Grant Thornton

Financial Statements By Word of Mouth Limited

For the period ended 30 June 2011

Company No. 3310603

Company information

Company registration number	3310603
Registered office	53 Mountney Bridge Industrial Estate Eastbourne Road Westham Pevensey East Sussex BN24 5NH
Directors	J Tinne R Perry A A Roestenburg Sir F H Mackay
Secretary	S J Ives
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

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Report of the directors

The directors present their report and the financial statements of the company for the 14 month period ended 30 June 2011

Principal activities and business review

The principal activity of the company during the period was the provision of catering services During the year the company changed its year end to 30 June

There was a profit for the period after taxation amounting to £316,992 (year ended 30 April 2010 loss £175,289) 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 transferred around the group to ensure sufficient liquidity is maintained at all times

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 period were as follows

J Tinne
R Perry
A A Roestenburg
Sir F H Mackay (appointed 11 November 2010)
B H C Watson (resigned 17 September 2010)

Report of the directors (continued)

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accounting Standards and company 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 and 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,
- state whether applicable United Kingdom Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as each of the directors are aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006

ON BEHALF OF THE BOARD

S J Ives
Company Secretary
Date 30 September 2011

Company No 3310603

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 period ended 30 June 2011 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 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 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 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 APB's website at www frc ork uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial period 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 Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
BIRMINGHAM

Date 30/09/2011

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention The principal accounting policies of the company remain unchanged and are set out below

Going concern

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 for 12 months from the date of signing these financial statements, which make certain assumptions regarding trading 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 The directors have also confirmed they will continue to support the group in the unlikely event of a cash shortfall during the 12 months following the signing of the financial statements

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 Graysons Hospitality Associates Limited, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with members or investees of Graysons Hospitality Associates Limited group

Turnover

The turnover shown in the profit and loss account represents the total value of goods supplied and services provided, 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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any required impairment

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
Kitchen equipment	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Office equipment	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

Stocks

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

Principal accounting policies (continued)

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 in independently administered funds 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 Deferred tax assets and liabilities are not discounted

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	Period ended 30 June 2011 £	Year ended 30 April 2010 £
Turnover	1	**5,049,439**	3,204,484
Cost of sales		**3,166,815**	2,013,596
Gross profit		**1,882,624**	1,190,888
Other operating charges	2	**1,541,384**	1,322,227
Operating profit/(loss)	3	**341,240**	(131,339)
Attributable to			
Operating profit/(loss) before exceptional operating items		**341,240**	(124,581)
Exceptional operating items	2	**-**	(6,758)
		341,240	(131,339)
Interest payable and similar charges	6	**(24,248)**	(43,950)
Profit/(loss) on ordinary activities before taxation		**316,992**	(175,289)
Tax on profit/(loss) on ordinary activities	7	**-**	-
Profit/(loss) for the financial period	16	**316,992**	(175,289)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the profit/(loss) for the period as set out above

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	8	**175,803**	52,832
Current assets			
Stocks	9	**52,285**	37,770
Debtors	10	**833,161**	441,692
Cash at bank and in hand		**536,194**	776,502
		1,421,640	1,255,964
Creditors amounts falling due within one year	11	**(1,345,443)**	(1,373,788)
Net current assets/(liabilities)		**76,197**	(117,824)
Total assets less current liabilities		**252,000**	(64,992)
Capital and reserves			
Called-up equity share capital	15	**18,401**	18,401
Profit and loss account	16	**233,599**	(83,393)
Shareholders' funds/(deficit)	17	**252,000**	(64,992)

These financial statements were approved by the directors and authorised for issue on 30 September 2011 and are signed on their behalf by

A A Roesenburg
Director

Notes to the financial statements

1 Turnover

The turnover and profit/(loss) before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	Period ended 30 June 2011 £	Year ended 30 April 2010 £
United Kingdom	**5,049,439**	3,204,484

2 Other operating charges

	Period ended 30 June 2011 £	Year ended 30 April 2010 £
Administrative expenses	**1,541,384**	1,315,469
Redundancy and reorganisation expenses	**-**	6,758
	1,541,384	1,322,227

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	Period ended 30 June 2011 £	Year ended 30 April 2010 £
Management charge	**200,000**	250,000
Depreciation of owned fixed assets	**25,412**	21,793
Profit on sale of fixed assets	**(599)**	-
Auditor's remuneration		
- Audit fees	**3,320**	7,160
- Taxation	**8,300**	2,785
Operating lease costs		
- Land and buildings	**72,766**	68,182
- Other	**46,395**	27,763
Redundancy and reorganisation expenses	**-**	6,758

4 Directors and employees

The average number of staff employed bv the company durıng the penod amounted to

	Penod ended 30 June 2011 No	Year ended 30 Apml 2010 No
Number of admınıstratıve staff	**4**	6
Number of management staff	**11**	10
Number of caterıng staff	**41**	31
	56	47

The aggregate payroll costs of the above were

	Penod ended 30 June 2011 £	Year ended 30 Apml 2010 £
Wages and salanes	**1,443,543**	1,076,908
Socıal secunty costs	**148,785**	103,831
Other pensıon costs	**14,240**	12,683
	1,606,568	1,193,422

5 Directors

Remuneratıon ın respect of dırectors was as follows

	Penod ended 30 June 2011 £	Year ended 30 Apml 2010 £
Emoluments receıvable	**275,499**	230,831
Value of company pensıon contnbutıons to money purchase schemes	**3,429**	2,810
	278,928	233,641

Emoluments of hıghest paıd dırector

	Penod ended 30 June 2011 £	Year ended 30 Apml 2010 £
Total emoluments (excludıng pensıon contnbutıons)	**161,354**	135,654

5 Directors (continued)

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

	Period ended 30 June 2011 No	Year ended 30 April 2010 No
Money purchase schemes	**1**	1

6 Interest payable and similar charges

	Period ended 30 June 2011 £	Year ended 30 April 2010 £
Other similar charges payable	**24,248**	43,950

7 Taxation on ordinary activities

There is no tax charge for the year

Tax losses of £nil (2010 £164,356) are available to offset against future trading profits of the same trade The deferred tax asset not provided in connection with these losses due to the uncertainty of when they will be recovered, amounts to £nil (2010 £46,020)

Factors affecting current tax charge

	Period ended 30 June 2011 £	Year ended 30 April 2010 £
Profit/(loss) on ordinary activities before taxation	**316,992**	(175,289)
Profit/(loss) on ordinary activities by standard rate of corporation tax in the UK of 27 57% (2010 28%)	**87,403**	(49,081)
Depreciation in excess of capital allowances	**3,361**	(2,203)
Group relief surrendered	**(56,513)**	-
Expenses not deductible for tax purposes	**6,209**	5,264
Unrelieved tax losses	**-**	46,020
Other short term timing differences	**(194)**	-
Utilisation of tax losses	**(40,266)**	-
Total current tax	**-**	-

8 Tangible fixed assets

	Leasehold property	Kitchen equipment	Motor vehicles	Office equipment	Fixtures and fittings	Total
	£	£	£	£	£	£
Cost						
At 1 May 2010	70,719	179,136	30,030	42,462	-	322,347
Additions	126,540	14,399	-	1,311	6,133	148,383
Disposals	-	-	(20,925)	-	-	(20,925)
At 30 June 2011	197,259	193,535	9,105	43,773	6,133	449,805
Depreciation						
At 1 May 2010	68,793	145,089	25,753	29,880	-	269,515
Charge for the year	1,037	13,998	1,663	7,404	1,310	25,412
Disposals	-	-	(20,925)	-	-	(20,925)
At 30 June 2011	69,830	159,087	6,491	37,284	1,310	274,002
Net book value						
At 30 June 2011	**127,429**	**34,448**	**2,614**	**6,489**	**4,823**	**175,803**
At 30 April 2010	1,926	34,047	4,277	12,582	-	52,832

9 Stocks

	30 June 2011	30 April 2010
	£	£
Goods for resale	**52,285**	37,770

10 Debtors

	30 June 2011	30 April 2010
	£	£
Trade debtors	**554,453**	349,997
Other debtors	-	468
Prepayments and accrued income	**108,708**	91,227
Amounts owed from group undertaking	**170,000**	-
	833,161	441,692

11 Creditors: amounts falling due within one year

	30 June 2011	30 April 2010
	£	£
Payments received on account	**342,253**	397,336
Trade creditors	**310,636**	109,102
Amounts owed to group undertakings	**234,200**	623,302
PAYE and social security	**43,884**	32,117
VAT	**202,479**	125,745
Other creditors	**7,340**	47,922
Accruals and deferred income	**204,651**	38,264
	1,345,443	1,373,788

12 Leasing commitments

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

	30 June 2011 Land & Buildings £	30 June 2011 Other Items £	30 April 2010 Land & Buildings £	30 April 2010 Other Items £
Operating leases which expire				
Within one year	-	3,883	-	13,110
Within 2 to 5 years	65,850	28,478	65,850	6,513

13 Capital commitments

There were no capital commitments at 30 June 2011 or 30 April 2010

14 Contingent 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 June 2011 there was a maximum contingent liability under this guarantee amounting to £442,449 (30 April 2010 £719,628)

15 Share capital

Authorised share capital

	2011 £	2010 £
18,401 Ordinary shares of £1 each	18,401	18,401

Allotted, called up and fully paid

	2011 No	2011 £	2010 No	2010 £
Ordinary shares of £1 each	18,401	18,401	18,401	18,401

16 Profit and loss account

	2011 £	2010 £
Balance brought forward	(83,393)	91,896
Profit/(loss) for the financial period	316,992	(175,289)
Balance carried forward	233,599	(83,393)

17 Reconciliation of movements in shareholders' funds/(deficit)

	2011	2010
	£	£
Profit/(loss) for the financial period	**316,992**	(175,289)
Opening shareholders' (deficit)/funds	**(64,992)**	110,297
Closing shareholders' funds/(deficit)	**252,000**	(64,992)

18 Parent undertaking and controlling party

The company's ultimate controlling party is Graysons Hospitality Associates Limited, a company incorporated in Great Britain, by virtue of its 100% shareholding in the immediate controlling party, The Simply Smart Group Limited Graysons Hospitality Associates Limited is itself controlled by Sir Francis Mackay

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Graysons Hospitality Associates Limited Copies of Graysons Hospitality Associates Group's financial statements are available from 53 Mountney Bridge Industrial Estate, Eastbourne Road, Westham, Pevensey, East Sussex, BN24 5NH

In the opinion of the directors Dunedin Capital Partners Limited was the company's ultimate controlling party, by virtue of its shareholding in The Simply Smart Group Limited as at 30 April 2010 From 11 November 2010 the controlling related party is Graysons Hospitality Associates Limited (formerly Food RN Limited)