

# Financial Statements By Word of Mouth Limited

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For the period ended 31 December 2015

Registered number: 03310603

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By Word of Mouth Limited  
Registered number: 03310603

## Company Information

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | Sir F H Mackay<br>B H C Watson<br>J M P Tinne<br>R C L Perry   |
| <b>Company secretary</b>   | B H C Watson   |
| <b>Registered number</b>   | 03310603   |
| <b>Registered office</b>   | Devon House<br>Anchor Street<br>Chelmsford<br>Essex<br>CM2 0GD   |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>80 Compair Crescent<br>Ipswich<br>Suffolk<br>IP2 0EH |

By Word of Mouth Limited  
Registered number: 03310603

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# Strategic Report

For the period ended 31 December 2015

## Business review

Led by Justin Tinne and Rick Perry, By Word of Mouth continues to be one of the UK's most admired party design and event catering companies and has been a leader in its industry for over 30 years.

It provides exceptional quality and operates in a wide variety of stunning, high profile and historic venues with both corporate entities and private individuals as its clients.

By Word of Mouth has occupied its premises in Wandsworth for over 25 years and has been able to benefit from expansion in recent years to create larger kitchens, new offices and entertaining rooms for client meetings and tastings.

The result for the period shows a Profit before Exceptional items and Tax of £509,000 (2014 – profit of £614,000). Profit after Exceptional items and taxation is £157,000 (2014 – profit of £598,000).

The company continues to perform well and deliver significant profitability.

## Principal risks and uncertainties

Whilst the company is fortunate enough to be listed on a significant number of high profile venues in and around London, ultimately there are no contracts that grant absolute exclusivity to catering and events in a particular location. As such the company attains its business through a combination of its client relationships and its reputation in the market, driven by its long established ability to deliver high quality and bespoke service. As such sales levels are not certain but the long trading history and the ability demonstrated over recent years to grow significantly during a period of economic uncertainty mitigates this risk.

## Financial risk management

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 cash flow 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.

## **Strategic Report (continued)**

**For the period ended 31 December 2015**

### **Financial key performance indicators**

The key performance indicators of the business aside from turnover and profit, are the percentages of gross profit and profit before tax against turnover. These can be affected by the sales mix and the impact of fixed costs.

The Turnover for the period is £9,244,000 (2014 - £5,670,000). Profit is discussed in the Business Review.

The gross profit percentage is broadly consistent with the prior year at 48% (2014 - 50%) and the profit before tax percentage has fallen from 11% to 6% (ignoring exceptional items) due to a change in the sales mix and the application of group management charges (see note 3) but this still represents a good performance for the period.

### **Going concern**

The financial statements show the company with positive net current assets and net assets. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

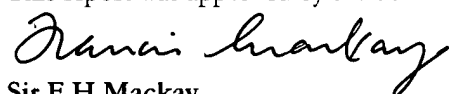
As part of the Graysons Hospitality Limited group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged to continue to offer financial support for the foreseeable future in writing to the directors in a letter of support.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have been sensitised to take account of known and potential risks. The underlying assumption is that the group will continue to trade at a similar level to that of its current position with a small improvement in margin and given the contractual nature of the group's business and based on the historical trading of those elements that are not contractual, the directors consider this assumption to be reasonable. These forecasts demonstrate the ability of the group to operate well within existing facilities. The Group's bankers have advised that they see no reason why those existing facilities will not continue to be available for the foreseeable future.

Further to this and not included in the forecasts referred to above the group has recently successfully secured significant new contracts that are expected to commence trading in the second half of 2016.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

This report was approved by the board on *15<sup>th</sup> June 2016* and signed on its behalf.



**Sir F H Mackay**  
**Director**

**By Word of Mouth Limited**

## **Directors' Report**

**For the period ended 31 December 2015**

The directors present their report and the audited financial statements for the period ended 31 December 2015.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

### **Directors**

The directors who served during the period were:

Sir F H Mackay  
B H C Watson  
J M P Tinne  
R C L Perry

### **Matters covered in the Strategic report**

Future developments and financial instruments are discussed in the Strategic report.

**By Word of Mouth Limited**

## Directors' Report

For the period ended 31 December 2015

### **Disclosure of information to auditor**

The directors confirm that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors 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 the company's auditor is aware of that information.

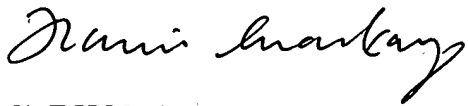
### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

15<sup>th</sup> June 2016

and signed on its behalf.



**Sir F H Mackay**  
Director



## Independent Auditor's Report 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 31 December 2015, which comprise 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 auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 [www.frc.org.uk/auditscopeukprivate](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 company's affairs as at 31 December 2015 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 Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.





## Independent Auditor's Report to the Members of By Word of Mouth Limited

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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.

*Grant Thornton UK LLP*

James Brown (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Ipswich  
Date:

*16 June 2016*

## Profit and Loss Account

For the period ended 31 December 2015

|  |     | 18 months<br>ended<br>31 December<br>2015<br>£000 | 12 months<br>ended<br>30 June<br>2014<br>£000 |
|--|-----|---|---|
| <b>Turnover</b>                                      | 1,2 | 9,244   | 5,670   |
| Cost of sales  |     | (4,789)   | (2,835)                                       |
| <b>Gross profit</b>                                  |     | 4,455   | 2,835   |
| Administrative expenses                              |     | (3,946)   | (2,221)                                       |
| Exceptional administrative expenses                  | 3   | (345)   | -   |
| Total administrative expenses                        |     | (4,291)   | (2,221)                                       |
| <b>Operating profit</b>                              | 3   | 164   | 614   |
| <b>Profit on ordinary activities before taxation</b> |     | 164   | 614   |
| Tax on profit on ordinary activities                 | 6   | (7)   | (16)  |
| <b>Profit for the financial period</b>               | 13  | 157   | 598   |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

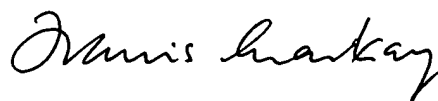
## Balance Sheet

As at 31 December 2015

|   |      | 31 December<br>2015 |                     |                | 30 June<br>2014     |
|---|------|---------------------|---------------------|----------------|---------------------|
|   | Note | £000                | £000                | £000           | £000                |
| <b>Fixed assets</b>                                   |      |                     |                     |                |                     |
| Tangible assets                                       | 7    |                     | 87                  |                | 137                 |
| <b>Current assets</b>                                 |      |                     |                     |                |                     |
| Stocks  | 8    | 62                  |                     | 73             |                     |
| Debtors   | 9    | 2,588               |                     | 2,454          |                     |
| Cash at bank and in hand                              |      | 115                 |                     | 468            |                     |
|   |      | <u>2,765</u>        |                     | <u>2,995</u>   |                     |
| <b>Creditors: amounts falling due within one year</b> | 10   | <u>(1,309)</u>      |                     | <u>(1,746)</u> |                     |
| <b>Net current assets</b>                             |      |                     | <u>1,456</u>        |                | <u>1,249</u>        |
| <b>Total assets less current liabilities</b>          |      |                     | <u><u>1,543</u></u> |                | <u><u>1,386</u></u> |
| <b>Capital and reserves</b>                           |      |                     |                     |                |                     |
| Called up share capital                               | 12   |                     | 18                  |                | 18                  |
| Profit and loss account                               | 13   |                     | <u>1,525</u>        |                | <u>1,368</u>        |
| <b>Shareholders' funds</b>                            | 14   |                     | <u><u>1,543</u></u> |                | <u><u>1,386</u></u> |

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

15<sup>th</sup> June 2016



Sir F H Mackay  
Director

The notes on pages 9 to 17 form part of these financial statements.

# Notes to the Financial Statements

For the period ended 31 December 2015

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### 1.2 Going concern

The financial statements show the company with positive net current assets and net assets. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

As part of the Graysons Hospitality Limited group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged to continue to offer financial support for the foreseeable future in writing to the directors in a letter of support.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have been sensitised to take account of known and potential risks. The underlying assumption is that the group will continue to trade at a similar level to that of its current position with a small improvement in margin and given the contractual nature of the group's business and based on the historical trading of those elements that are not contractual, the directors consider this assumption to be reasonable. These forecasts demonstrate the ability of the group to operate well within existing facilities. The Group's bankers have advised that they see no reason why those existing facilities will not continue to be available for the foreseeable future.

Further to this and not included in the forecasts referred to above the group has recently successfully secured significant new contracts that are expected to commence trading in the second half of 2016. Further details are laid out in the Strategic Report of the group accounts.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

### 1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

### 1.4 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. Deposits received in connection with catering events to be held at a later date are deferred until the event has taken place.

# Notes to the Financial Statements

For the period ended 31 December 2015

## 1. Accounting Policies (continued)

### 1.5 Tangible fixed assets and depreciation

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

|                              |   |                            |
|------------------------------|---|----------------------------|
| Long-term leasehold property | - | over the life of the lease |
| Kitchen equipment            | - | 25% straight line          |
| Motor vehicles               | - | 25% straight line          |
| Fixtures and fittings        | - | 25% straight line          |
| Office equipment             | - | 25% straight line          |

### 1.6 Operating leases

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

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

### 1.7 Stocks

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

### 1.8 Deferred taxation

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### 1.9 Pensions

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

## Notes to the Financial Statements

For the period ended 31 December 2015

### 1. Accounting Policies (continued)

#### 1.10 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.

### 2. Turnover

All turnover arose within the United Kingdom.

### 3. Operating profit

The operating profit is stated after charging:

|  | 18 months<br>ended<br>31 December<br>2015<br>£000 | 12 months<br>ended<br>30 June<br>2014<br>£000 |
|--|---|---|
| Depreciation of tangible fixed assets: |   |   |
| - owned by the company                 | 102   | 69  |
| Auditor's remuneration                 | 6   | 6   |
| Operating lease rentals:               |   |   |
| - plant and machinery                  | 49  | 34  |
| - other operating leases               | 167   | 100   |
| Exceptional administrative expenses    | 345   | -   |
| Management charge                      | 170   | -   |
|  | <hr/>   | <hr/>   |

Exceptional administrative expenses relate to the forgiveness of amounts owed by fellow group companies.

# Notes to the Financial Statements

For the period ended 31 December 2015

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows:

|                       | 18 months<br>ended<br>31 December<br>2015<br>£000 | 12 months<br>ended<br>30 June<br>2014<br>£000 |
|-----------------------|---|---|
| Wages and salaries    | 2,800   | 1,689   |
| Social security costs | 295   | 164   |
| Other pension costs   | 31  | 20  |
|                       | <u>3,126</u>                                      | <u>1,873</u>                                  |

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

|                      | 18 months<br>ended<br>31 December<br>2015<br>No. | 12 months<br>ended<br>30 June<br>2014<br>No. |
|----------------------|--|--|
| Administrative staff | 7  | 6  |
| Management staff     | 18   | 16   |
| Catering staff       | 80   | 84   |
|                      | <u>105</u>                                       | <u>106</u>                                   |

# Notes to the Financial Statements

For the period ended 31 December 2015

## 5. Directors' remuneration

|   | 18 months<br>ended<br>31 December<br>2015<br>£000 | 12 months<br>ended<br>30 June<br>2014<br>£000 |
|---|---|---|
| Remuneration  | <u>520</u>  | <u>292</u>                                    |
| Company pension contributions to defined contribution pension schemes | <u>7</u>  | <u>4</u>                                      |

During the period retirement benefits were accruing to 2 directors (2014 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £288,000 for the 18 month period (2014 - £165,000 for the 12 month period).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2014 - £nil).

## 6. Taxation

|  | 18 months<br>ended<br>31 December<br>2015<br>£000 | 12 months<br>ended<br>30 June<br>2014<br>£000 |
|--|---|---|
| <b>Analysis of tax charge in the period/year</b> |   |   |
| Deferred tax (see note 11)                       |   |   |
| Origination and reversal of timing differences   | <u>7</u>  | <u>16</u>                                     |
| Tax on profit on ordinary activities             | <u>7</u>  | <u>16</u>                                     |



# Notes to the Financial Statements

For the period ended 31 December 2015

## 6. Taxation (continued)

### Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.5% (2014 - 22.5%). The differences are explained below:

|  | 18 months<br>ended<br>31 December<br>2015<br>£000 | 12 months<br>ended<br>30 June<br>2014<br>£000 |
|--|---|---|
| Profit on ordinary activities before tax   | 164   | 614   |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 - 22.5%) | 34  | 138   |
| Effects of:  |   |   |
| Expenses not deductible for tax purposes   | 72  | 1   |
| Defference between capital allowances and depreciation   | 1   | (1)   |
| Other differences  | -   | (1)   |
| Group relief   | (107)   | (137)   |
| Current tax charge for the period/year (see note above)  | -   | -   |

## 7. Tangible fixed assets

|                       | Long-term<br>leasehold<br>property<br>£000 | Kitchen<br>equipment<br>£000 | Motor<br>vehicles<br>£000 | Fixtures<br>and fittings<br>£000 | Office<br>equipment<br>£000 | Total<br>£000 |
|-----------------------|--|------------------------------|---------------------------|----------------------------------|-----------------------------|---------------|
| <b>Cost</b>           |  |                              |                           |                                  |                             |               |
| At 1 July 2014        | 168  | 218                          | 16                        | 22                               | 104                         | 528           |
| Additions             | 1  | 21                           | 14                        | 8                                | 8                           | 52            |
| Disposals             | -  | -                            | (6)                       | -                                | -                           | (6)           |
| At 31 December 2015   | 169  | 239                          | 24                        | 30                               | 112                         | 574           |
| <b>Depreciation</b>   |  |                              |                           |                                  |                             |               |
| At 1 July 2014        | 119  | 206                          | 6                         | 6                                | 54                          | 391           |
| Charge for the period | 47   | 15                           | 5                         | 7                                | 28                          | 102           |
| On disposals          | -  | -                            | (6)                       | -                                | -                           | (6)           |
| At 31 December 2015   | 166  | 221                          | 5                         | 13                               | 82                          | 487           |
| <b>Net book value</b> |  |                              |                           |                                  |                             |               |
| At 31 December 2015   | 3  | 18                           | 19                        | 17                               | 30                          | 87            |
| At 30 June 2014       | 49   | 12                           | 10                        | 16                               | 50                          | 137           |

# Notes to the Financial Statements

For the period ended 31 December 2015

## 8. Stocks

|               | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|---------------|-----------------------------|-------------------------|
| Raw materials | 62                          | 73                      |

## 9. Debtors

|                                    | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|------------------------------------|-----------------------------|-------------------------|
| Trade debtors                      | 253                         | 566                     |
| Amounts owed by group undertakings | 2,253                       | 1,784                   |
| Other debtors                      | 2                           | -                       |
| Prepayments and accrued income     | 72                          | 89                      |
| Deferred tax asset (see note 11)   | 8                           | 15                      |
|                                    | <u>2,588</u>                | <u>2,454</u>            |

## 10. Creditors:

Amounts falling due within one year

|                                    | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|------------------------------------|-----------------------------|-------------------------|
| Payments received on account       | 156                         | 294                     |
| Trade creditors                    | 471                         | 845                     |
| Amounts owed to group undertakings | 312                         | 114                     |
| Other taxation and social security | 192                         | 198                     |
| Other creditors                    | 4                           | -                       |
| Accruals and deferred income       | 174                         | 295                     |
|                                    | <u>1,309</u>                | <u>1,746</u>            |

## 11. Deferred tax asset

|                               | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|-------------------------------|-----------------------------|-------------------------|
| At beginning of period/year   | 15                          | 31                      |
| Charged for period/year (P&L) | (7)                         | (16)                    |
|                               | <u>8</u>                    | <u>15</u>               |

# Notes to the Financial Statements

For the period ended 31 December 2015

## 11. Deferred tax asset (continued)

The deferred tax asset is made up as follows:

|                                | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|--------------------------------|-----------------------------|-------------------------|
| Accelerated capital allowances | 8                           | 15                      |

## 12. Share capital

|                                    | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|------------------------------------|-----------------------------|-------------------------|
| Allotted, called up and fully paid |                             |                         |
| 18,401 ordinary shares of £1 each  | 18                          | 18                      |

## 13. Reserves

|                       | Profit and<br>loss account<br>£000 |
|-----------------------|------------------------------------|
| At 1 July 2014        | 1,368                              |
| Profit for the period | 157                                |
| At 31 December 2015   | 1,525                              |

## 14. Reconciliation of movement in shareholders' funds

|                                      | 31 December<br>2015<br>£000 | 30 June<br>2014<br>£000 |
|--------------------------------------|-----------------------------|-------------------------|
| Opening shareholders' funds          | 1,386                       | 788                     |
| Profit for the financial period/year | 157                         | 598                     |
| Closing shareholders' funds          | 1,543                       | 1,386                   |

## 15. Contingent liabilities

The company has entered into a multi-lateral guarantee with other members of the group headed by the company's parent undertaking, Graysons Hospitality Limited. The potential liability as at 31 December 2015 in respect of this guarantee was £250,012 (2014 - £nil).

# Notes to the Financial Statements

For the period ended 31 December 2015

## 16. Operating lease commitments

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

|                       | Land and buildings |         | Other       |         |
|-----------------------|--------------------|---------|-------------|---------|
|                       | 31 December        | 30 June | 31 December | 30 June |
|                       | 2015               | 2014    | 2015        | 2014    |
|                       | £000               | £000    | £000        | £000    |
| <b>Expiry date:</b>   |                    |         |             |         |
| Within 1 year         | -                  | -       | 1           | 12      |
| Between 2 and 5 years | 100                | 100     | 36          | 7       |

## 17. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Graysons Hospitality Limited on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included in the consolidated financial statements.

## 18. Ultimate parent undertaking and controlling party

The directors consider the immediate parent to be The Simply Smart Group Limited and the ultimate parent company to be Graysons Hospitality Limited, a company incorporated in England and whose financial statements are publically available. The smallest and largest group for which consolidated financial statements are prepared is that headed by Graysons Hospitality Limited. Sir F H Mackay is considered to be the ultimate controlling party by virtue of his shareholding in Graysons Hospitality Limited.