)	(89,220)
		<u>(132,791)</u>	<u>191,032</u>
NET CASH FROM OPERATING ACTIVITIES		617,717	645,522
INVESTING ACTIVITIES			
Interest received		1,307	1,437
Purchase of intangible fixed assets		(205,136)	-
Purchase of tangible fixed assets		(78,941)	(66,006)
Sale of tangible fixed assets		2,700	3,779
		<u>(280,070)</u>	<u>(60,790)</u>
NET CASH USED IN INVESTING ACTIVITIES		(280,070)	(60,790)
FINANCING			
Capital element of finance lease rental payments		(94,770)	(95,497)
Dividends		(200,000)	-
		<u>(294,770)</u>	<u>(95,497)</u>
NET CASH USED IN FINANCING ACTIVITIES		(294,770)	(95,497)
NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		42,877	489,235
CASH AND CASH EQUIVALENTS AT START OF PERIOD		1,494,603	1,005,368
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,537,480	1,494,603
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		<u>1,537,480</u>	<u>1,494,603</u>

ABM Catering (Holdings) Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

ABM Catering (Holdings) 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 Group consists of ABM Catering (Holdings) Limited and all of its subsidiaries.

The Company's and the Group'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 ABM Catering (Holdings) Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting standard applicable in the UK and the 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, under the historical cost convention, modified to include investment properties at fair value. The financial statements of ABM Catering (Holdings) Limited for the period ended 31 July 2015 were prepared in accordance with previous UK GAAP under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, 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 Group will be able to continue to trade for the foreseeable future.

The validity of the going concern basis is dependent upon the Group managing the risks of the business as identified in the strategic report and the directors' report and its financial arrangements. The directors consider that they have sufficient controls in place to manage the risks of the Group and that the Group will continue to operate within the level of its current facility.

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

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of ABM Catering (Holdings) Limited and all of its subsidiary undertakings for the period. The financial statements consolidate the financial statements of those undertakings which are owned by the shareholders of ABM Catering (Holdings) Limited as if they had always so been owned. Accordingly, in those years when mergers take place, the whole of the results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date, and corresponding figures for previous years are re-stated.

ABM Catering (Holdings) Limited

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION (continued)

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own Statement of Comprehensive Income. The Company's profit and total comprehensive income for the period was £324,947 (2015: £121,934).

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

INTANGIBLE ASSETS - GOODWILL

Goodwill representing the cost of contracts acquired in the period is capitalised and written off evenly over the contract length 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 period following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill 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.

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.

INTANGIBLE FIXED ASSETS – OTHER THAN GOODWILL

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

ABM Catering (Holdings) Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS – OTHER THAN GOODWILL (continued)

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.

INVESTMENTS

Interests in subsidiaries are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

PRESENTATION AND FUNCTIONAL CURRENCIES

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

TANGIBLE FIXED ASSETS

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

Freehold Buildings	-	2% straight line
Freehold Buildings - fixed plant	-	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.

INVESTMENT PROPERTIES

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

STOCKS

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

At each reporting date, the Group 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.

ABM Catering (Holdings) Limited

ACCOUNTING POLICIES

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 income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

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.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

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.

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 profit and loss on a straight line basis over the lease term.

ABM Catering (Holdings) Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The Group 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 Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group 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 and other debtors

Trade 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.

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 Group 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, group and other creditors

Trade, group 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

ABM Catering (Holdings) Limited

ACCOUNTING POLICIES

RETIREMENT BENEFITS

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

As the group 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 Group'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.

RESERVES

Reserves of the Company and Group represent the following:

Merger reserve

The merger reserve arose on the share for share exchange by ABM Catering (Holdings) Limited and A.B.M. Catering Limited of £147. The reserve is the difference between the nominal value of ABM Catering (Holdings) Limited share capital and the share capital and share premium value of the shares acquired.

Other reserve

The cumulative revaluation gains and losses in respect of land and buildings, arising before the adoption of the deemed costs basis at the date of transition at 26 July 2014 under the requirements of FRS102.

Fair value reserve

The cumulative revaluation gains and losses in respect of investment property, arising before the adoption of the deemed costs basis at the date of transition at 26 July 2014 under the requirements of FRS102.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

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 Group 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.

Critical areas of judgement

Goodwill

Goodwill primarily relates to the acquisition of Talkington Bates Midlands Limited (note 11). 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 Goodwill 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 Group's 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 Group turnover is 100% based on the UK and relates solely to catering facilities management which is considered to be the one reporting segment.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
Other interest	1,307	1,437

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

4 INTEREST PAYABLE AND SIMILAR CHARGES

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

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
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	155,897	150,602
Leased assets	50,580	34,664
Amortisation	25,728	6,213
Operating lease rentals:		
Plant and machinery	18,925	36,508
Other	4,381	4,485
Auditor's remuneration:		
Audit services	16,950	14,300
Profit on disposal of tangible fixed assets	(2,700)	(2,936)
Stock expensed as cost of sales	11,120,307	11,049,881
	<u>11,120,307</u>	<u>11,049,881</u>

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

6 COMMITMENTS UNDER OPERATING LEASES

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

	29 July 2016 Other £	31 July 2015 Other £
Amounts due within one year	18,911	860
Amounts due between one and five years	43,418	18,384
	<u>62,329</u>	<u>19,244</u>

7 EMPLOYEES

The average monthly number of persons employed by the Group (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>

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

7 EMPLOYEES (continued)

DIRECTORS' REMUNERATION

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

Directors' emoluments disclosed above include the following payments:

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

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

8 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors and managers who are considered to be the key management personnel of the Group was £717,739 (2015: £667,827).

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

9 TAXATION

	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
Current tax:		
UK corporation tax on profits of the period	143,957	129,395
Adjustment in respect of prior periods	-	(7,572)
Total current tax	143,957	121,823
Deferred tax:		
Origination and reversal of timing differences	(2,564)	2,752
Adjustment in respect of prior periods	-	5,123
Total deferred tax	(2,564)	7,875
Tax on profit on ordinary activities	141,393	129,698
Factors affecting tax charge for the period:	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
The tax assessed for the period is lower (2015: higher) 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	715,492	622,474
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 20% (2015: 20.67%)	143,098	128,665
Effects of:		
Expenses not deductible for tax purposes	8,619	3,762
Adjustment to tax charge in respect of previous periods	-	(2,449)
Difference in tax rate	-	(242)
Rate differences on deferred tax	(8,760)	(38)
Deferred tax on disposal of property carried at valuation	(1,564)	-
Total tax charge for the period	141,393	129,698

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

10 INTANGIBLE FIXED ASSETS

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

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 11 for details.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

11 ACQUISITIONS

Business combinations

On 27th April 2016, ABM Catering Limited the trading company 100% owned by ABM Catering (Holdings) Limited acquired trade and assets from Talkington Bates Midlands Limited. The business acquired operates solely in the UK and it's principal activity is contract catering.

The cost of the acquisition comprised of £457,938 cash consideration, of which £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 27th April 2016 (the 'acquisition date'), the assets acquired and liabilities assumed were recognised at their fair value to the Group, as set out below:

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

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

12 TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £	Freehold buildings – fixed plant £	Motor vehicles £	Fixtures and fittings £	Plant and Equipment £	Total £
<i>Cost</i>						
At beginning of period	665,000	146,238	489,663	436,310	63,438	1,800,649
Additions	-	16,923	120,505	52,705	1,492	191,625
Disposals	-	-	(42,195)	-	-	(42,195)
At end of period	665,000	163,161	567,973	489,015	64,930	1,950,079
<i>Depreciation</i>						
At beginning of period	19,367	65,501	285,630	228,228	12,846	611,572
Charged in the period	19,367	15,423	107,863	54,190	9,634	206,477
Disposals	-	-	(42,195)	-	-	(42,195)
At end of period	38,734	80,924	351,298	282,418	22,480	775,854
<i>Carrying amount</i>						
At 29 July 2016	626,266	82,237	216,675	206,597	42,450	1,174,225
At 31 July 2015	645,633	80,737	204,033	208,082	50,592	1,189,077

The Group has uplifted the deemed cost of the freehold land and buildings on the date of transition being 26 July 2014, to its fair value of £665,000 as permitted by FRS102 section 35.10 (c)

On a historical cost basis freehold land and buildings would be included at:

	29 July 2016 £	31 July 2015 £
Cost	586,859	586,859
Aggregate depreciation	79,835	62,031

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.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

12 TANGIBLE FIXED ASSETS (continued)

COMPANY

	Investment property	
	29 July 2016	31 July 2015
	£	£
<i>Fair value</i>		
At 31 July 2016	535,598	535,598

Investment property comprises freehold land and buildings. The fair value of the Company's investment property at 29 July 2016 has been arrived at by the directors by considering the valuation carried out at 27 July 2012 by PNF Chartered Surveyors, on an open market value basis and the market evidence of transaction prices for similar properties to 2016. PNF Chartered Surveyors are not connected with the Company.

On a historical cost basis the investment property would be included at:

	29 July 2016	31 July 2015
	£	£
Cost	473,523	473,523
Aggregate depreciation	34,539	28,069

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

13 FIXED ASSET INVESTMENTS

COMPANY

Shares in
subsidiary
undertakings
£

Cost and net book value

At beginning and end of period

10,151

The Company holds more than 20% of the equity (and no other share or loan capital) of the following undertaking:

<i>Subsidiary undertaking</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
A.B.M. Catering Limited	Catering facilities management	100% Ordinary
Catering365 Limited	Dormant	100% Ordinary
Grosvenor Catering Facilities Management Limited	Dormant	100% Ordinary
ABM Property Investments Limited	Property Investment and Management	100% Ordinary
ABM Catering Solutions Limited	Dormant	100% Ordinary
Honest Catering Limited	Dormant	100% Ordinary

The net assets of Catering365 Limited, Grosvenor Catering Facilities Management Limited, ABM Property Investments Limited, ABM Catering Solutions Limited and Honest Catering Limited at 29 July 2016 were £10,000 (2015: £10,000), £1 (2015: £1), £1 (2015: £1), £1 (2015: £1) and £1 (2015: £1) respectively.

The registered address for all of the companies listed above is Eagle Court, 63-67 Saltisford, Warwick, Warwickshire, CV34 4AF.

14 STOCKS

	Group		Company	
	29 July 2016	31 July 2015	29 July 2016	31 July 2015
	£	£	£	£
Raw materials and consumables	291,938	283,676	-	-

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

15 DEBTORS

	Group		Company	
	29 July 2016	31 July 2015	29 July 2016	31 July 2015
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Trade debtors	2,484,355	1,696,689	-	-
Prepayments and accrued income	999,312	1,379,015	-	-
	<u>3,483,667</u>	<u>3,075,704</u>	<u>-</u>	<u>-</u>

16 CREDITORS: Amounts falling due within one year

	Group		Company	
	29 July 2016	31 July 2015	29 July 2016	31 July 2015
	£	£	£	£
Obligations under finance leases	119,578	66,497	-	-
Payments received on account	66,248	47,132	-	-
Trade creditors	1,547,297	1,587,544	-	-
Corporation tax	143,957	129,395	4,732	4,634
Amounts owed to group undertakings	-	-	267,863	104,604
Other taxation and social security costs	625,729	461,982	-	-
Other creditors	570,651	156,126	-	-
Accruals and deferred income	222,865	260,360	-	-
	<u>3,296,325</u>	<u>2,709,036</u>	<u>272,595</u>	<u>109,238</u>

The Group 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).

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

17 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	29 July 2016	31 July 2015	29 July 2016	31 July 2015
	£	£	£	£
Obligations under finance leases	33,996	69,162	-	-
Amounts owed to group undertakings	-	-	-	284,435
	<u>33,996</u>	<u>69,162</u>	<u>-</u>	<u>284,435</u>

	Group		Company	
	29 July 2016	31 July 2015	29 July 2016	31 July 2015
	£	£	£	£
The total future minimum lease payments are payable:				
Less than one year	119,578	66,495	-	-
Between one and five years	33,996	69,162	-	-
	<u>153,574</u>	<u>135,657</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the Group 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 10.

18 PENSION COMMITMENTS

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

Certain staff of the Group are members of defined benefit schemes operated by certain councils. As the Group 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 Group. 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.

The company had no pension commitments in the period ending 29 July 2016 and no balances outstanding at 29 July 2016.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

19 FINANCIAL INSTRUMENTS

The carrying amount of the Group financial instruments were:

	29 July 2016 £	31 July 2015 £
Financial assets:		
Debt instruments measured at amortised cost	2,484,355	1,696,689
Financial liabilities:		
Measured at amortised cost	1,770,162	1,847,905

20 PROVISIONS FOR LIABILITIES

GROUP	Deferred taxation £
At beginning of period	67,763
Charge for the period	(2,564)
Arising on acquisition	82,810
At end of period	148,009

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	69,332	-	64,970	-
Other timing differences	(15,405)	-	(12,835)	-
Assets measured at fair value	14,064	-	15,628	-
Intangible asset	80,018	-	-	-
	148,009	-	67,763	-

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

20 PROVISIONS FOR LIABILITIES (continued)

COMPANY

	Deferred taxation £
At beginning of period	19,494
Charge for the period	5,319
At end of period	24,813

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	18,248	-	19,494	-
Assets measured at fair value	6,565	-	9,188	-
	24,813	-	24,682	-

21 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
	147	147

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

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

22 DIVIDENDS

	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
Ordinary, ordinary 'B' and ordinary 'C' shares: Dividends paid	200,000	-

During the period, a dividend of £13.57 per share (2015: £nil) was paid by the company.

23 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	52 week period ended 29 July 2016 £	53 week period ended 31 July 2015 £
Profit after tax	574,099	492,776
Depreciation/amortisation	232,205	191,479
Profit on sale of fixed assets	(2,700)	(2,936)
Interest receivable	(1,307)	(1,437)
Interest payable	3,397	1,812
Taxation	141,393	129,698
Operating cash flows before movements in working capital	947,087	811,392
(Increase)/decrease in stock	(8,262)	16,445
Increase in debtors	(407,963)	(36,719)
Increase/(decrease) in creditors	219,646	(54,564)
Cash generated from operations	750,508	736,554

The principal non-cash transactions are new finance leases and contingent consideration.

24 CAPITAL COMMITMENTS

Group

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.

Company

There are no capital commitments at the end of the period.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

25 CONTINGENT LIABILITIES

Group

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

Bond value	Expire date
£61,900	31 August 2017
£7,000	31 July 2017
£59,000	31 August 2018

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

Company

The Company and its subsidiary undertaking, A.B.M. Catering Limited, are members of a VAT group. At 29 July 2016 the VAT liability of the VAT group excluding that of the Company was £450,387 (2015: £323,755).

26 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).

27 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is P Coates and his family.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

28 FIRST TIME ADOPTION OF FRS 102

GROUP

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

(i) the consolidated equity at the date of transition to FRS 102;

(ii) the consolidated equity at the end of the comparative period;

(iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP are given below

RECONCILIATIONS OF CONSOLIDATED EQUITY		26 July 2014	31 July 2015
		£	£
	Notes		
Consolidated equity as previously reported under previous UK GAAP		2,713,501	3,205,878
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
Tangible fixed assets – accumulated depreciation	C	38,734	38,734
Deferred tax on revalued property	C	(15,628)	(15,628)
Other reserve (previously Revaluation reserve)	C	-	(1,563)
Profit and loss account	C	-	1,563
Intangible assets – goodwill – cost	B	(7,980)	(7,980)
Intangible assets – goodwill – accumulated amortisation	B	3,365	3,764
Consolidated equity reported under FRS 102		<u>2,731,992</u>	<u>3,224,768</u>
RECONCILIATION OF CONSOLIDATED PROFIT OR LOSS			53 week period ended 29 July 2015
			£
Consolidated profit or loss as previously reported under previous UK GAAP			492,377
Amortisation - software	A		(6,364)
Depreciation	A		6,364
Amortisation – goodwill	B		399
Consolidated profit or loss reported under FRS 102			<u>492,776</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 Group 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.

ABM Catering (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 July 2016

28 FIRST TIME ADOPTION OF FRS 102 (continued)

C – Freehold Property

At transition the freehold buildings were transferred to investment properties at valuation. Any depreciation charged since transition has been reversed out in the individual accounts of ABM Catering Holdings Limited and adjusted through the profit or loss as necessary. Under previous UK GAAP, deferred tax on the roll over relief and gains on revalued investment properties and freehold properties was not previously on the balance sheet. FRS 102 requires the recognition of the deferred tax impact on these transactions to be shown in the financial statements.

COMPANY

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

RECONCILIATIONS OF COMPANY EQUITY		26 July 2014	31 July 2015
		£	£
	Notes		
Company equity as previously reported under previous UK GAAP		11,690	124,549
Investment Property – Fair Value	B	535,598	535,598
Freehold Property – Cost	B	(551,664)	(551,664)
Freehold Property – Accumulated Depreciation	B	16,066	24,099
Deferred tax on investment property	B	(10,230)	(9,188)
Fair value reserve (previously revaluation reserve)		-	(1,563)
Profit and loss account			1,563
Company equity reported under FRS 102		<u>1,460</u>	<u>123,394</u>

RECONCILIATION OF COMPANY PROFIT OR LOSS		53 week period ended
	Notes	29 July 2015
		£
Company profit or loss as previously reported under previous UK GAAP		112,859
Freehold Property - Depreciation	B	8,033
Deferred tax on investment property	B	1,042
Company profit or loss reported under FRS 102		<u>121,934</u>

B – Investment Property

At transition the freehold buildings were transferred to investment properties at valuation. Any depreciation charged since transition has been reversed out in the individual accounts of ABM Catering Holdings Limited and adjusted through the profit or loss as necessary. Under previous UK GAAP, deferred tax on the roll over relief and gains on revalued investment properties and freehold properties was not previously on the balance sheet. FRS 102 requires the recognition of the deferred tax impact on these transactions to be shown in the financial statements.