Grant Thornton

Financial statements By Word of Mouth Limited

For the Year Ended 30 April 2009

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 2009.

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 £90,902 (2008: £141,409). 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.

Credit risk
The company trades with only recognised, creditworthy third parties. It is company policy that all 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

Report of the directors (continued)

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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

A A R[illegible]tenburg
Director

Date: 28 July 2009

Grant Thornton

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 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet 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 Sections 495 and 496 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 APB's website at www.frc.ork.uk/apb/scope/UKNP.

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 30 April 2009 and of its profit 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

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

Matters on which we are required to report by exception

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

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

Mark A Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
BIRMINGHAM

Date: 28 July 2009

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 some of outstanding loan notes and all of the rolled up interest to 28 February 2009 due by the parent company are converted into share capital, which was completed on 26 June 2009, and the repayment of the remaining loan notes will be deferred until at least 12 months from the date of signing these financial statements, which has been confirmed by the loan note holder. On the basis of these assumptions the forecasts demonstrate that the group has sufficient finance facilities available to allow it to continue for the foreseeable 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
Motor vehicles	-	4 years
Kitchen equipment	-	4 years
Office 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	2009 £	2008 £
Turnover	1	**4,807,315**	4,901,164
Cost of sales		**3,250,749**	3,243,470
Gross profit		**1,556,566**	1,657,694
Other operating charges	2	**1,437,996**	1,486,037
Operating profit	3	**118,570**	171,657
Attributable to:			
Operating profit before exceptional operating items		**165,654**	171,657
Exceptional operating items	2	**(47,084)**	–
		118,570	171,657
Interest receivable		**15,033**	25,066
Interest payable and similar charges	6	**(42,701)**	(55,314)
Profit on ordinary activities before taxation		**90,902**	141,409
Tax on profit on ordinary activities	7	**–**	–
Profit for the financial year	16	**90,902**	141,409

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

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

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

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	8	**63,343**	50,507
Current assets			
Stocks	9	**43,641**	68,298
Debtors	10	**355,878**	448,470
Cash at bank and in hand		**1,184,764**	1,128,173
		1,584,283	1,644,941
Creditors: amounts falling due within one year	11	**1,537,329**	1,676,053
Net current assets/(liabilities)		**46,954**	(31,112)
Total assets less current liabilities		**110,297**	19,395
Capital and reserves			
Called-up equity share capital	15	**18,401**	18,401
Profit and loss account	16	**91,896**	994
Shareholders' funds	17	**110,297**	19,395

These financial statements were approved by the directors and authorised for issue on 28 July 2009 and are signed on their behalf by:

M V Roestenburg
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:

	2009	2008
	£	£
United Kingdom	**4,807,315**	4,901,164

2 Other operating charges

	2009	2008
	£	£
Administrative expenses	**1,390,912**	1,486,037
Redundancy and reorganisation expenses	**47,084**	–
	1,437,996	1,486,037

3 Operating profit

Operating profit is stated after charging:

	2009	2008
	£	£
Management charge	**250,000**	267,000
Depreciation of owned fixed assets	**17,578**	18,059
Auditor's remuneration:		
Audit fees	**6,960**	6,960
Taxation	**2,040**	2,040
Operating lease costs:		
Land and buildings	**75,870**	64,096
Other	**33,598**	31,692
Redundancy and reorganisation expenses	**47,084**	-

4 Directors and employees

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

	2009 No	2008 No
Number of administrative staff	6	6
Number of management staff	12	11
Number of catering staff	15	44
	33	61

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	1,211,868	1,366,412
Social security costs	128,671	151,358
Other pension costs	13,990	11,270
	1,354,529	1,529,040

5 Directors

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments receivable	217,794	302,888
Value of company pension contributions to money purchase schemes	2,501	2,418
	220,295	305,306

Emoluments of highest paid director:

	2009 £	2008 £
Total emoluments (excluding pension contributions)	134,364	191,917

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

	2009 No	2008 No
Money purchase schemes	1	1

6 Interest payable and similar charges

	2009 £	2008 £
Other similar charges payable	**42,701**	55,314

7 Taxation on ordinary activities

There is no tax charge for the year.

Factors affecting current tax charge

	2009 £	2008 £
Profit on ordinary activities before taxation	**90,902**	141,409
Profit on ordinary activities by standard rate of corporation tax in the UK of 28% (2008: 28%)	**25,453**	39,595
Depreciation in excess of capital allowances	**5,737**	3,621
Group relief not paid for	**(32,864)**	(45,412)
Expenses not deductible for tax purposes	**1,674**	2,196
Total current tax	-	-

8 Tangible fixed assets

	Leasehold property £	Kitchen equipment £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 May 2008	68,052	160,492	24,330	27,777	280,651
Additions	–	16,329	–	14,085	30,414
At 30 April 2009	68,052	176,821	24,330	41,862	311,065
Depreciation					
At 1 May 2008	68,052	122,722	20,792	18,578	230,144
Charge for the year	–	11,614	883	5,081	17,578
At 30 April 2009	68,052	134,336	21,675	23,659	247,722
Net book value					
At 30 April 2009	–	**42,485**	**2,655**	**18,203**	**63,343**
At 30 April 2008	–	37,770	3,538	9,199	50,507

9 Stocks

	2009 £	2008 £
Finished goods	**43,641**	68,298

10 Debtors

	2009 £	2008 £
Trade debtors	**254,517**	327,964
Prepayments and accrued income	**101,361**	120,506
	355,878	448,470

11 Creditors: amounts falling due within one year

	2009 £	2008 £
Payments received on account	**312,296**	408,124
Trade creditors	**77,954**	185,108
Amounts owed to group undertakings	**930,438**	903,007
PAYE and social security	**31,414**	34,323
VAT	**53,024**	93,195
Other creditors	**31,809**	3,340
Accruals and deferred income	**100,394**	48,956
	1,537,329	1,676,053

12 Leasing commitments

At 30 April 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009 Land & Buildings £	2009 Other Items £	2008 Land & Buildings £	2008 Other Items £
Operating leases which expire:				
Within 2 to 5 years	**75,870**	**27,446**	75,870	17,103

13 Capital commitments

There were no capital commitments at 30 April 2009 or 30 April 2008.

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 2009 there was a maximum contingent liability under this guarantee amounting to £9,831,711 (2008: £8,590,150).

15 Share capital

Authorised share capital:

	2009	2008
	£	£
18,401 Ordinary shares of £1 each	**18,401**	18,401

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	**18,401**	**18,401**	18,401	18,401

16 Profit and loss account

	2009	2008
	£	£
Balance brought forward	**994**	(140,415)
Profit for the financial year	**90,902**	141,409
Balance carried forward	**91,896**	994

17 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	**90,902**	141,409
Opening shareholders' funds/(deficit)	**19,395**	(122,014)
Closing shareholders' funds	**110,297**	19,395

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.