

Registered number: 03310603

BY WORD OF MOUTH LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021

THURSDAY



A14 *AB4TZØTE* #37
26/05/2022
COMPANIES HOUSE

BY WORD OF MOUTH LIMITED

COMPANY INFORMATION

Directors	Sir F H Mackay B H C Watson R C L Perry
Company secretary	B H C Watson
Registered number	03310603
Registered office	Devon House Anchor Street Chelmsford Essex CM2 0GD
Accountants	Grant Thornton UK LLP Chartered Accountants Priory Place New London Road Chelmsford Essex CM2 0PP

BY WORD OF MOUTH LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4
Accountant's Report	5
Statement of Comprehensive Income	6
Statement of Financial Position	7 - 8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 23

BY WORD OF MOUTH LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 27 JUNE 2021**

Business review

Led by 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.

The results for the period shows a significant loss due to the interruption caused by the pandemic but the strength with which business has returned since the end of the lockdown in July 2021 is evidence of the strength and depth of the reputation of the business and its long established presence in this market and confirms the expectation that the business will deliver significant levels of profitability in the future consistent with that seen in previous years.

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 long standing reputation in the market, driven by its long established ability to deliver high quality and bespoke service, with its corporate clients operating across a wide variety of sectors. As such sales levels are not certain but the long trading history, client diversity and the ability demonstrated over recent years to grow significantly during periods of economic uncertainty mitigates the risk.

COVID 19 pandemic

The worldwide pandemic resulting from the spread of the COVID-19 virus has inevitably caused a significant interruption to the Company's business beginning in March 2020. The Company has taken all steps possible to safeguard the health & safety of its employees and to develop COVID secure operating guidelines.

The situation has continued to evolve and the business has been able to respond to the challenges and pressures presented through an agile senior management team able to make quick decisions as events have unfolded. By managing and reducing its costs where possible, utilising the government furlough scheme and raising new funding through the government backed business interruption loan scheme (CBILS), the Company has managed to secure its financial position.

The impact of the global pandemic is at last starting to recede and the Directors are optimistic with regards to future trading, and strong Revenues and Profit in the second half of 2021 together with strong bookings for events in the first half of 2022 are evidence of this.

Crucially the Company has maintained its core capacity in terms of the key management team and client base. Strong existing client relationships together with a strong market position enhanced by the recent elimination of competition puts the Company in a strong position to continue to endure any remaining impact of the pandemic in the short term and return to profitability and growth.

BY WORD OF MOUTH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 JUNE 2021

Financial key performance indicators

The directors consider the key performance indicators of the business aside from turnover and profit to be 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 £1,614,000 (2019: £6,437,000). Profit is discussed in the Business Review.

Gross profit margins in the year have increased from 54% to 64% due to a change in sale mix caused by the pandemic but for the same reason a combination of much lower sales coupled with ongoing overhead costs have resulted in an operating loss for the period of £1,391,000 (2019: Profit £471,000). This includes management fees and exceptional items – see notes 6 and 11, respectively.

Based on the above, the directors are satisfied with the performance of the company overall.

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 of companies and this 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 in a letter of support.

The group directors have prepared cash flow forecasts for 20 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have undertaken extensive sensitivity analysis to take account of known and potential risks including the recent and ongoing impact of the COVID-19 pandemic. The underlying assumption for the purposes of these forecasts is deemed to be prudent as it assumes that the Group will continue to be impacted by the pandemic in the first part of 2022 and assumes a lower volumes in key areas of the business than those experienced before the pandemic. In addition, given the contractual and diverse nature of the group's business there is a significant ability to mitigate future uncertainties. The group also continues to enjoy the support of its major shareholder, Sir Francis Mackay, who has provided working capital for the group's development over many years and is committed to supporting the business to ensure its development and expansion.

Further to this the group continues to be very active in tendering for new contracts and has been successful in securing 6 new contracts in the last 4 months with a significant value of new contracts currently being tendered and due to be tendered within the next 9 months. As a result of this continued activity the directors reasonably expect to gain further new business following the recent contract additions and the ongoing consolidation of competitors in the marketplace in recent years but as the forecast sensitivity analysis shows, the Group is not reliant upon this to support the adoption of the going concern principle.

BY WORD OF MOUTH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

Given all of these factors and the fact that the forecasts demonstrate the ability of the group to operate within its existing facilities the Board has a reasonable expectation that the Group has adequate resources to continue the Group's operations for the foreseeable future.

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 17/5/2022 and signed on its behalf.

Francis Mackay

Sir F H Mackay
Director

BY WORD OF MOUTH LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 27 JUNE 2021**

The directors present their report and the financial statements for the period ended 27 June 2021.

The period end has been extended from 31 December to 27 June to bring the year end in line with the ultimate parent company. Amounts reflected in the financial statements may not be entirely comparable due to reporting for the current period being 18 months.

Directors

The directors who served during the period were:

Sir F H Mackay
B H C Watson
R C L Perry

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 17/5/2022 and signed on its behalf.

Francis Mackay

Sir F H Mackay
Director



Report to the directors on the preparation of the unaudited statutory financial statements of By Word of Mouth Limited for the period ended 27 June 2021

We have compiled the accompanying financial statements of By Word of Mouth Limited based on the information you have provided. These financial statements comprise the Statement of Financial Position of By Word of Mouth Limited as at 27 June 2021, the Statement of Comprehensive Income for the period then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Board of Directors of By Word of Mouth Limited, as a body, in accordance with the terms of our engagement letter dated 6 August 2021. Our work has been undertaken solely to prepare for your approval the financial statements of By Word of Mouth Limited and state those matters that we have agreed to state to the Board of Directors of By Word of Mouth Limited, as a body, in this report in accordance with our engagement letter dated 6 August 2021. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than By Word of Mouth Limited and its Board of Directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Chelmsford

Date: 18/5/2022

BY WORD OF MOUTH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 JUNE 2021**

	Note	2021 £000	2019 £000
Turnover	4	1,614	6,437
Cost of sales		(576)	(2,976)
Gross profit		1,038	3,461
Administrative expenses		(2,607)	(2,990)
Exceptional administrative expenses	11	(344)	-
Other operating income	5	522	-
Operating (loss)/profit	6	(1,391)	471
Interest payable and similar expenses	9	(2)	-
(Loss)/profit before tax		(1,393)	471
Tax on (loss)/profit	10	254	(7)
(Loss)/profit for the financial period		(1,139)	464

There were no recognised gains and losses for 2021 or 2019 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2021 (2019: £Nil).

The notes on pages 10 to 23 form part of these financial statements.

BY WORD OF MOUTH LIMITED
REGISTERED NUMBER:03310603

STATEMENT OF FINANCIAL POSITION
AS AT 27 JUNE 2021

		27 June 2021 £000	29 December 2019 £000
	Note		
Fixed assets			
Tangible assets	12	54	70
		<u>54</u>	<u>70</u>
Current assets			
Stocks	13	36	60
Debtors: amounts falling due within one year	14	4,498	4,893
Cash at bank and in hand	15	288	454
		<u>4,822</u>	<u>5,407</u>
Creditors: amounts falling due within one year	16	(2,430)	(1,897)
Net current assets		<u>2,392</u>	<u>3,510</u>
Total assets less current liabilities		<u>2,446</u>	<u>3,580</u>
Creditors: amounts falling due after more than one year	17	(5)	-
Net assets		<u><u>2,441</u></u>	<u><u>3,580</u></u>
Capital and reserves			
Called up share capital	20	18	18
Profit and loss account	21	2,423	3,562
		<u><u>2,441</u></u>	<u><u>3,580</u></u>

BY WORD OF MOUTH LIMITED
REGISTERED NUMBER:03310603

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 27 JUNE 2021

The directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17/5/2022

Francis Mackay

Sir F H Mackay
Director

The notes on pages 10 to 23 form part of these financial statements.

BY WORD OF MOUTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 December 2018	18	3,098	3,116
Profit for the period	-	464	464
At 30 December 2019	18	3,562	3,580
Loss for the period	-	(1,139)	(1,139)
At 27 June 2021	18	2,423	2,441

The notes on pages 10 to 23 form part of these financial statements.

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

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 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in British Pounds Sterling (GBP) 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 judgement in applying the company's accounting policies (see note 3).

The company's parent undertaking, Graysons Hospitality Limited, has provided a guarantee over the liabilities of the company under section 479C of the Companies Act 2006 such that the company can claim exemption from audit under section 479A.

The following principal accounting policies have been applied:

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 Limited group of companies and this 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 in a letter of support.

The group directors have prepared cash flow forecasts for 20 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have undertaken extensive sensitivity analysis to take account of known and potential risks including the recent and ongoing impact of the COVID-19 pandemic. The underlying assumption for the purposes of these forecasts is deemed to be prudent as it assumes that the Group will continue to be impacted by the pandemic in the first part of 2022 and assumes a lower volumes in key areas of the business than those experienced before the pandemic. In addition, given the contractual and diverse nature of the group's business there is a significant ability to mitigate future uncertainties. The group also continues to enjoy the support of its major shareholder, Sir Francis Mackay, who has provided working capital for the group's development over many years and is committed to supporting the business to ensure its development and expansion.

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.2 Going concern (continued)

Further to this the group continues to be very active in tendering for new contracts and has been successful in securing 6 new contracts in the last 4 months with a significant value of new contracts currently being tendered and due to be tendered within the next 9 months. As a result of this continued activity the directors reasonably expect to gain further new business following the recent contract additions and the ongoing consolidation of competitors in the marketplace in recent years but as the forecast sensitivity analysis shows, the Group is not reliant upon this to support the adoption of the going concern principle.

Given all of these factors and the fact that the forecasts demonstrate the ability of the group to operate within its existing facilities the Board has a reasonable expectation that the Group has adequate resources to continue the Group's operations for the foreseeable future.

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

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.

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

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 profit or loss.

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.

At each reporting 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.

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.8 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.

2.9 Financial instruments

The company only enters into basic financial instrument 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.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases

Rentals paid under operating leases are charged to profit or loss 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.

2.13 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 Statement of Financial Position 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 reporting date.

2.15 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. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

4. Turnover

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

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

5. Other operating income

	2021	<i>2019</i>
	£000	<i>£000</i>
Government grants receivable	522	<i>-</i>

Government grants receivable pertains to the income from the Government Coronavirus Job Retention Scheme.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021	<i>2019</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets	53	<i>31</i>
Other operating lease rentals	48	<i>41</i>
Defined contribution pension cost	27	<i>31</i>
Management fees	225	<i>100</i>

7. Employees

	2021	<i>2019</i>
	£000	<i>£000</i>
Wages and salaries	1,564	<i>1,977</i>
Social security costs	154	<i>214</i>
Cost of defined contribution scheme	27	<i>31</i>
	1,745	<i>2,222</i>

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

	2021	<i>2019</i>
	No.	<i>No.</i>
Administrative and management staff	15	<i>29</i>
Catering staff	33	<i>96</i>
	48	<i>125</i>

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

8. Directors' remuneration

	27 June 2021 £000	<i>29 December 2019 £000</i>
Directors' emoluments	579	419
Company contributions to defined contribution pension schemes	9	6
	<u>588</u>	<u>425</u>

During the year retirement benefits were accruing to 1 director (2019: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £370,000 (2019: £223,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,600 (2019: £1,200).

9. Interest payable and similar expenses

	2021 £000	<i>2019 £000</i>
Finance leases and hire purchase contracts	2	-

10. Taxation

	2021 £000	<i>2019 £000</i>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	2	7
Tax losses carried forward	(256)	-
Total deferred tax	<u>(254)</u>	<u>7</u>
Taxation on (loss)/profit on ordinary activities	<u>(254)</u>	<u>7</u>

BY WORD OF MOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2021 £000	2019 £000
(Loss)/profit on ordinary activities before tax	(1,393)	471
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(265)	89
Effects of:		
Fixed asset differences	2	-
Adjustments to tax charge in respect of previous periods	2	-
Deferred tax not recognised	7	-
Group relief claimed	-	(82)
Total tax charge for the period	(254)	7

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

11. Exceptional items

	2021 £000	2019 £000
Exceptional items	344	-

The exceptional items for period ended 27 June 2021 relate to restructuring and redundancy costs to mitigate the impact of the COVID-19 pandemic.

BY WORD OF MOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021

12. 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 30 December 2019	193	293	32	36	150	704
Additions	-	3	5	1	28	37
At 27 June 2021	193	296	37	37	178	741
Depreciation						
At 30 December 2019	174	268	26	34	132	634
Charge for the period on owned assets	8	18	4	2	21	53
At 27 June 2021	182	286	30	36	153	687
Net book value						
At 27 June 2021	11	10	7	1	25	54
At 29 December 2019	19	25	6	2	18	70

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

13. Stocks

	27 June 2021 £000	<i>29 December 2019 £000</i>
Raw materials and consumables	36	60

Stock recognised in cost of sales during the period as an expense was £259,000 (2019: £792,377).

14. Debtors

	27 June 2021 £000	<i>29 December 2019 £000</i>
Trade debtors	29	462
Amounts owed by group undertakings	4,093	4,294
Other debtors	-	4
Prepayments and accrued income	120	131
Deferred taxation	256	2
	4,498	4,893

An impairment loss of £2,784 (2019: £Nil.) was recognised against trade debtors.

15. Cash and cash equivalents

	27 June 2021 £000	<i>29 December 2019 £000</i>
Cash at bank and in hand	288	454

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

16. Creditors: Amounts falling due within one year

	27 June 2021 £000	<i>29 December 2019 £000</i>
Payments received on account	526	293
Trade creditors	352	251
Amounts owed to group undertakings	1,122	932
Other taxation and social security	301	223
Obligations under finance lease and hire purchase contracts	7	-
Other creditors	8	2
Accruals and deferred income	114	196
	<u>2,430</u>	<u>1,897</u>

17. Creditors: Amounts falling due after more than one year

	27 June 2021 £000	<i>29 December 2019 £000</i>
Net obligations under finance leases and hire purchase contracts	<u>5</u>	<u>-</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	27 June 2021 £000	<i>29 December 2019 £000</i>
Between 1-5 years	<u>12</u>	<u>-</u>

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

19. Deferred taxation

	2021 £000	2019 £000
At beginning of year	2	9
Charged to profit or loss	254	(7)
At end of year	256	2

The deferred tax asset is made up as follows:

	27 June 2021 £000	29 December 2019 £000
Accelerated capital allowances	-	2
Tax losses carried forward	256	-

20. Share capital

	27 June 2021 £000	29 December 2019 £000
Allotted, called up and fully paid		
18,401 (2019: 18,401) Ordinary shares of £1 each	18	18

All ordinary shares carry equal voting and dividend rights.

Share capital represents the nominal amount paid for shares.

21. Reserves

Profit and loss account

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

22. 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 group liability as at 27 June 2021 in respect of this guarantee was £45,682 (2019: £530,783).

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £27,000 (2019: £31,000). Contributions totalling £5,000 (2019: £2,000) were payable to the fund at the Statement of financial position date and are included in creditors.

24. Commitments under operating leases

At 27 June 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	27 June 2021 £000	<i>29 December 2019 £000</i>
Land and buildings		
Not later than 1 year	84	136
Later than 1 year and not later than 5 years	5	192
	89	328
	27 June 2021 £000	<i>29 December 2019 £000</i>
Other leases		
Not later than 1 year	26	33
Later than 1 year and not later than 5 years	31	56
	57	89

BY WORD OF MOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

25. Related party transactions

The company is a wholly owned subsidiary of Graysons Hospitality Limited, the group accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 102 from disclosing transactions with members of the Graysons Hospitality Limited group.

26. Controlling party

The directors consider the immediate and ultimate parent company to be Graysons Hospitality Limited, a company incorporated in England and whose financial statements are publicly 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.