



**THE SIMPLY SMART GROUP  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2009

**THE SIMPLY SMART GROUP LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 30 April 2009

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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: A A Roestenburg  
B Watson

Secretary: B Watson

Bankers: Barclays Bank plc  
Level 6  
1 Churchill Place  
London  
E14 5HP

Auditors: Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Enterprise House  
115 Edmund Street  
Birmingham  
B3 2HJ

# **THE SIMPLY SMART GROUP LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 30 April 2009**

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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 2009.

### **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 have not recommended a dividend.

Whilst trading conditions were difficult during the year due to the economic climate and other factors, the Directors are pleased to report, following a reorganisation of the Group, that current projections indicate an expected improvement in the profitability of the Group for the year to 30 April 2010. Whilst the Directors believe these projections to be reasonable, however, they make certain assumptions that may be influenced by circumstances or events beyond the control of the Directors and are thus subject to change.

The Directors consider the key performance indicators of the Group to be turnover and profit by contract. The Directors are satisfied with the performance of the Group under these measures.

### **Post balance sheet events**

On 26 June 2009 some of the outstanding loan notes and all of the rolled up interest to 28 February 2009 were converted into share capital. See note 23 to these financial statements for further details of this post balance sheet event.

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

The Group's principal financial instruments comprise loan notes, hire purchase agreements, 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, interest rate 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 are 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.

# THE SIMPLY SMART GROUP LIMITED

## REPORT OF THE DIRECTORS

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### *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. Both directors served throughout the year.

A A Roestenburg  
B Watson

### **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 2006. 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 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

A A Roestenburg  
Director

Date: 28 July 2009

**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 2009 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.ork.uk/apb/scope/UKNP](http://www.frc.ork.uk/apb/scope/UKNP).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 April 2009 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

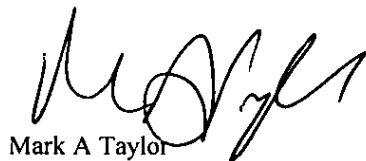
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark A Taylor  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
BIRMINGHAM

Date: 28 July 2009

# **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 United Kingdom 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 some of the outstanding loan notes and all of the rolled up interest to 28 February 2009 are converted into share capital, which was completed on 26 June 2009, and the repayment of the remaining loan notes will be deferred until at least 12 months from the date of signing these financial statements, which has been confirmed by the loan note holder. 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 2009.

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 event has taken place.

### **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.



# **THE SIMPLY SMART GROUP LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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 2009

	Note	2009 £	2008 £
Turnover	1	13,310,668	14,333,541
Cost of sales		<u>(10,961,931)</u>	<u>(11,565,703)</u>
<b>Gross profit</b>		<b>2,348,737</b>	<b>2,767,838</b>
Other administrative expenses		(2,519,605)	(2,669,884)
Exceptional operating items	1	(285,860)	-
Amortisation of goodwill		(321,911)	(299,833)
Administrative expenses		<u>(3,127,376)</u>	<u>(2,969,717)</u>
Operating (loss)/profit pre amortisation of goodwill and exceptional operating items		(170,868)	97,954
Exceptional operating items		(285,860)	-
Amortisation of goodwill		(321,911)	(299,833)
<b>Operating loss</b>		<b>(778,639)</b>	<b>(201,879)</b>
Net interest	2	<u>(999,692)</u>	<u>(864,612)</u>
<b>Loss on ordinary activities before taxation</b>	1	<b>(1,778,331)</b>	<b>(1,066,491)</b>
Taxation	4	-	-
<b>Loss on ordinary activities after taxation</b>	14	<b><u>(1,778,331)</u></b>	<b><u>(1,066,491)</u></b>

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 principal accounting policies and notes form an integral part of these financial statements.

# THE SIMPLY SMART GROUP LIMITED

## CONSOLIDATED BALANCE SHEET AT 30 APRIL 2009

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Intangible assets	6	1,808,681	2,130,592
Tangible assets	7	<u>715,261</u>	<u>844,271</u>
		<u>2,523,942</u>	<u>2,974,863</u>
<b>Current assets</b>			
Stocks	9	123,934	231,569
Debtors	10	1,019,584	1,120,492
Cash at bank and in hand		<u>196,820</u>	<u>794,075</u>
		<u>1,340,338</u>	<u>2,146,136</u>
<b>Creditors:</b>			
Amounts falling due within one year	11	<u>(9,481,474)</u>	<u>(7,922,377)</u>
<b>Net current liabilities</b>		<u>(8,141,136)</u>	<u>(5,776,241)</u>
<b>Total assets less current liabilities</b>		<u>(5,617,194)</u>	<u>(2,801,378)</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	12	<u>(1,125,704)</u>	<u>(2,163,189)</u>
<b>Net liabilities</b>		<u>(6,742,898)</u>	<u>(4,964,567)</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>(7,079,231)</u>	<u>(5,300,900)</u>
<b>Deficiency in shareholders' funds</b>	15	<u>(6,742,898)</u>	<u>(4,964,567)</u>

The financial statements were approved by the Board of Directors on 28 July 2009 and are signed on its behalf by:



A.A. Roestenburg  
Director

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

# THE SIMPLY SMART GROUP LIMITED

## BALANCE SHEET AT 30 APRIL 2009

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	7	4,824	6,780
Investments	8	<u>3,744,291</u>	<u>3,744,291</u>
		<u>3,749,115</u>	<u>3,751,071</u>
<b>Current assets</b>			
Debtors	10	2,726,690	2,577,691
<b>Creditors:</b>			
Amounts falling due within one year	11	<u>(8,421,070)</u>	<u>(6,538,108)</u>
<b>Net current liabilities</b>		<u>(5,694,380)</u>	<u>(3,960,417)</u>
<b>Total assets less current liabilities</b>		<u>(1,945,265)</u>	<u>(209,346)</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	12	<u>(1,112,688)</u>	<u>(2,163,189)</u>
<b>Net liabilities</b>		<u>(3,057,953)</u>	<u>(2,372,535)</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>(3,394,286)</u>	<u>(2,708,868)</u>
<b>Deficiency in equity shareholders' funds</b>	15	<u>(3,057,953)</u>	<u>(2,372,535)</u>

The financial statements were approved by the Board of Directors on 28 July 2009 and are signed on its behalf by:



A.A. Roestenburg  
Director

The accompanying principal 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 2009

	Note	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	19	<u>(434,503)</u>	<u>630,459</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		15,033	25,349
Interest paid		<u>-</u>	<u>(217,381)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance		<u>15,033</u>	<u>(192,032)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(177,685)	(144,836)
Purchase of intangible fixed assets		<u>-</u>	<u>(250,000)</u>
Net cash outflow from capital expenditure and financial investment		<u>(177,685)</u>	<u>(394,836)</u>
Net cash (outflow)/inflow before financing		<u>(597,155)</u>	<u>43,591</u>
<b>Financing</b>			
Capital element of hire purchase contracts		<u>(100)</u>	<u>(1,093)</u>
Net cash outflow from financing		<u>(100)</u>	<u>(1,093)</u>
(Decrease)/increase in cash	20	<u>(597,255)</u>	<u>42,498</u>

The accompanying principal 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 2009

### 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:

	2009 £	2008 £
Auditors' remuneration:		
Fee payable to the Company's auditors for the audit of the Company's financial statements	7,500	7,500
Fee payable to the Company's auditors for the other services:		
-audit of the Company's subsidiaries pursuant to legislation	17,500	17,500
-taxation services	5,000	5,000
Depreciation and amortisation:		
Goodwill and other intangibles	321,911	331,083
Tangible fixed assets, owned	264,668	303,629
Tangible fixed assets, held under hire purchase contracts	-	1,093
Loss on disposal of tangible fixed assets	42,027	-
Operating lease costs:		
Land and buildings	137,533	111,285
Plant and equipment	33,381	52,137
Vehicles	152,495	31,692
Redundancy and reorganisation costs	285,860	-

### 2 NET INTEREST

	2009 £	2008 £
On other borrowings	(1,014,725)	(889,961)
Other interest receivable	15,033	25,349
	<u>(999,692)</u>	<u>(864,612)</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 3 DIRECTORS AND EMPLOYEES

	2009 Number	2008 Number
The average number of persons (including Directors) employed by the Group during the year was:	<u>273</u>	<u>312</u>

Staff costs during the year were as follows:

	2009 £	2008 £
Wages and salaries	4,726,971	4,896,149
Social security costs	440,905	456,916
Other pension costs	79,585	71,148
	<u>5,247,461</u>	<u>5,424,213</u>

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments	306,305	327,602
Compensation for loss of office	-	30,721
Pension contributions to money purchase pension schemes	26,780	22,142
	<u>333,085</u>	<u>380,465</u>

During the year 2 directors (2008: 2 directors) participated in money purchase pension schemes.

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

	2009 £	2008 £
Emoluments	198,105	189,370
Pension contributions to money purchase pension schemes	16,480	13,626
	<u>214,585</u>	<u>202,996</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 4 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the year.

Unrelieved tax losses of approximately £5.0 million (2008: £3.7 million) remain available to offset against future taxable trading profits. The deferred tax asset not provided, in connection with these losses amounts to approximately £1,401,000 (2008: £1,036,000).

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

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(1,778,331)</u>	<u>(1,066,491)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	(497,933)	(298,618)
Effect of:		
Expenses not deductible for tax purposes (primarily amortisation of goodwill on consolidation)	42,422	53,521
Depreciation in excess of capital allowances	90,536	77,948
Other deductions	-	(28,609)
Deferred tax asset not recognised	<u>364,975</u>	<u>195,758</u>
Current tax charge for year	<u>-</u>	<u>-</u>

### 5 LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of the exemption under the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year was £685,418 (2008: £379,884).



# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 6 INTANGIBLE FIXED ASSETS

Group	Goodwill on consolidation £	Purchased goodwill £	Licences £	Total £
At 1 May 2008 and 30 April 2008	1,662,436	1,798,335	312,000	3,772,771
Amortisation				
At 1 May 2008	619,800	929,129	93,250	1,642,179
Charge for the year	110,829	179,832	31,250	321,911
At 30 April 2009	730,629	1,108,961	124,500	1,964,090
Net book amount at 30 April 2009	931,807	689,374	187,500	1,808,681
Net book amount at 30 April 2008	1,042,636	869,206	218,750	2,130,592

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
			3,460,771

#### Company

The Company has no intangible fixed assets.

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 7 TANGIBLE FIXED ASSETS

Group	Leasehold property £	Computer and office equipment £	Plant, equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 May 2008	172,335	187,445	1,868,140	28,693	2,256,613
Additions	-	19,590	158,095	-	177,685
Disposals	(100,000)	-	(411,008)	-	(511,008)
At 30 April 2009	<u>72,335</u>	<u>207,035</u>	<u>1,615,227</u>	<u>28,693</u>	<u>1,923,290</u>
Depreciation					
At 1 May 2008	151,435	95,311	1,142,954	22,642	1,412,342
Provided in the year	19,334	44,687	198,311	2,336	264,668
Disposals	(100,000)	-	(368,981)	-	(468,981)
At 30 April 2009	<u>70,769</u>	<u>139,998</u>	<u>972,284</u>	<u>24,978</u>	<u>1,208,029</u>
Net book amount at 30 April 2009	<u>1,566</u>	<u>67,037</u>	<u>642,943</u>	<u>3,715</u>	<u>715,261</u>
Net book amount at 30 April 2008	<u>20,900</u>	<u>92,134</u>	<u>725,186</u>	<u>6,051</u>	<u>844,271</u>

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

	£
Net book amount at 30 April 2009	-
Net book amount at 30 April 2008	<u>100</u>

Company	Leasehold property £	Fixtures and fittings £	Total £
Cost			
At 1 May 2008 and 30 April 2009	<u>4,283</u>	<u>6,735</u>	<u>11,018</u>
Depreciation			
At 1 May 2008	1,859	2,379	4,238
Provided in the year	858	1,098	1,956
At 30 April 2009	<u>2,717</u>	<u>3,477</u>	<u>6,194</u>
Net book amount at 30 April 2009	<u>1,566</u>	<u>3,258</u>	<u>4,824</u>
Net book amount at 30 April 2008	<u>2,424</u>	<u>4,356</u>	<u>6,780</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 8 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost and net book value			
At 1 May 2008 and 30 April 2009	<u>1,680,838</u>	<u>2,063,453</u>	<u>3,744,291</u>

At 30 April 2009 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
Red Eventful Cuisine Limited	Dormant
By Word of Mouth Fine Dining Limited	Dormant
Simply Smart Dining Limited	Dormant

### 9 STOCKS

Group	2009 £	2008 £
Goods for resale	<u>123,934</u>	<u>231,569</u>

### 10 DEBTORS

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade debtors	632,890	-	750,080	-
Amounts owed by Group undertakings	-	2,678,734	-	2,532,288
Other debtors	76,455	2,650	58,934	-
Prepayments and accrued income	<u>310,239</u>	<u>45,306</u>	<u>311,478</u>	<u>45,403</u>
	<u>1,019,584</u>	<u>2,726,690</u>	<u>1,120,492</u>	<u>2,577,691</u>

Since the year end £874,630 of the amounts owed by group undertakings has been repaid.

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

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

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank overdraft	-	691,018	-	941,169
Payments received on account	378,846	-	499,093	-
Trade creditors	738,431	12,606	934,983	7,366
Social security and other taxes	309,571	14,804	454,239	16,039
Other creditors	31,809	-	3,340	-
Loan notes	4,173,784	4,173,784	3,307,034	3,307,034
Amounts due under hire purchase contracts	-	-	100	-
Accruals and deferred income	3,849,033	3,528,858	2,723,588	2,266,500
	<u>9,481,474</u>	<u>8,421,070</u>	<u>7,922,377</u>	<u>6,538,108</u>

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

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Preference shares	200,000	200,000	200,000	200,000
Loan notes	866,750	866,750	1,733,500	1,733,500
Accruals	58,954	45,938	229,689	229,689
	<u>1,125,704</u>	<u>1,112,688</u>	<u>2,163,189</u>	<u>2,163,189</u>

Borrowings are repayable as follows:

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Within one year:				
Bank overdraft	-	691,018	-	941,169
Loan notes	4,173,784	4,173,784	3,307,034	3,307,034
Hire purchase contracts	-	-	100	-
After one and within two years:				
Loan notes	866,750	866,750	866,750	866,750
After two and within five years:				
Loan notes	-	-	866,750	866,750
After more than five years:				
Preference shares	200,000	200,000	200,000	200,000
	<u>5,240,534</u>	<u>5,931,552</u>	<u>5,240,634</u>	<u>6,181,703</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 2009

### 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. No preference dividend has been paid up to 30 April 2009 due to the losses incurred by the Company.

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 2010 loan notes are redeemable in fixed proportions commencing 31 July 2007 and ending 31 July 2010. On 26 June 2009 some of the loan notes and all of the rolled up interest to 28 February 2009 were converted into share capital. See note 23 to these financial statements for further details of this post balance sheet event.

### 13 SHARE CAPITAL

	2009 £	2008 £
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 2009 or 30 April 2008 due to the losses incurred by the Company in those years.

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 14 RESERVES

Group	Share premium £	Profit and loss account £
At 1 May 2008	332,970	(5,300,900)
Retained loss for year	-	(1,778,331)
At 30 April 2009	<u>332,970</u>	<u>(7,079,231)</u>

Company	Share premium £	Profit and loss account £
At 1 May 2008	332,970	(2,708,868)
Retained loss for year	-	(685,418)
At 30 April 2009	<u>332,970</u>	<u>(3,394,286)</u>

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

Group	2009 £	2008 £
Loss for the year and net increase in shareholders' deficit	(1,778,331)	(1,066,491)
Shareholders' deficit brought forward	<u>(4,964,567)</u>	<u>(3,898,076)</u>
Shareholders' deficit carried forward	<u>(6,742,898)</u>	<u>(4,964,567)</u>

Company	2009 £	2008 £
Loss for the year and net increase in shareholders' deficit	(685,418)	(379,884)
Shareholders' deficit brought forward	<u>(2,372,535)</u>	<u>(1,992,651)</u>
Shareholders' deficit carried forward	<u>(3,057,953)</u>	<u>(2,372,535)</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 2009 there was a maximum contingent liability under this guarantee amounting to £nil (2008: £nil).

### 17 CAPITAL COMMITMENTS

There were no capital commitments at 30 April 2009 or 30 April 2008.

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

For the year ended 30 April 2009

**18 LEASING COMMITMENTS**

At 30 April 2009 there were annual commitments under non-cancellable operating leases as set out below:

	<b>Group 2009</b>	<b>Company 2009</b>	<b>Group 2008</b>	<b>Company 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Land and buildings:				
Between two and five years	<u>122,210</u>	<u>-</u>	<u>115,870</u>	<u>40,000</u>
Other items:				
Within one year	-	-	720	-
Between two and five years	<u>32,492</u>	<u>-</u>	<u>20,477</u>	<u>-</u>
	<u>32,492</u>	<u>-</u>	<u>21,197</u>	<u>-</u>

**19 RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	<b>2009 £</b>	<b>2008 £</b>
Operating loss	(778,639)	(201,879)
Depreciation	264,668	304,722
Amortisation of goodwill and other intangibles	321,911	331,083
Loss on sale of tangible fixed assets	42,027	-
Decrease in stocks	107,635	7,911
Decrease in debtors	100,908	78,370
(Decrease)/increase in creditors	<u>(493,013)</u>	<u>110,252</u>
Net cash (outflow)/inflow from operating activities	<u>(434,503)</u>	<u>630,459</u>

# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

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

	2009 £	2008 £
(Decrease)/increase in cash for the year	(597,255)	42,498
Cashflow from capital element of hire purchase contracts	100	1,093
Change in net funds resulting from cashflows	(597,155)	43,591
Net debt brought forward	(4,446,559)	(4,490,150)
Net debt carried forward	<u>(5,043,714)</u>	<u>(4,446,559)</u>

### 21 ANALYSIS OF CHANGES IN NET DEBT

	1 May 2008 £	Cash flow £	30 April 2009 £
Cash at bank and in hand	794,075	(597,255)	196,820
Loan notes	(5,040,534)	-	(5,040,534)
Preference shares	(200,000)	-	(200,000)
Hire purchase contracts	(100)	100	-
	<u>(4,446,559)</u>	<u>(597,155)</u>	<u>(5,043,714)</u>

### 22 RELATED PARTY TRANSACTIONS

During the year the Company made recharges to its subsidiaries, By Word of Mouth Limited and Convex Leisure Limited, of £250,000 and £380,000 respectively (2008: £267,000 and £400,000) for management services provided and charged interest on amounts due on inter-company loans of £42,710 and £274,225 respectively (2008: £55,314 and £394,913).



# THE SIMPLY SMART GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

### 23 POST BALANCE SHEET EVENTS

On 26 June 2009 £240,543 of the A loan notes 2004, and all of the rolled up interest on the A loan notes 2004 and the B loan notes 2010 up to 28 February 2009 amounting to £3,235,165, were converted into £3,475,708 deferred ordinary shares in the Company. The interest payable from 1 March 2009 on the principal amount of the A loan notes 2004 of £1,333,000 and the B loan notes 2010 of £3,467,000 is at a rate of 10% per annum. The impact of this restructuring on the balance sheet of the Group at 30 April 2009 would have been as shown below:

	Audited balance sheet at 30 April 2009 £	Impact of restructuring £	Post restructuring balance sheet at 30 April 2009 £
<b>Fixed assets</b>			
Intangible assets	1,808,681	-	1,808,671
Tangible assets	715,261	-	715,261
	<u>2,523,942</u>	<u>-</u>	<u>2,523,942</u>
<b>Current assets</b>			
Stocks	123,934	-	123,934
Debtors	1,019,584	-	1,019,584
Cash at bank and in hand	196,820	-	196,820
	<u>1,340,337</u>	<u>-</u>	<u>1,340,337</u>
<b>Creditors:</b>			
Amounts falling due within one year	<u>(9,481,474)</u>	<u>3,522,397</u>	<u>(5,959,077)</u>
<b>Net current liabilities</b>	<u>(8,141,136)</u>	<u>3,522,397</u>	<u>(4,618,739)</u>
<b>Total assets less current liabilities</b>	<u>(5,617,194)</u>	<u>3,522,397</u>	<u>(2,094,797)</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	<u>(1,125,704)</u>	<u>44,509</u>	<u>(1,081,195)</u>
<b>Net liabilities</b>	<u>(6,742,898)</u>	<u>3,566,906</u>	<u>(3,175,992)</u>
<b>Capital and reserves</b>			
Called up share capital	3,363	3,475,708	3,479,071
Share premium	332,970	-	332,970
Profit and loss account	<u>(7,079,231)</u>	<u>91,198</u>	<u>(6,988,033)</u>
<b>Deficiency in shareholders' funds</b>	<u>(6,742,898)</u>	<u>3,566,906</u>	<u>(3,175,992)</u>

### 24 CONTROLLING RELATED PARTY

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