

Sweet As Candy Limited

ABBREVIATED ACCOUNTS

for the year ended

31 December 2005



Company Registration No. 3822122

Sweet As Candy Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Sweet As Candy Limited for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company is artistic and literary creation.

REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors.

FUTURE DEVELOPMENTS

The directors expect to see continued growth and profitability of the company over the coming year.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £4,912,822.

The directors have paid an ordinary interim dividend amounting to £4,550,000, and they do not recommend payment of a final dividend.

DIRECTORS

The following directors have held office since 1 January 2005:-

J T Oliver	
J Oliver	
M Frost	(Appointed 1 April 2005)
L Holland	(Appointed 1 April 2005)
T Donovan	(Appointed 1 April 2005)

DIRECTORS' INTERESTS IN SHARES

No director had any interest in the share capital of the company during the year.

The directors' interests in the share capital of Sweet as Candy (Holdings) Limited are disclosed in the financial statements of that company.

CHARITABLE DONATIONS	2005 £	2004 £
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During the year the company made the following payments:

Charitable donations	<u>17,369</u>	<u>20,724</u>
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Sweet As Candy Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

By order of the board



J. Dewar
Secretary

23/8/06

Sweet As Candy Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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. 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.

INDEPENDENT AUDITORS' REPORT TO SWEET AS CANDY LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 18, together with the financial statements of Sweet As Candy Limited for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with those provisions.

Baker Tilly

Registered Auditor
Chartered Accountants
Marlborough House
Chelmsford
Essex
CMI 1LN

.....6/9/06.....

Sweet As Candy Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005

		2005	2004
			(as restated)
	Notes	£	£
Gross profit		7,480,213	5,621,458
Other operating expenses (net)	2	1,573,599	2,774,025
OPERATING PROFIT		5,906,614	2,847,433
Investment income	3	50,579	506,406
		5,957,193	3,353,839
Interest payable and similar charges	4	18,123	52,586
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	5,939,070	3,301,253
Taxation	7	1,026,248	987,728
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,912,822	2,313,525

The operating profit for the year arises from the company's continuing operations.

Sweet As Candy Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2005

	2005	2004
	£	as restated £
Profit for the financial year	4,912,822	2,313,525
Prior year adjustment	761,073	-
Total gains and losses recognised since last financial statements	<u>5,673,895</u>	<u>2,313,525</u>

Sweet As Candy Limited

BALANCE SHEET

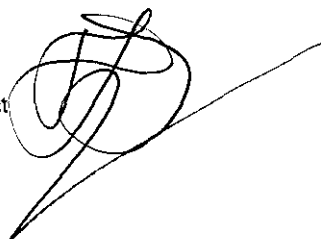
31 December 2005

		2005	2004
			(as restated)
	Notes	£	£
FIXED ASSETS			
Tangible assets	9	236,448	580,531
Investments	10	-	251,026
		<u>236,448</u>	<u>831,557</u>
CURRENT ASSETS			
Stocks	11	10,000	10,000
Debtors	12	4,082,491	4,088,323
Cash at bank and in hand		11,029	187,698
		<u>4,103,520</u>	<u>4,286,021</u>
CREDITORS: Amounts falling due within one year	13	1,862,293	3,003,267
		<u>1,862,293</u>	<u>3,003,267</u>
NET CURRENT ASSETS		<u>2,241,227</u>	<u>1,282,754</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,477,675</u>	<u>2,114,311</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14	(10,999)	(10,457)
		<u>2,466,676</u>	<u>2,103,854</u>
CAPITAL AND RESERVES			
Called up share capital	15	200	200
Profit and loss account	16	2,466,476	2,103,654
		<u>2,466,676</u>	<u>2,103,854</u>
SHAREHOLDERS' FUNDS	17	<u>2,466,676</u>	<u>2,103,854</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the board and authorised for issue on 23/8/06

M Frost



Director

Sweet As Candy Limited

CASH FLOW STATEMENT

for the year ended 31 December 2005

	Notes	2005 £	2004 (as restated) £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	4,603,334	3,194,727
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		50,579	204,800
Interest paid		(18,123)	(52,586)
Dividends received		-	301,606
Net cash inflow for returns on investments and servicing of finance		32,456	453,820
TAXATION		(815,199)	(729,705)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible assets		(85,350)	(1,231,920)
Receipts from sales of tangible assets		395,212	4,677,231
Receipts from sales of investments		251,026	-
Net cash inflow for capital expenditure		560,888	3,445,311
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertakings		-	(250,000)
Net cash outflow for acquisitions and disposals		-	(250,000)
EQUITY DIVIDENDS PAID		(4,550,000)	(7,250,000)
DECREASE IN CASH IN THE YEAR		<u>(168,521)</u>	<u>(1,135,847)</u>

Sweet As Candy Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	2% Straight line
Leasehold improvements	Over the life of the lease
Computer equipment	33.3% Straight line
Fixtures, fittings & equipment	15% Straight line
Motor vehicles	20% Straight line

STOCK

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

TURNOVER

Turnover (with the exception of royalty income as noted below) represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

ROYALTIES

This year there has been a change in the accounting policy relating to royalty income. Royalty income (which forms part of turnover) is now recognised on an accruals basis, with all amounts due being recorded as turnover in the financial statements. The policy applied in 2004 and all previous years was to recognise guaranteed royalties and those received by the company or by its agent in the year as turnover in the financial statements. This change has led to turnover and trade debtors in the year increasing by £1,556,084 over what would have been recognised under the previous policy, and reported turnover and trade debtors for 2004 have increased by £336,980. The accounts are restated in this respect. Corporation tax increased in 2005 and 2004 as a result of this change by £454,388 and £101,095 respectively.

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 2005

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES (NET)	2005 £	2004 £
Administrative expenses	1,608,449	2,842,043
Other operating income	(34,850)	(68,018)
	<u>1,573,599</u>	<u>2,774,025</u>
3. INVESTMENT INCOME	2005 £	2004 £
Income from subsidiary undertakings	-	301,606
Bank interest	13,198	50,690
Other interest	37,381	154,110
	<u>50,579</u>	<u>506,406</u>
4. INTEREST PAYABLE	2005 £	2004 £
On bank loans and overdrafts	18,123	1,918
Other interest	-	50,668
	<u>18,123</u>	<u>52,586</u>
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 £	2004 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets:		
Charge for the year:		
owned assets	35,822	114,100
(Profit)/loss on disposals	(1,601)	4,891
Loss on foreign exchange transactions	2,003	2,556
Auditors' remuneration	7,800	12,600
	<u></u>	<u></u>

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

6. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:	2005 No.	2004 No.
Administration	21	35
Directors	1	2
	<u>22</u>	<u>37</u>

Staff costs for the above persons:

	£	£
Wages and salaries	979,486	1,662,142
Social security costs	127,778	206,034
Other pension costs	43,991	116,709
	<u>1,151,255</u>	<u>1,984,885</u>

DIRECTORS' REMUNERATION

	2005 £	2004 £
Emoluments for qualifying services	50,000	415,524
Company pension contributions to money purchase schemes	8,720	41,577
	<u>58,720</u>	<u>457,101</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2004- 2).

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

7. TAXATION	2005	2004
	£	as restated £
Domestic current year tax		
U.K. corporation tax	1,121,097	1,004,183
Adjustment for prior years	(95,391)	(2,264)
	<u>1,025,706</u>	<u>1,001,919</u>
Current tax charge		
Deferred tax		
Deferred tax charge	542	(14,191)
	<u>1,026,248</u>	<u>987,728</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>5,939,070</u>	<u>3,301,253</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>1,781,721</u>	<u>990,376</u>
Effects of:		
Non deductible expenses	13,230	32,665
Capital allowances in excess of depreciation	(21,502)	3,676
Group relief	(652,352)	(22,534)
Adjustments to previous periods	(95,391)	(2,264)
	<u>(756,015)</u>	<u>11,543</u>
Current tax charge	<u>1,025,706</u>	<u>1,001,919</u>
8. DIVIDENDS	2005	2004
	£	£
Ordinary:		
Interim paid - £22,750 (2004 - £36,250) per share	<u>4,550,000</u>	<u>7,250,000</u>

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

9. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Computer Equipment</i>	<i>Fixtures, fittings & equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost					
1 January 2005	264,845	175,534	222,582	124,897	787,858
Additions	17,887	13,649	41,005	12,809	85,350
Disposals	(49,397)	(189,183)	(259,420)	(131,216)	(629,216)
	<u>233,335</u>	<u>-</u>	<u>4,167</u>	<u>6,490</u>	<u>243,992</u>
31 December 2005					
Depreciation					
1 January 2005	-	86,780	77,574	42,973	207,327
Charge in the year	5,917	12,590	9,880	7,435	35,822
Disposals	-	(99,370)	(87,016)	(49,219)	(235,605)
	<u>5,917</u>	<u>-</u>	<u>438</u>	<u>1,189</u>	<u>7,544</u>
31 December 2005					
Net book value					
31 December 2005	<u>227,418</u>	<u>-</u>	<u>3,729</u>	<u>5,301</u>	<u>236,448</u>
31 December 2004	<u>264,845</u>	<u>88,754</u>	<u>145,008</u>	<u>81,924</u>	<u>580,531</u>

10. FIXED ASSET INVESTMENTS

	<i>Shares in group undertakings</i>
	£
Cost	
1 January 2005	251,026
Disposals	(251,026)
	<u>-</u>
31 December 2005	

11. STOCKS

	2005	2004
	£	£
Finished goods and goods for resale	<u>10,000</u>	<u>10,000</u>

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

12. DEBTORS	2005	2004 (as restated)
	£	£
Trade debtors	3,229,871	1,526,599
Amounts owed by parent and fellow subsidiary undertakings	688,475	34,911
Amounts owed by participating interests	34,382	62,484
Other debtors	55,648	2,388,387
Prepayments and accrued income	74,115	75,942
	<u>4,082,491</u>	<u>4,088,323</u>

Amounts falling due after more than one year and included in the debtors above are:

	2005	2004
	£	£
Other debtors	-	2,125,027
	<u>-</u>	<u>2,125,027</u>

13. CREDITORS: Amounts falling due within one year	2005	2004 (as restated)
	£	£
Bank overdraft	-	8,148
Trade creditors	47,744	177,842
Amounts owed to group undertakings	85	919,144
Amounts owed to participating interests	-	29,550
Corporation tax	891,451	680,944
Other taxes and social security costs	26,976	294,641
Directors' current accounts	-	69,988
Other creditors	-	39,291
Accruals and deferred income	896,037	783,719
	<u>1,862,293</u>	<u>3,003,267</u>

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation £</i>
Balance at 1 January 2005	10,457
Transfer from profit and loss account	542
Balance at 31 December 2005	<u>10,999</u>

Deferred taxation provided in the financial statements is as follows:

	2005 £	2004 £
Excess of tax allowances over depreciation	11,482	20,972
Other timing differences	(483)	(10,515)
	<u>10,999</u>	<u>10,457</u>

15. SHARE CAPITAL

	2005 £	2004 £
Authorised:		
500,000 Ordinary A shares of £1 each	500,000	500,000
500,000 Ordinary B shares of £1 each	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		
100 Ordinary A shares of £1 each	100	100
100 Ordinary B shares of £1 each	100	100
	<u>200</u>	<u>200</u>

The 'B' ordinary shares do not carry voting rights. They rank pari passu with 'A' ordinary shares in all other respects.

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 December 2005

16. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £</i>
1 January 2005 - as previously reported	1,342,581
Prior year adjustment	761,073
1 January 2005 - as restated	2,103,654
Retained profit for the year	4,912,822
Dividends paid	(4,550,000)
31 December 2005	<u>2,466,476</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year - as previously reported	4,912,822	2,077,638
Prior year adjustment	-	235,887
Profit for the financial year - as restated	4,912,822	2,313,525
Dividends	(4,550,000)	(7,250,000)
Net addition to/(depletion in) shareholders' funds	362,822	(4,936,475)
Opening shareholders' funds - as previously stated	2,103,854	6,515,143
Prior year adjustment	-	525,186
Closing shareholders' funds	<u>2,466,676</u>	<u>2,103,854</u>

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

18. CASH FLOWS		2005	2004
		£	£
a.	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	5,906,614	2,847,433
	Depreciation of tangible assets	35,822	114,100
	(Profit)/loss on disposal of tangible assets	(1,601)	4,891
	Decrease/(increase) in debtors	5,832	(1,128,911)
	(Decrease)/increase in creditors within one year	(1,343,333)	1,357,214
	Net cash inflow from operating activities	<u>4,603,334</u>	<u>3,194,727</u>
b.	Analysis of net funds	1 January 2005	Cash flow Other non-cash changes 31 December 2005
		£	£ £ £
	Net cash:		
	Cash at bank and in hand	187,698	(176,669) - 11,029
	Bank overdrafts	(8,148)	8,148 - -
		<u>179,550</u>	<u>(168,521)</u> - <u>11,029</u>
	Net funds	<u>179,550</u>	<u>(168,521)</u> - <u>11,029</u>
c.	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Decrease in cash in the year	(168,521)	(1,135,847)
	Movement in net funds in the year	(168,521)	(1,135,847)
	Opening net funds	179,550	1,315,397
	Closing net funds	<u>11,029</u>	<u>179,550</u>

19. CONTINGENT LIABILITIES

The company is contingently liable in respect of a bank cross guarantee and debenture with Fifteen Restaurant Limited. The indebtedness of Fifteen Restaurant Limited to the bank at 31 December 2005 amounted to £330,209 (2004: £211,075).

The company is contingently liable in respect of a group VAT agreement with Sweet As Candy (Holdings) Limited, Fresh One Productions Limited, Fresh Merchandise Limited, Jools Enterprises Limited and Fresh Cut Digital Limited. At 31 December 2005 none of these companies had a VAT liability.

Sweet As Candy Limited

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2005

20. PENSION COMMITMENTS

DEFINED CONTRIBUTION

The company operates a defined contribution 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.

	2005 £	2004 £
Contributions payable by the company for the year	<u>43,991</u>	<u>116,709</u>

21. ULTIMATE PARENT COMPANY

The ultimate parent company is Sweet As Candy (Holdings) Limited, a company registered in England. The ultimate controlling party is J.T.Oliver.