By Word of Mouth Limited

Financial statements

For the year ended 30 April 2008

Company No. 3310603

Company information

Company registration number	3310603
Registered office	4th Floor CI Tower St Georges Square High Street New Malden London KT3 4HG
Directors	J Tinne R Perry A A Roestenburg B Watson
Secretary	B Watson
Bankers	Barclays Bank Plc Level 6 1 Churchill Place London E14 5HP
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Enterprise House 115 Edmund Street Birmingham B3 2HJ

Index

Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 April 2008.

Principal activities and business review

The principal activity of the company during the year was the provision of catering services.

There was a profit for the after taxation amounting to £141,409 (2007: £293,205). The directors have not recommended a dividend.

The directors are satisfied with the performance of the business during the year.

Financial risk management objectives and policies

The company's principal financial instruments comprise intra group borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group directors prepare detailed cashflow forecasts incorporating all companies within the group and funds are moved around the group to ensure sufficient liquidity is maintained in all entities.

Credit risk
The company trades with only recognised, creditworthy third parties. It is the company policy that all significant customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Directors

The directors who served the company during the year were as follows:

J Tinne
R Perry
A A Roestenburg
B Watson

Directors' responsibilities

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A K [illegible]senburg
Director

2 December 2008

Report of the independent auditor to the members of By Word of Mouth Limited

We have audited the financial statements of By Word of Mouth Limited for the year ended 30 April 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Report of the independent auditor to the members of By Word of Mouth Limited (continued)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
BIRMINGHAM
2 December 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis as the parent undertaking has pledged to continue to offer financial support for the foreseeable future. The group directors have prepared cashflow forecasts which make certain assumptions regarding trading and that the payment of loan notes and rolled up interest due by the parent company is deferred for at least a further twelve months from the date of approval of these financial statements. On the basis of these assumptions the forecasts demonstrate that the group has sufficient finance facilities available to allow it to continue in business for the forseeable future.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

The company is a wholly owned subsidiary of The Simply Smart Group Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of The Simply Smart Group Limited group.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. and is recognised on delivery of the service. Deposits received in connection with catering events to be held at a later date are deferred until the event has taken place.

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	-	over the life of the lease
Office equipment	-	4 years
Motor vehicles	-	4 years
Kitchen equipment	-	4 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

Financial instruments

Financial liabilities and equity instruments are classified 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2008 £	2007 £
Turnover	1	**4,901,164**	4,882,825
Cost of sales		**3,243,470**	3,272,481
Gross profit		**1,657,694**	1,610,344
Other operating charges	2	**1,486,037**	1,277,390
Operating profit	3	**171,657**	332,954
Interest receivable		**25,066**	15,881
Interest payable and similar charges	6	**(55,314)**	(55,630)
Profit on ordinary activities before taxation		**141,409**	293,205
Tax on profit on ordinary activities	7	–	–
Profit for the financial year	16	**141,409**	293,205

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	**50,507**	54,853
Current assets			
Stocks	9	**68,298**	58,597
Debtors	10	**448,470**	419,285
Cash at bank and in hand		**1,128,173**	960,057
		1,644,941	1,437,939
Creditors: amounts falling due within one year	11	**1,676,053**	1,614,806
Net current liabilities		**(31,112)**	(176,867)
Total assets less current liabilities		**19,395**	(122,014)
Capital and reserves			
Called-up equity share capital	15	**18,401**	18,401
Profit and loss account	16	**994**	(140,415)
Shareholders' funds/(deficit)	17	**19,395**	(122,014)

These financial statements were approved by the directors and authorised for issue on 2 December 2008 and are signed on their behalf by:

A A Ro[illegible]tenburg
Director

The accompanying principal accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	**4,901,164**	4,882,825

2 Other operating charges

	2008	2007
	£	£
Administrative expenses	**1,486,037**	1,277,390

3 Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Management charge	**267,000**	245,000
Depreciation of owned fixed assets	**18,059**	20,317
Loss on disposal of fixed assets	**–**	699
Auditor's remuneration:		
Audit fees	**6,960**	6,000
Accountancy fees	**2,040**	2,240
Operating lease costs:		
Land and buildings	**64,096**	56,792
Other	**31,692**	29,246

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2008 No	2007 No
Number of administrative staff	**6**	6
Number of management staff	**11**	11
Number of catering staff	**44**	40
	61	57

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	**1,366,412**	1,253,858
Social security costs	**151,358**	137,378
Other pension costs	**11,270**	9,854
	1,529,040	1,401,090

5 Directors

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Emoluments receivable	**302,888**	252,665
Value of company pension contributions to money purchase schemes	**2,418**	3,050
	305,306	255,715

Emoluments of highest paid director:

	2008 £	2007 £
Total emoluments (excluding pension contributions)	**191,917**	158,334

The number of directors who accrued benefits under company pension schemes was as follows:

	2008 No	2007 No
Money purchase schemes	**1**	1

6 Interest payable and similar charges

	2008 £	2007 £
Interest payable to parent undertaking	**55,314**	55,630

7 Taxation on ordinary activities

There is no tax charge for the year.

Unrelieved tax losses of approximately £Nil (2007: £130,000) remain available to offset against future taxable trading profits. The deferred tax asset not provided in connection with these losses amounts to approximately £Nil (2007: £25,000).

Factors affecting current tax charge

	2008 £	2007 £
Profit on ordinary activities before taxation	**141,409**	293,205
Profit on ordinary activities by rate of tax	**39,595**	55,709
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	**3,621**	(2,153)
Utilisation of tax losses	**(45,412)**	(53,735)
Expenses not deductible for tax purposes	**2,196**	179
Total current tax	-	-

8 Tangible fixed assets

	Leasehold property £	Kitchen equipment £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 May 2007	68,052	148,539	24,330	26,017	266,938
Additions	–	11,953	–	1,760	13,713
At 30 April 2008	68,052	160,492	24,330	27,777	280,651
Depreciation					
At 1 May 2007	65,059	111,606	19,612	15,808	212,085
Charge for the year	2,993	11,116	1,180	2,770	18,059
At 30 April 2008	68,052	122,722	20,792	18,578	230,144
Net book value					
At 30 April 2008	–	**37,770**	**3,538**	**9,199**	**50,507**
At 30 April 2007	2,993	36,933	4,718	10,209	54,853

9 Stocks

	2008	2007
	£	£
Goods for resale	**68,298**	58,597

10 Debtors

	2008	2007
	£	£
Trade debtors	**327,964**	316,632
Other debtors	**-**	500
Prepayments and accrued income	**120,506**	102,153
	448,470	419,285

11 Creditors: amounts falling due within one year

	2008	2007
	£	£
Payments received on account	**408,124**	215,239
Trade creditors	**185,108**	151,267
Amounts owed to group undertakings	**903,007**	982,631
PAYE and social security	**34,323**	32,254
VAT	**93,195**	83,612
Other creditors	**3,340**	84,562
Accruals and deferred income	**48,956**	65,241
	1,676,053	1,614,806

12 Leasing commitments

At 30 April 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	**-**	**-**	56,659	-
Within 2 to 5 years	**75,870**	**17,103**	-	20,195
	75,870	**17,103**	56,659	20,195

13 Capital commitments

There were no capital commitments at 30 April 2008 or 30 April 2007.

14 Contingent assets/liabilities

The company is party to a multi-lateral guarantee given to the group's bankers and providers of finance to secure all monies due or to become due from members of the group headed by The Simply Smart Group Limited. At 30 April 2007 there was a maximum contingent liability under this guarantee amounting to £8,590,150 (2007: £7,899,015).

15 Share capital

Authorised share capital:

	2008 £	2007 £
18,401 Ordinary shares of £1 each	**18,401**	18,401

Allotted, called up and fully paid:

	2008 No	2008 £	2007 No	2007 £
Ordinary shares of £1 each	**18,401**	**18,401**	18,401	18,401

16 Profit and loss account

	2008 £	2007 £
Balance brought forward	**(140,415)**	(433,620)
Profit for the financial year	**141,409**	293,205
Balance carried forward	**994**	(140,415)

17 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	**141,409**	293,205
Opening shareholders' deficit	**(122,014)**	(415,219)
Closing shareholders' deficit	**19,395**	(122,014)

18 Parent undertaking and controlling party

The company's controlling party is The Simply Smart Group Limited, by virtue of its 100% shareholding. The company's ultimate controlling party is Dunedin Capital Partners Limited.