4627313

The Simply Smart Group Ltd

Report and Financial Statements

30 June 2012

Directors
Sir F H Mackay
N E H Thomas

Secretary
R Morley

Auditors
Ernst & Young LLP
Bridgewater Place
Water Lane
Leeds LS11 5QR

Bankers
Barclays Bank plc
54 Lombard Street
London EC3 3AH

Registered Office
Suite 7 Fountain House
4 South Parade
Leeds
LS1 5QX

Registered No 04627313

Directors' report

The directors present their report and financial statements for the year ended 30 June 2012

Results and dividends

The profit for the year after taxation amounted to £nil (period ended 30 June 2011 - £4,675,559) The directors do not recommend a final dividend (period ended 30 June 2011 – £nil)

Principal activities and review of the business

The company's principal activity is the provision of catering services

The directors are satisfied with the performance of the business during the year

Financial risk management objectives and policies

The company's principal financial instruments comprise intra group borrowings, bank overdrafts, cash and short-term deposits The main purpose of these financial instruments is to raise finance for the company's operations The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations The company does not enter into derivative transactions

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken The main risks arising from the company'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 company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably The group directors prepare detailed cashflow forecasts incorporating all companies within the group and funds are transferred around the group to ensure sufficient liquidity is maintained in all entities

Credit risk

The company trades with only recognised, credit worthy third parties It is company 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 company's exposure to bad debts is not significant

Going concern

The directors have prepared the financial statements on the going concern basis In reaching their assessment, the directors have reviewed the anticipated trading performance, the funding available and committed, other items affecting future cash flows, as well as actions which could be taken should trading performance not meet expectations

Directors

The directors who served the company during the year were as follows

Sir F H Mackay
A A Roestenburg (Resigned 29th May 2012)
N E H Thomas (Appointed 29th May 2012)

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

Grant Thornton UK LLP resigned as auditors on 19 July 2012 and Ernst & Young LLP was appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

N.E.H. Thomas

N E H Thomas
Director
15th March 2013

Statement of directors' responsibilities

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of The Simply Smart Group Ltd

We have audited the financial statements of The Simply Smart Group Ltd for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16 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 Chapter 3 of Part 16 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 and express an opinion on 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its result 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of The Simply Smart Group Ltd

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

Ernst + Young LLP

Alistair Denton
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Leeds
19th Match 2013

Profit and loss account

for the year ended 30 June 2012

	Notes	Year ended 30 June 2012 £000	period ended 30 June 2011 £000
Turnover	2	-	500
Cost of sales		-	-
Gross profit			500
Other operating charges	3	-	(498)
Exceptional operating items	3	-	3,698
Operating profit	3	-	3,700
Attributable to			
Operating profit before exceptional operating items		-	2
Exceptional operating items		-	3,698
		-	3,700
Interest receivable	5	-	976
Profit on ordinary activities before taxation		-	4,676
Tax	6	-	–
Profit for the financial year	11	-	4,676

Statement of total recognised gains and losses

for the year ended 30 June 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £nil in the year ended 30 June 2012 (period ended 30 June 2011 – profit of £4,676,000)

Balance sheet

at 30 June 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investments	7	1,681	1,681
		1,681	1,681
Current assets			
Debtors	8	-	962
Creditors amounts falling due within one year	9	(908)	(1,870)
Net current liabilities		(908)	(908)
Total assets		773	773
Net assets		773	773
Capital and reserves			
Called up share capital	10	3,479	3,479
Share premium account	11	333	333
Profit and loss account	11	(3,039)	(3,039)
Shareholders' funds	12	773	773

The financial statements were approved and authorised for issue by the Board on 15th March 2013 and signed on its behalf by

N.E.H. Thomas

N E H Thomas

Director

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

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

Going concern

The directors have prepared the financial statements on the going concern basis In reaching their assessment, the directors have reviewed the anticipated trading performance, the funding available and committed, other items affecting future cash flows, as well as actions which could be taken should trading performance not meet expectations

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (Revised 1996) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements

Turnover

The turnover shown in the profit and loss account represents the total value of goods applied and services provided, exclusive of Value Added Tax, 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

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

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	Year ended 30 June 2012 £000	*14months ended 30 June 2011 £000*
United Kingdom	-	500

Notes to the financial statements

at 30 June 2012

3. Operating profit

This is stated after charging

			Year ended 30 June 2012 £000	14 months ended 30 June 2011 £000
Auditors' remuneration	–	audit fees	-	8
	–	tax fees	-	6

Auditors' Remuneration has been borne by the ultimate parent for the year ended 30 June 2012

	Year ended 30 June 2012 £000	14 months ended 30 June 2011 £000
Depreciation of owned fixed assets	-	3
Amortisation of intangible fixed assets	-	126
Impairment of intangible fixed assets	-	420
Impairment of tangible fixed assets	-	80
Exceptional Items – Waiver of loan notes	-	(3,540)
– Waiver of preference shares	-	(200)
– Redundancy and reorganisation costs	-	42
Operating lease costs	-	3

4. Staff costs

	Year ended 30 June 2012 £000	14 months ended 30 June 2011 £000
Wages and salaries	-	306
Social security costs	-	41
Other pension costs	-	26
	-	373

The average monthly number of staff (including Directors) employed by the company during the year amounted to nil (14 months ended 30 June 2011 – 3)

Notes to the financial statements

at 30 June 2012

4. Staff costs (continued)

Directors and Employees (continued)

Remuneration in respect of Directors was as follows

	Year ended 30 June 2012	*14 months ended 30 June 2011*
	£000	*£000*
Emoluments	-	260
Pension contributions to money purchase scheme	-	23
	-	283

During the period 1 Director participated in money purchase pension schemes

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

	Year ended 30 June 2012	*14 months ended 30 June 2011*
	£000	*£000*
Emoluments	-	221
Pension contributions to money purchase scheme	-	19
	-	240

5. Interest payable and similar charges

	Year ended 30 June 2012	*14 months ended 30 June 2011*
	£000	*£000*
Bank interest receivable	-	2
Bank interest payable	-	(1)
Intercompany interest receivable	-	397
Other finance charges		
Waiver of A &B loan notes interest	-	478
Waiver of preference dividends treated as interest	-	100
	-	976

Notes to the financial statements

at 30 June 2012

6. Tax

(a) There is no tax charge for the year

Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (14 months ended 30 June 2011 – 27 57%) The differences are explained below

	Year ended 30 June 2012	*14 months ended 30 June 2011*
	£000	*£000*
Profit on ordinary activities before tax	-	4,676
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (14 months ended 30 June 2011 – 27 57%)	-	1,289
Effects of		
Expenses not deductible for tax purposes		
Income not taxable for tax purposes	-	(865)
Depreciation in excess of capital allowances	-	1
Other short term timing differences	-	(4)
Group relief claimed	-	(66)
Utilisation of tax losses brought forward	-	(355)
Current tax for the year (note 7(a))	-	–

(c) Factors that may affect future tax charges

The Finance Bill 2012 announced a reduction in the main rate of corporation tax from 26% to 24% effective from 1 April 2012 and a further reduction in the main rate of corporation tax to 23% effective from 1 April 2013

A proposed further reduction in the main rate of corporation tax to 21% effective from 1 April 2014 was announced in the Autumn Statement in December 2012 As of 30 June 2012 only the previously announced reduction to 24% had been substantively enacted so this is the rate at which deferred tax has been calculated

(d) Deferred Tax

Tax losses of approximately £97,000 (14 months ended 30 June 2011 – £97,000) are available to offset against future trading profits of the same trade The deferred tax asset not provided in connection with these losses, due to the uncertainty of when they will be recovered, amounts to approximately £23,000 (2011 – £27,000)

Notes to the financial statements

at 30 June 2012

7. Fixed Asset Investment

	Shares in group undertakings £000	*Total £000*
Cost		
At 1 July 2011 and 30 June 2012	1,681	1,681
Impairment		
At 1 July 2011 and 30 June 2012	-	-
Net book value		
At 30 June 2012	1,681	1,681
At 1 July 2011	1,681	1,681

At 30 June 2012 the Company held 100% of the ordinary share capital of the following subsidiaries, which are registered in England and Wales

Subsidiary	**Nature of business**
Convex Leisure Ltd	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

8. Debtors

	2012 £000	*2011 £000*
Amounts owed by group undertakings	-	931
Other debtors	-	19
Prepayments and accrued income	-	12
	-	962

9. Creditors: amounts falling due within one year

	2012 £000	*2011 £000*
Bank overdraft	181	95
Amounts owed to group undertakings	727	1,708
Trade creditors	-	30
Social security & other taxes	-	10
Accruals and deferred income	-	27
	908	1,870

Notes to the financial statements

at 30 June 2012

10. Issued share capital

Allotted, called up and fully paid	*No*	*2012* *£*	*No*	*2011* *£*
120,049 Ordinary shares of 1p each		*1*		*1*
233,100 'A' ordinary shares of 1p		*2*		*2*
3,475,708 deferred ordinary shares of £1		3,476		3,476
		3,479		3,479

The 'A' ordinary shares and ordinary shares shall rank pari passu in all respects No dividend is payable for the period ended 30 June 2012 or 30 June 2011

The deferred ordinary shares carry no voting or dividend rights

11. Movements on reserves

	Profit and loss account *£000*
At 1 July 2011	(3,039)
Profit for the financial year	-
At 30 June 2012	(3,039)

12. Reconciliation of shareholders' funds

	Share capital *£000*	*Share Premium* *£000*	*Profit and loss account* *£000*	*Total share-holders' funds* *£000*
At 1 January 2010	3,479	333	(7,715)	(3,903)
Profit for the period	–	–	4,676	4,676
At 1 July 2011	3,479	333	(3,039)	773
Result for the year	–	–	–	–
At 30 June 2012	3,479	333	(3,039)	773

13. Capital commitments

The company had no capital commitments at 30 June 2012 or 30 June 2011

14. 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 headed by The Simply Smart Group Limited At 30 June 2012 there was a maximum contingent liability under this guarantee amounting to £180,871 (2011 – £95,632)

Notes to the financial statements

at 30 June 2012

15. Related party transactions

The company is a wholly owned subsidiary of Graysons Hospitality Associates Limited, the group accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transaction with members or investees of Graysons Hospitality Associates Limited group

16. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is The Simply Smart Group Limited

The company's ultimate parent undertaking is Graysons Hospitality Associates Limited

The parent undertaking of the largest and smallest group for which group financial statements are prepared is Graysons Hospitality Associates Limited Copies of Graysons Hospitality Associates Group's financial statements are available from Companies House

The director's consider Sir Francis Mackay to be the controlling party