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**THE SIMPLY SMART GROUP  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2007

Company No 4627313

# THE SIMPLY SMART GROUP LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 April 2007

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Company registration number	4627313
Registered office	4th Floor CI Tower St Georges Square High Street New Malden London KT3 4HG
Directors	S M Wallis (Chairman) A A Roestenburg (Chief Executive) B Watson
Secretary	B Watson
Bankers	Barclays Bank plc 7th Floor United Kingdom House 180 Oxford Street London W1D 1EA
Solicitors	Kirkpatrick Lockhart Nicholson Graham LLP 110 Cannon Street London EC4N 6AR
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ

# **THE SIMPLY SMART GROUP LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 30 April 2007

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# THE SIMPLY SMART GROUP LIMITED

## REPORT OF THE DIRECTORS

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The Directors present their annual report together with the audited financial statements for the year ended 30 April 2007

### **Principal activity**

The Group is principally engaged in the supply of catering services. The principal activity of the Company is that of a holding company providing management services to its subsidiaries.

### **Business review**

The results of the Group are shown on page 7. The Directors are pleased to report a significant improvement in the Group's result for the year ended 30 April 2007 as compared to last year. Current projections suggest that a continued improvement could be seen in the year ending 30 April 2008 but these projections are subject to change and may be influenced by circumstances and events beyond the control of the Directors. The Directors consider the key performance indicators of the Group to be turnover by contract and profit by contract. The Directors are satisfied with the performance of the Group under these measures.

### **Financial risk management objectives and policies**

The Group's principal financial instruments comprise bank overdrafts, loan notes, hire purchase contracts, preference shares, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group'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 Group has a high level of debt and cashflow has historically been tight. As a consequence the Board of Directors continually review the facilities available to the Group and seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

#### *Interest rate risk*

The Group incurs significant interest costs as a result of its high levels of borrowing which is managed by the use of fixed rates of interest. Where the group has cash deposits the rate of interest received on these deposits is regularly reviewed to ensure the most favourable rate of return is achieved.

#### *Credit risk*

The Group trades with only recognised, creditworthy third parties. It is the Group 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 Group's exposure to bad debts is not significant.

### **Directors**

The membership of the Board at the end of the year is set out below. All directors served throughout the year.

The interests of the Directors and their families in the shares of the Company as at 30 April 2007 and 30 April 2006 were as follows.

# THE SIMPLY SMART GROUP LIMITED

## REPORT OF THE DIRECTORS

	Ordinary shares of 1p each 30 April 2007 Number	Ordinary shares of 1p each 30 April 2006 Number
A A Roestenburg	48,334	48,334
S M Wallis	16,816	16,816
B Watson	-	-

In addition to the above interests, A A Roestenburg holds 200,000 £1 7% cumulative preference shares

### Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

### Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

  
A A Roestenburg  
Director  
27 July 2007

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF**

### **THE SIMPLY SMART GROUP LIMITED**

We have audited the Group and Parent Company financial statements (the "financial statements") of The Simply Smart Group Limited for the year ended 30 April 2007 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Group'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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
THE SIMPLY SMART GROUP LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 30 April 2007 and of the Group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 30 April 2007



**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
BIRMINGHAM**

27 July 2007

# THE SIMPLY SMART GROUP LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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### BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis as the directors have prepared cashflow forecasts which make certain assumptions regarding trading and that the payment of loan notes and rolled up interest is deferred for at least twelve months from the date of approval of these financial statements. On the basis of these assumptions the forecasts demonstrate that the Group has sufficient finance facilities available to allow it to continue in business for the foreseeable future.

The principal accounting policies of the Group remained unchanged from the prior year and are set out below.

### BASIS OF CONSOLIDATION

The group financial statements consolidate those of the Company and of its subsidiary undertakings (see note 8) drawn up to 30 April 2007.

Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

### GOODWILL

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised over its useful economic life as shown in note 6.

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful economic life as shown in note 6.

### TURNOVER

Turnover represents the total value, excluding VAT, of goods supplied and services provided and is recognised on delivery of the service. Deposits received in connection with catering events to be held at a later date are deferred until the function has been performed.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their expected useful economic lives. The rates generally applicable are:

Leasehold property	Over the life of the lease
Computer and office equipment	3 years
Plant, equipment, fixtures and fittings	5 years
Motor vehicles	4 years

### INTANGIBLE FIXED ASSETS

Licences are included at cost and amortised on a straight line basis over their useful economic life.

### STOCKS

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



**LEASED ASSETS**

Assets held under hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**PENSIONS**

The pension costs charged against profits represent the amount of the contributions payable to defined contribution schemes in respect of the accounting period.

**FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**THE SIMPLY SMART GROUP LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 30 April 2007

	Note	2007 £	2006 £
Turnover	1	14,278,065	12,754,263
Cost of sales		<u>(11,583,983)</u>	<u>(10,546,001)</u>
<b>Gross profit</b>		<b>2,694,082</b>	<b>2,208,262</b>
Other administrative expenses		<u>(2,387,722)</u>	<u>(2,300,234)</u>
Amortisation of goodwill		<u>(299,832)</u>	<u>(299,833)</u>
Administrative expenses		<u>(2,687,554)</u>	<u>(2,600,067)</u>
Operating profit/(loss) pre amortisation of goodwill		<b>306,360</b>	<b>(91,972)</b>
Amortisation of goodwill		<u>(299,832)</u>	<u>(299,833)</u>
<b>Operating profit/(loss)</b>		<b>6,528</b>	<b>(391,805)</b>
Profit on sale of fixed asset		-	480,230
Net interest	2	<u>(718,018)</u>	<u>(567,830)</u>
<b>Loss on ordinary activities before taxation</b>	1	<b>(711,490)</b>	<b>(479,405)</b>
Taxation	4	-	-
<b>Loss on ordinary activities after taxation</b>	14	<u><b>(711,490)</b></u>	<u><b>(479,405)</b></u>

All of the activities of the Group are classed as continuing

There were no recognised gains or losses other than the loss for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

# THE SIMPLY SMART GROUP LIMITED

## CONSOLIDATED BALANCE SHEET AT 30 APRIL 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Intangible assets	6	2,211,675	2,532,174
Tangible assets	7	<u>1,004,157</u>	<u>1,180,627</u>
		<u>3,215,832</u>	<u>3,712,801</u>
<b>Current assets</b>			
Stocks	9	239,480	205,406
Debtors	10	1,198,862	933,687
Cash at bank and in hand		<u>751,577</u>	<u>302,963</u>
		<u>2,189,919</u>	<u>1,442,056</u>
<b>Creditors:</b>			
Amounts falling due within one year	11	<u>(6,090,136)</u>	<u>(4,168,945)</u>
<b>Net current liabilities</b>		<u>(3,900,217)</u>	<u>(2,726,889)</u>
<b>Total assets less current liabilities</b>		<u>(684,385)</u>	<u>985,912</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	12	<u>(3,213,691)</u>	<u>(4,172,498)</u>
<b>Net liabilities</b>		<u>(3,898,076)</u>	<u>(3,186,586)</u>
<b>Capital and reserves</b>			
Called up share capital	13	3,363	3,363
Share premium	14	332,970	332,970
Profit and loss account	14	<u>(4,234,409)</u>	<u>(3,522,919)</u>
<b>Deficiency in equity shareholders' funds</b>	15	<u>(3,898,076)</u>	<u>(3,186,586)</u>

The financial statements were approved by the Board of Directors on 27 July 2007



A A Roestenburg  
Director

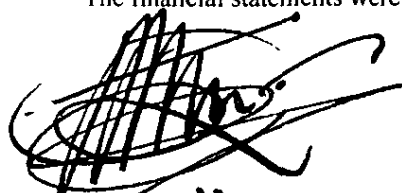
The accompanying accounting policies and notes form an integral part of these financial statements

# THE SIMPLY SMART GROUP LIMITED

## BALANCE SHEET AT 30 APRIL 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	8,736	9,457
Investments	8	<u>3,744,291</u>	<u>3,744,291</u>
		<u>3,753,027</u>	<u>3,753,748</u>
<b>Current assets</b>			
Debtors	10	2,460,910	1,410,204
<b>Creditors:</b>			
Amounts falling due within one year	11	<u>(4,992,897)</u>	<u>(2,684,596)</u>
<b>Net current liabilities</b>		<u>(2,531,987)</u>	<u>(1,274,392)</u>
<b>Total assets less current liabilities</b>		1,221,040	2,479,356
<b>Creditors:</b>			
Amounts falling due after more than one year	12	<u>(3,213,691)</u>	<u>(4,171,305)</u>
<b>Net liabilities</b>		<u>(1,992,651)</u>	<u>(1,691,949)</u>
<b>Capital and reserves</b>			
Called up share capital	13	3,363	3,363
Share premium account	14	332,970	332,970
Profit and loss account	14	<u>(2,328,984)</u>	<u>(2,028,282)</u>
<b>Deficiency in equity shareholders' funds</b>		<u>(1,992,651)</u>	<u>(1,691,949)</u>

The financial statements were approved by the Board of Directors on 27 July 2007



A.A. Roestenburg  
Director

The accompanying accounting policies and notes form an integral part of these financial statements

**THE SIMPLY SMART GROUP LIMITED****CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 30 April 2007

	Note	2007 £	2006 £
<b>Net cash inflow from operating activities</b>	19	<u>668,531</u>	<u>176,601</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		15,881	274
Interest paid		(57,694)	(19,139)
Hire purchase interest paid		-	(600)
<b>Net cash outflow from returns on investments and service of finance</b>		<u>(41,813)</u>	<u>(19,465)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(178,114)	(589,215)
Sale of tangible fixed assets		18,000	1,302,015
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>		<u>(160,114)</u>	<u>712,800</u>
<b>Acquisitions</b>			
Purchase of subsidiary undertaking		-	(164,592)
<b>Net cash inflow before financing</b>		<u>466,604</u>	<u>705,344</u>
<b>Financing</b>			
Capital element of hire purchase contracts		(1,193)	(6,093)
<b>Net cash outflow from financing</b>		<u>(1,193)</u>	<u>(6,093)</u>
<b>Increase in cash</b>	20	<u>465,411</u>	<u>699,251</u>

The accompanying accounting policies and notes form an integral part of these financial statements

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Group's turnover and loss on ordinary activities before taxation were all derived from the principal activities of the Group, primarily the supply of catering services, solely in the UK

The loss on ordinary activities is stated after charging/(crediting)

	2007 £	2006 £
Auditors' remuneration		
Audit services	25,000	24,000
Taxation services	4,590	4,500
Loss/(profit) on sale of tangible fixed assets	699	(482,343)
Depreciation and amortisation		
Goodwill and other intangibles	320,499	320,499
Tangible fixed assets, owned	335,251	318,568
Tangible fixed assets, held under hire purchase contracts	634	609
Operating lease costs		
Land and buildings	105,462	72,174
Plant and equipment	13,164	19,302
Vehicles	29,246	15,998

### 2 NET INTEREST

	2007 £	2006 £
On bank overdrafts	-	(19,139)
On other borrowings	(733,899)	(548,365)
Finance charges in respect of hire purchase contracts	-	(600)
Other interest receivable	15,881	274
	<u>(718,018)</u>	<u>(567,830)</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 3 DIRECTORS AND EMPLOYEES

	2007 Number	2006 Number
The average number of persons (including Directors) employed by the Group during the year was	<u>323</u>	<u>346</u>

Staff costs during the year were as follows

	2007 £	2006 £
Wages and salaries	4,781,227	4,708,229
Social security costs	438,960	420,709
Other pension costs	72,862	86,379
	<u>5,293,049</u>	<u>5,215,317</u>

Remuneration in respect of directors was as follows

	2007 £	2006 £
Emoluments	267,313	345,242
Pension contributions to money purchase pension schemes	20,231	17,250
	<u>287,544</u>	<u>362,492</u>

During the year 2 directors (2006 3 directors) participated in money purchase pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	2007 £	2006 £
Emoluments	152,500	122,449
Pension contributions to money purchase pension schemes	12,450	11,000
	<u>164,950</u>	<u>133,449</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 4 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the year

Unrelieved tax losses of approximately £3 0 million (2006 £2 4 million) remain available to offset against future taxable trading profits. The deferred tax asset not provided, in connection with these losses amounts to approximately £570,000 (2006 £450,000)

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows

	2007 £	2006 £
Loss on ordinary activities before tax	<u>(711,490)</u>	<u>(479,405)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2006 19%)	(135,183)	(88,426)
Effect of		
Expenses not deductible for tax purposes (primarily amortisation of goodwill on consolidation)	26,107	27,682
Capital allowances in excess of depreciation	(16,748)	(12,026)
Effect of chargeable gains	-	(9,721)
Deferred tax asset not recognised	<u>125,824</u>	<u>82,491</u>
Current tax charge for year	<u>-</u>	<u>-</u>

### 5 LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £300,702 (2006 £2,051,935)



# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 6 INTANGIBLE FIXED ASSETS

Group	Goodwill on consolidation £	Purchased goodwill £	Licences £	Total £
Cost				
At 1 May 2006 and 30 April 2007	<u>1,662,436</u>	<u>1,798,335</u>	<u>62,000</u>	<u>3,522,771</u>
Amortisation				
At 1 May 2006	379,800	569,464	41,333	990,597
Charge for the year	<u>120,000</u>	<u>179,832</u>	<u>20,667</u>	<u>320,499</u>
At 30 April 2007	<u>499,800</u>	<u>749,296</u>	<u>62,000</u>	<u>1,311,096</u>
Net book amount at 30 April 2007	<u>1,162,636</u>	<u>1,049,039</u>	<u>-</u>	<u>2,211,675</u>
Net book amount at 30 April 2006	<u>1,282,636</u>	<u>1,228,871</u>	<u>20,667</u>	<u>2,532,174</u>

Goodwill above relates to the following

	Date of acquisition	Period of amortisation	Original cost £
By Word of Mouth Limited	7 March 2003	15 years	1,662,436
Convex Leisure Limited	7 March 2003	10 years	1,798,335
			<u>3,460,771</u>

### Company

The Company has no intangible fixed assets

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 7 TANGIBLE FIXED ASSETS

Group	Leasehold property £	Computer and office equipment £	Plant, equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 May 2006	172,335	100,854	1,636,144	75,726	1,985,059
Additions	-	20,271	153,480	4,363	178,114
Disposals	-	-	-	(51,396)	(51,396)
At 30 April 2007	<u>172,335</u>	<u>121,125</u>	<u>1,789,624</u>	<u>28,693</u>	<u>2,111,777</u>
Depreciation					
At 1 May 2006	102,236	50,000	601,858	50,338	804,432
Provided in the year	25,348	31,683	276,488	2,366	335,885
Disposals	-	-	-	(32,697)	(32,697)
At 30 April 2007	<u>127,584</u>	<u>81,683</u>	<u>878,346</u>	<u>20,007</u>	<u>1,107,620</u>
Net book amount at 30 April 2007	<u>44,751</u>	<u>39,442</u>	<u>911,278</u>	<u>8,686</u>	<u>1,004,157</u>
Net book amount at 30 April 2006	<u>70,099</u>	<u>50,854</u>	<u>1,034,286</u>	<u>25,388</u>	<u>1,180,627</u>

The figures stated above include assets held under hire purchase contracts as follows

	£
Net book amount at 30 April 2007	<u>1,193</u>
Net book amount at 30 April 2006	<u>1,827</u>

Company	Leasehold property £	Fixtures and fittings £	Total £
Cost			
At 1 May 2006	4,283	5,500	9,783
Additions	-	1,235	1,235
At 30 April 2007	<u>4,283</u>	<u>6,735</u>	<u>11,018</u>
Depreciation			
At 1 May 2006	143	183	326
Provided in the year	858	1,098	1,956
At 30 April 2007	<u>1,001</u>	<u>1,281</u>	<u>2,282</u>
Net book amount at 30 April 2007	<u>3,282</u>	<u>5,454</u>	<u>8,736</u>
Net book amount at 30 April 2006	<u>4,140</u>	<u>5,317</u>	<u>9,457</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 8 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost and net book value			
At 1 May 2006 and 30 April 2007	1,680,838	2,063,453	3,744,291

At 30 April 2007 the Company holds 100% of the ordinary share capital of the following subsidiaries, which are registered in England and Wales

Subsidiary	Nature of business
Convex Leisure Limited	Provision of catering services
By Word of Mouth Limited	Provision of catering services

### 9 STOCKS

Group	2007 £	2006 £
Goods for resale	239,480	205,406

### 10 DEBTORS

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Trade debtors	831,440	-	690,180	-
Amounts owed by Group undertakings	-	2,385,136	-	1,379,710
Other debtors	61,500	6,433	63,271	6,177
Prepayments and accrued income	305,922	69,341	180,236	24,317
	<u>1,198,862</u>	<u>2,460,910</u>	<u>933,687</u>	<u>1,410,204</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 11 CREDITORS . AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank overdraft	-	993,757	-	335,991
Payments received on account	370,779	-	242,508	-
Trade creditors	853,753	10,734	718,538	9,178
Social security and other taxes	436,249	11,972	437,786	16,312
Other creditors	84,562	-	36,205	-
Loan notes	2,440,284	2,440,284	1,573,534	1,573,534
Amounts due under hire purchase contracts	1,193	-	1,193	-
Accruals and deferred income	1,903,316	1,536,150	1,159,181	749,581
	<u>6,090,136</u>	<u>4,992,897</u>	<u>4,168,945</u>	<u>2,684,596</u>

### 12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Preference shares	200,000	200,000	200,000	200,000
Loan notes	2,600,250	2,600,250	3,467,000	3,467,000
Accruals	413,441	413,441	504,305	504,305
Amounts due under hire purchase contracts	-	-	1,193	-
	<u>3,213,691</u>	<u>3,213,691</u>	<u>4,172,498</u>	<u>4,171,305</u>

Borrowings are repayable as follows

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Within one year				
Bank overdraft	-	993,757	-	335,991
Loan notes	2,440,284	2,440,284	1,573,534	1,573,534
Hire purchase	1,193	-	1,193	-
After one and within two years				
Loan notes	866,750	866,750	866,750	866,750
Hire purchase	-	-	1,193	-
After two and within five years				
Loan notes	1,733,500	1,733,500	2,600,250	2,600,250
After more than five years				
Preference shares	200,000	200,000	200,000	200,000
	<u>5,241,727</u>	<u>6,234,291</u>	<u>5,242,920</u>	<u>5,576,525</u>

Amounts owing under hire purchase contracts are secured on assets to which they relate

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

#### Preference shares

The preference shares carry an entitlement to a fixed cumulative preferred cash dividend at the rate of 7% per share per annum on the aggregate subscription price of £1 in priority to the payment of any other dividend of the Company. The first payment of the preference dividend shall be paid not more than four months after the end of each financial year commencing with the financial year ended 30 April 2005.

In accordance with FRS 25 the preference shares have been classed as a liability as they are irredeemable and on a liquidation, winding up or any other return of capital, in priority to the rights of the holders of any other class of shares, each preference shareholder will be paid first an amount equal to the aggregate subscription price and second an amount equal to any accrued but unpaid preference dividend.

Preference shareholders shall be entitled to receive notice of and to attend and speak, but not vote, at general meetings of the company.

#### Loan notes

The £1,300,000 A loan notes 2004 and £3,467,000 B loan notes 2010 are secured and carry interest at fixed rates of 10%. The 2004 loan notes were originally redeemable at par on 31 August 2004 but the lender agreed to extend repayment until 31 January 2006 together with rolled up interest on these loan notes amounting to £273,534. The lender has subsequently agreed to defer the repayment of any amounts due on these loan notes until at least 12 months from the date of approval of these financial statements.

The 2010 loan notes are redeemable in fixed proportions commencing 31 July 2007 and ending 31 July 2010. The lender has subsequently agreed to defer the repayment of any amounts due on these loan notes until at least 12 months from the date of approval of these financial statements.

### 13 SHARE CAPITAL

	2007 £	2006 £
Authorised		
214,300 ordinary shares of 1p	2,143	2,143
233,100 'A' ordinary shares of 1p	2,331	2,331
	<u>4,474</u>	<u>4,474</u>
Allotted, issued and fully paid		
120,049 ordinary shares of 1p	1,200	1,200
216,284 'A' ordinary shares of 1p	2,163	2,163
	<u>3,363</u>	<u>3,363</u>

The 'A' ordinary shares and ordinary shares shall rank *pari passu* in all respects except the 'A' ordinary shares attract a participating dividend based on the net profit, if any, of the Group from the year ending 30 April 2006 and subsequent years. No dividend is payable on the 'A' Ordinary shares for the year ended 30 April 2007 or 30 April 2006 due to the losses incurred by the Group in these years.

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 14 RESERVES

<b>Group</b>	<b>Share premium £</b>	<b>Profit and loss account £</b>
At 1 May 2006	332,970	(3,522,919)
Retained loss for year	-	(711,490)
At 30 April 2007	<u>332,970</u>	<u>(4,234,409)</u>

<b>Company</b>	<b>Share premium £</b>	<b>Profit and loss account £</b>
At 1 May 2006	332,970	(2,028,282)
Retained loss for year	-	(300,702)
At 30 April 2007	<u>332,970</u>	<u>(2,328,984)</u>

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	<b>2007 £</b>	<b>2006 £</b>
Net increase in shareholders' deficit	(711,490)	(479,405)
Shareholders' deficit brought forward	<u>(3,186,586)</u>	<u>(2,707,181)</u>
Shareholders' deficit carried forward	<u>(3,898,076)</u>	<u>(3,186,586)</u>

### 16 CONTINGENT LIABILITIES

The Company is party to a multi-lateral guarantee given to the Group's bankers and providers of finance to secure all monies due or to become due from members of the Group. At 30 April 2007 there was a maximum contingent liability under this guarantee amounting to £nil (2006 £nil)

### 17 CAPITAL COMMITMENTS

There were no capital commitments at 30 April 2007 or 30 April 2006

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2007

### 18 LEASING COMMITMENTS

At 30 April 2007 there were annual commitments under non-cancellable operating leases as set out below

	Group 2007	Company 2007	Group 2006	Company 2006
	£	£	£	£
Land and buildings				
Within one year	56,659	-	11,500	-
Between two and five years	40,000	40,000	85,159	40,000
	<u>96,659</u>	<u>40,000</u>	<u>96,659</u>	<u>40,000</u>
Other items				
Within one year	3,486	-	3,045	-
Between two and five years	23,067	-	21,458	-
	<u>26,553</u>	<u>-</u>	<u>24,503</u>	<u>-</u>

### 19 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit/(loss)	6,528	(391,805)
Depreciation	335,885	319,177
Loss/(profit) on sale of tangible fixed assets	699	(2,113)
Amortisation of goodwill and other intangibles	320,499	320,499
Increase in stocks	(34,074)	(22,244)
(Increase)/decrease in debtors	(174,966)	149,791
Increase/(decrease) in creditors	213,960	(196,704)
Net cash inflow from operating activities	<u>668,531</u>	<u>176,601</u>

**THE SIMPLY SMART GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2007

**20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2007 £	2006 £
Increase in cash for the year	465,411	699,251
Cashflow from capital element of hire purchase contracts	1,193	6,093
Change in net funds resulting from cashflows	466,604	705,344
Inception of hire purchase contracts	-	(3,579)
	466,604	701,765
Net debt brought forward	(4,939,957)	(5,641,722)
Net debt carried forward	(4,473,353)	(4,939,957)

**21 ANALYSIS OF CHANGES IN NET DEBT**

	1 May 2006 £	Cash flow £	30 April 2007 £
Cash at bank and in hand	302,963	465,411	768,374
Loan notes	(5,040,534)	-	(5,040,534)
Preference shares	(200,000)	-	(200,000)
Hire purchase contracts	(2,386)	1,193	(1,193)
	(4,939,957)	466,604	(4,473,353)

**22 RELATED PARTY TRANSACTIONS**

During the year the Company made recharges to its subsidiaries, By Word of Mouth Limited and Convex Leisure Limited, of £230,000 and £350,000 respectively (2006 £230,000 and £345,000) for management services provided and charged interest on amounts due on inter-company loans of £55,630 and £339,205 respectively (2006 £49,710 and £287,040)

**23 CONTROLLING RELATED PARTY**

The directors consider that the controlling related party of the Company is Dunedin Capital Partners Limited