

Financial Statements

By Word of Mouth Limited

For the Period Ended 31 December 2016

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COMPANIES HOUSE

Registered number: 03310603

By Word of Mouth Limited

Company Information

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

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Strategic Report

For the Period Ended 31 December 2016

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 year shows a profit before group management fees, exceptional items and tax of £847,000 (2015 – profit of £679,000 – 18 month period). Profit after group management fees, exceptional items and tax is £179,000 (2015 – profit of £157,000 – 18 month period).

The company continues to perform well and deliver significant profitability.

Despite the continuation of a challenging economic and political environment the director's believe that the strength of the By Word of Mouth brand coupled with the resilience that the company has shown over the past decade will allow By Word of Mouth to continue to trade profitably whilst exploring further future growth opportunities

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 the risk.

Strategic Report

For the Period Ended 31 December 2016

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 in all entities.

Credit risk

The company trades with only recognised, credit worthy third parties. It is 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.

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 £6,629,000 (2015: £9,244,000 – 18 month period). Profit is discussed in the Business Review.

The gross profit percentage is slightly ahead of the prior year at 49% (2015 - 48%) and the profit before tax percentage has risen from 7% to 13% (ignoring group management fees and exceptional items – see note 5) due to a change in the sales mix.

By Word of Mouth Limited

Strategic Report

For the Period Ended 31 December 2016

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.

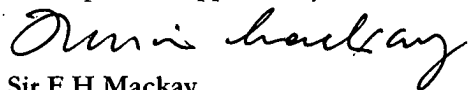
As part of the Graysons Hospitality group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged, in the ordinary course of business, to continue to offer financial support for the foreseeable future and confirmed this 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 for the purposes of these forecasts is that the group will continue to trade at a similar level to that of its current position. 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 its existing facilities.

Further to this the group continues to be very active in tendering for new contracts and as a result of that activity reasonably expects to gain further new business following the recent new contract additions referred to elsewhere in the parent company's Strategic Report but is not reliant upon this to support the basis of preparation of the forecasts.

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



Sir F H Mackay
Director

31/8/17

and signed on its behalf.

Directors' Report

For the Period Ended 31 December 2016

The directors present their report and the financial statements for the period ended 31 December 2016.

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

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 may differ from legislation in other jurisdictions.

Matters covered in the strategic report

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

By Word of Mouth Limited

Directors' Report (continued)

For the Period Ended 31 December 2016

Disclosure of information to auditor

The directors confirm that:

- so far as each director 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

31/8/17

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 2016, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement 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 Financial Reporting Council'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.

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 2016 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.



Independent Auditor's Report to the Members of By Word of Mouth Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 those financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

Chartered Accountants

Statutory Auditor

Ipswich

Date: 3 AUGUST 2012

Profit and Loss Account

For the Period Ended 31 December 2016

		31 December 2016 £000	18 Months ended 31 December 2015 £000
Turnover	4	6,629	9,244
Cost of sales		(3,349)	(4,789)
Gross profit		3,280	4,455
Administrative expenses		(2,518)	(3,946)
Exceptional administrative expenses	5	(583)	(345)
Operating profit	5	179	164
Tax on profit	9	-	(7)
Profit for the period		179	157

The notes on pages 12 to 25 form part of these financial statements.

Statement of Comprehensive Income

For the Period Ended 31 December 2016

	31 December 2016 £000	18 Months ended 31 December 2015 £000
Note		
Profit for the financial period	179	157
Other comprehensive income for the period	-	-
Total comprehensive income for the period	179	157

The notes on pages 12 to 25 form part of these financial statements.

Balance Sheet

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	10	76	87
Current assets			
Stocks	11	52	62
Debtors: amounts falling due within one year	12	2,958	2,588
Cash at bank and in hand	13	181	115
		<u>3,191</u>	<u>2,765</u>
Creditors: amounts falling due within one year	14	(1,545)	(1,309)
Net current assets		<u>1,646</u>	<u>1,456</u>
Net assets		<u><u>1,722</u></u>	<u><u>1,543</u></u>
Capital and reserves			
Called up share capital	16	18	18
Profit and loss account		1,704	1,525
		<u><u>1,722</u></u>	<u><u>1,543</u></u>

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



3/8/17

Sir F H Mackay

Director

The notes on pages 12 to 25 form part of these financial statements.

Statement of Changes in Equity

For the Period Ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 July 2014	18	1,368	1,386
Profit for the period	-	157	157
Total comprehensive income for the period	-	157	157
At 1 January 2016	18	1,525	1,543
Profit for the period	-	179	179
Total comprehensive income for the period	-	179	179
At 31 December 2016	18	1,704	1,722

Notes to the Financial Statements

For the Period Ended 31 December 2016

1. General information

By Word of Mouth Limited is a private company, limited by shares and incorporated in England and Wales. Its registered head office is located at Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD. The financial statements are prepared in British Pounds Sterling (GBP).

The principal activity was the provision of catering services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The financial statements are prepared using GBP sterling and have been rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of the exemptions in respect of presenting a statement of cash flows, key management personnel compensation and certain financial instrument disclosures.

The following principal accounting policies have been applied:

Notes to the Financial Statements

For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.2 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 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, in the ordinary course of business, to continue to offer financial support for the foreseeable future and confirmed this 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 for the purposes of these forecasts is that the group will continue to trade at a similar level to that of its current position. 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 its existing facilities.

Further to this the group continues to be very active in tendering for new contracts and as a result of that activity reasonably expects to gain further new business following the recent new contract additions referred to in the Strategic Report of the parent company but is not reliant upon this to support the basis of preparation of the forecasts.

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

Notes to the Financial Statements

For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the Financial Statements

For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Operating leases: the Company as lessee

Rentals paid 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the Financial Statements

For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors believe there are no significant judgements or estimates.

4. Turnover

All turnover arose within the United Kingdom and related to the principal activity of the business.

Notes to the Financial Statements

For the Period Ended 31 December 2016

5. Operating profit

The operating profit is stated after charging:

	18 Months ended 31 December	
	2016	2015
	£000	£000
Depreciation of tangible fixed assets	41	98
Other operating lease rentals	35	49
Exceptional administrative expenses	583	345
Defined contribution pension cost	18	31
Management fees	85	170
	<u>85</u>	<u>170</u>

Exceptional administrative expenses relate to the waiver of amounts owed by group and related undertakings.

6. Auditor's remuneration

	18 Months ended 31 December	
	2016	2015
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8	6
	<u>8</u>	<u>6</u>

7. Employees

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

Notes to the Financial Statements

For the Period Ended 31 December 2016

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

	18 Months ended 31 December	
	2016 No.	2015 No.
Administrative staff	7	7
Management staff	18	18
Catering staff	86	80
	<u>111</u>	<u>105</u>

8. Directors' remuneration

	18 Months ended 31 December	
	2016 £000	2015 £000
Directors' emoluments	387	520
Company contributions to defined contribution pension schemes	5	7
	<u>392</u>	<u>527</u>

During the period retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £211,000 (2015 - £288,000 for an 18 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 £nil (2015 - £1,000).

Notes to the Financial Statements

For the Period Ended 31 December 2016

9. Taxation

	18 Months ended 31 December	
	2016 £000	2015 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	7
Total deferred tax	-	7
Taxation on profit on ordinary activities	-	7

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

	18 Months ended 31 December	
	2016 £000	2015 £000
Profit on ordinary activities before tax	179	164
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	36	34
Effects of:		
Net income not taxable/(expenses) not deductible for tax purposes	(36)	73
Short term timing difference leading to an increase (decrease) in taxation	-	7
Group relief	-	(107)
Total tax charge for the period	-	7

Notes to the Financial Statements

For the Period Ended 31 December 2016

10. Tangible fixed assets

	Leasehold property £000	Kitchen equipment £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation						
At 1 January 2016	169	239	24	30	112	574
Additions	4	11	-	-	15	30
At 31 December 2016	173	250	24	30	127	604
Depreciation						
At 1 January 2016	166	221	5	13	82	487
Charge for the period on owned assets	2	8	6	6	19	41
At 31 December 2016	168	229	11	19	101	528
Net book value						
At 31 December 2016	5	21	13	11	26	76
At 31 December 2015	3	18	19	17	30	87

Notes to the Financial Statements

For the Period Ended 31 December 2016

11. Stocks

	2016 £000	2015 £000
Raw materials and consumables	52	62
	<u>52</u>	<u>62</u>

Stock recognised in cost of sales during the period as an expense was £825,000 (2015 - £1,285,000).

12. Debtors

	2016 £000	2015 £000
Trade debtors	355	253
Amounts owed by group undertakings	2,496	2,253
Other debtors	2	2
Prepayments and accrued income	97	72
Deferred taxation	8	8
	<u>2,958</u>	<u>2,588</u>

13. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	181	115
	<u>181</u>	<u>115</u>

14. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Payments received on account	168	156
Trade creditors	411	471
Amounts owed to group undertakings	432	312
Other taxation and social security	260	192
Other creditors	1	4
Accruals and deferred income	273	174
	<u>1,545</u>	<u>1,309</u>

Notes to the Financial Statements

For the Period Ended 31 December 2016

15. Deferred taxation

	2016 £000	2015 £000
At beginning of year	9	16
Charged to profit or loss	-	(7)
At end of year	9	9

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	9	9
	9	9

16. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
18,401 Ordinary shares of £1 each shares of £1 each	18	18

All ordinary shares carry equal ordinary voting and dividend rights.

Share capital represents the nominal amount paid for shares.

17. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses less any dividends paid.

18. 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 2016 in respect of this guarantee was £901,000 (2015 - £250,000).

Notes to the Financial Statements

For the Period Ended 31 December 2016

19. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Land and buildings		
Not later than 1 year	59	125
Later than 1 year and not later than 5 years	49	109
	<u>108</u>	<u>234</u>
	2016 £000	2015 £000
Other		
Not later than 1 year	45	36
Later than 1 year and not later than 5 years	65	73
	<u>110</u>	<u>109</u>

20. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 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.

During the year, the company waived £183,000 (2015 - £245,000) owed by members of the Fultons Restaurants Group Limited group. Fultons Restaurants Group Limited is owned by Sir Francis Mackay, the company's ultimate owner.

21. 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. Financial statements can be obtained from Companies House. Sir F H Mackay is considered to be the ultimate controlling party by virtue of his shareholding in Graysons Hospitality Limited.

Notes to the Financial Statements

For the Period Ended 31 December 2016

22. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The transition date was the 1 July 2014.

The last set of financial statements prepared was under previous UK GAAP was for the period ended 31 December 2015.