

**BY WORD OF MOUTH LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2002**

Company Registration Number 3310603



HEXTALL MEAKIN
Chartered Accountants & Registered Auditors
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

BY WORD OF MOUTH LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2002

| CONTENTS | PAGE |
|---|-------------|
| The directors' report | 1 |
| Independent auditors' report to the shareholders | 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 |
| Notes to the financial statements | 6 |
| The following pages do not form part of the financial statements | |
| Detailed profit and loss account | 9 |

BY WORD OF MOUTH LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 April 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the provision of catering services.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Class of share | At 30 April 2002 | At 1 May 2001 or later date of appointment |
|----------------|----------------|---------------------|---|
| M Lloyd Owen | Ordinary A | 2,833 | 33 |
| | | — | — |
| J Lloyd Owen | Ordinary A | 2,834 | 33 |
| | | — | — |
| J Tinne | Ordinary A | 2,833 | 33 |
| | | — | — |
| S Hawkins | Ordinary B | 500 | 500 |
| | | — | — |
| R Perry | Ordinary B | 500 | 500 |
| | | — | — |
| H Miller-Brown | Ordinary B | 500 | 500 |
| | | — | — |
| | | <u> </u> | <u> </u> |

S Hawkins was appointed as a director on 1 May 2001.

R Perry was appointed as a director on 1 May 2001.

H Miller-Brown was appointed as a director on 1 May 2001.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

BY WORD OF MOUTH LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2002

AUDITORS

A resolution to re-appoint Hextall Meakin as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
22 Glenville Mews
Kimber Road
London
SW18 4NJ

Signed by order of the directors



M LLOYD OWEN
Company Secretary

Approved by the directors on 20/1/03

Hextall Meakin

Chartered Accountants

Argon House, Argon Mews, Fulham Broadway, London SW6 1BJ

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BY WORD OF MOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 APRIL 2002

We have audited the financial statements on pages 4 to 7 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Hextall Meakin
Chartered Accountants
& Registered Auditors


T.C. Hextall FCA G.R. Meakin FCA D.G. Windows FCA AFIH
Date: 21/1/03
Consultant: D.F. Airey FCA FTII

BY WORD OF MOUTH LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 APRIL 2002**

| | Note | 2002 £ | 2001 £ |
|--|----------|-----------|-----------|
| TURNOVER | | 3,869,789 | 4,522,390 |
| Cost of sales | | 3,869,480 | 4,520,850 |
| GROSS PROFIT | | 309 | 1,540 |
| Administrative expenses | | 785 | 1,474 |
| OPERATING (LOSS)/PROFIT | 2 | (476) | 66 |
| Interest receivable | | 540 | 8 |
| Interest payable | | (52) | (41) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 12 | 33 |
| Tax on profit on ordinary activities | | — | 3 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | 12 | 30 |
| Balance brought forward | | 19 | (11) |
| Balance carried forward | | 31 | 19 |

The notes on pages 7 to 8 form part of these financial statements.

BY WORD OF MOUTH LIMITED


BALANCE SHEET

30 APRIL 2002

| | Note | 2002 £ | £ | 2001 £ | £ |
|---|------|-----------|--------|-----------|-----|
| CURRENT ASSETS | | | | | |
| Debtors | 3 | 274,646 | | 159,324 | |
| Cash at bank | | 26,786 | | 19,861 | |
| | | 301,432 | | 179,185 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| | 4 | 291,401 | | 179,067 | |
| NET CURRENT ASSETS | | | 10,031 | | 118 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 10,031 | | 118 |
| CAPITAL AND RESERVES | | | | | |
| Called-up equity share capital | 6 | | 10,000 | | 99 |
| Profit and Loss Account | | | 31 | | 19 |
| SHAREHOLDERS' FUNDS | | | 10,031 | | 118 |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 20/1/03 and are signed on their behalf by:



M LLOYD OWEN

The notes on pages 7 to 8 form part of these financial statements.

BY WORD OF MOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

| | 2002 £ | 2001 £ |
|-----------------------|-----------|-----------|
| Directors' emoluments | — | — |
| Auditors' fees | 500 | 750 |

3. DEBTORS

| | 2002 £ | 2001 £ |
|---------------|----------------|----------------|
| Trade debtors | 260,647 | 159,263 |
| Other debtors | 13,999 | 61 |
| | <u>274,646</u> | <u>159,324</u> |

4. CREDITORS: Amounts falling due within one year

| | 2002 £ | 2001 £ |
|-------------------------------------|----------------|----------------|
| Trade creditors | 180,863 | 125,133 |
| Other creditors including taxation: | | |
| Corporation tax | — | 3 |
| Other creditors | 109,950 | 53,431 |
| Accruals and deferred income | 588 | 500 |
| | <u>110,538</u> | <u>53,934</u> |
| | <u>291,401</u> | <u>179,067</u> |

BY WORD OF MOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2002

5. RELATED PARTY TRANSACTIONS

While the company invoices its services, all the related costs are incurred by By Word of Mouth, a partnership in which M Lloyd Owen, J Lloyd Owen and J Tinne, directors of this company, are partners. During the period, the company was recharged for cost of sales to the value of £3,869,480 (2001 - £4,520,850). At 30 April 2001, the company owed the partnership £180,863 (2001 - £125,045).

Throughout the period, the company was under the control of Mr M and Mrs J Lloyd Owen who between them own 57% of the issued share capital.

6. SHARE CAPITAL

Authorised share capital:

| | 2002 | 2001 |
|---|---------------|--------------|
| | £ | £ |
| 8,500 Ordinary A shares shares of £1 each | 8,500 | 1,000 |
| 1,500 Ordinary B shares shares of £1 each | 1,500 | — |
| | <u>10,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2002 | | 2001 | |
|--------------------------|---------------|---------------|-----------|-----------|
| | No. | £ | No. | £ |
| Ordinary A shares shares | 8,500 | 8,500 | 99 | 99 |
| Ordinary B shares shares | 1,500 | 1,500 | — | — |
| | <u>10,000</u> | <u>10,000</u> | <u>99</u> | <u>99</u> |

On 1 May 2001, the company increased its Authorised share capital by 9,000 £1 shares to 10,000 £1 shares. On the same date, the shares were split into 8,500 'A' Ordinary £1 shares and 1,500 'B' Ordinary £1 shares. All 1,500 'B' shares were issued at par, and a further 8,500 'A' shares were issued at par.