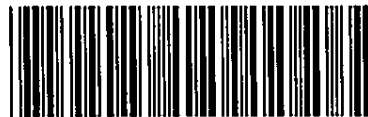


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**THE SIMPLY SMART GROUP
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2010

Company No 4627313

THE SIMPLY SMART GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 30 April 2010

Company registration number	4627313
Registered office	4th Floor CI Tower St Georges Square High Street New Malden London KT3 4HG
Directors	Mr A A Roestenburg Sir F H Mackay
Secretary	Mrs S J Ives
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 2010

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THE SIMPLY SMART GROUP LIMITED

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the year ended 30 April 2010

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 and future developments

The results of the Group are shown on page 8. 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 2011. Whilst the Directors believe these projections to be reasonable, 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.

Financial risk management objectives and policies

The Group's principal financial instruments comprise loan notes, 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 seeks 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

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.

Mr A A Roestenburg

Mr B Watson (resigned 17 September 2010)

Sir F H Mackay (appointed 11 November 2010)

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 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 United Kingdom 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

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD



Mrs S J Ives

Company Secretary

Date 21 January 2011

Company No 4627313

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 2010 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, 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 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 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.org.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 2010 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

Grant Thornton UK LLP

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

Date *21 January 2011*

THE SIMPLY SMART GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies of the Group are set out below.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the Directors have prepared cashflow forecasts for 12 months from the date of signing these financial statements, which make certain assumptions regarding trading. 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 directors will continue to support the business in the unlikely event of a cash shortfall during the twelve months following the signing of the financial statements.

On 11 November 2010 the entire ordinary, 'A' ordinary and deferred ordinary share capital, together with the deferred share capital was sold to Graysons Hospitality Associates Limited (formerly Food RN Limited). As part of this transaction Dunedin (Sage GP) Nominees Limited waived £4,169,992 A Loan notes and B Loan notes, together with the associated accrued interest of £478,132. The £200,000 preference shares were also waived, together with the associated accrued dividends of £100,334. This waiver has strengthened the Group balance sheet at 30 April 2010, as shown in note 25.

PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in respect of the defined contribution pension scheme deficit as disclosed in note 22. The contributions to the scheme had previously been treated as contributions to the multi employer East Sussex Pension Fund, from which the assets and liabilities relating to the Group's employees could not be separately identified. During the year ended 30 April 2010, it has been discovered that the assets and liabilities of the East Sussex Pension Fund relating to the Group can be identified. The financial statements have been adjusted to treat the scheme as a defined benefits scheme, therefore representing a change of accounting policy. The effect of recognising the defined contribution pension deficit on the Group for the year ended 30 April 2009 is set out in the table below.

	2009	
	As originally stated	As restated
	£	£
Brought forward profit and loss account reserves at 1 May 2008	(5,300,900)	(5,303,900)
Profit and loss account extracts:		
Administrative expenses (effect of current service cost and employers contributions)	2,519,605	2,518,605
Net interest	999,692	999,692
Loss for the year	(1,778,331)	(1,777,331)
Profit and loss account reserves at 30 April 2009	(7,079,231)	(7,261,231)
Balance sheet extracts:		
Pension liability	-	(182,000)
Statement of total recognised gains and losses extracts:		
Actuarial loss recognised on the pension scheme		(180,000)

THE SIMPLY SMART GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 April 2010. The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 to omit its own profit and loss account from the statutory Group accounts.

Accounting policies are applied consistently across the Group.

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.

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful economic life.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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

Tangible fixed assets are stated at cost less depreciation and any required impairment.

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 or over the life of the contract for which the assets are purchased
Motor vehicles	4 years

INTANGIBLE FIXED ASSETS

Licences are included at cost and amortised on a straight line basis over the life of the contract for which the licences are purchased.

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

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

THE SIMPLY SMART GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

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. Deferred tax assets and liabilities are not discounted.

PENSIONS

Defined Contribution Pension Scheme

The Group operates a defined contribution pension scheme for certain employees. The assets of the pension scheme are held separately from those of the Group in independently administered funds. The annual contributions payable are charged to the profit and loss account.

Defined benefit pension scheme

The Group also has a defined benefit pension scheme for certain employees of a subsidiary undertaking. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that is recoverable by the Group through reduced contributions or a repayment.

The current service cost and costs from settlements and curtailments are charged against operating profit. Post service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in interest costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

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 2010

	Note	2010 £	As restated 2009 £
Turnover	1	8,792,342	13,310,668
Cost of sales		<u>(6,895,157)</u>	<u>(10,961,931)</u>
Gross profit		1,897,185	2,348,737
Other administrative expenses		<u>(2,058,114)</u>	<u>(2,518,605)</u>
Exceptional operating items		<u>(380,970)</u>	<u>(285,860)</u>
Amortisation of intangibles		<u>(321,910)</u>	<u>(321,911)</u>
Administrative expenses		<u>(2,760,994)</u>	<u>(3,126,376)</u>
Operating loss pre amortisation of intangibles and exceptional operating items		<u>(160,929)</u>	<u>(169,868)</u>
Exceptional operating items		<u>(380,970)</u>	<u>(285,860)</u>
Amortisation of intangibles		<u>(321,910)</u>	<u>(321,911)</u>
Operating loss		(863,809)	(777,639)
Net interest	2	<u>(459,481)</u>	<u>(999,692)</u>
Loss on ordinary activities before taxation	1	(1,323,290)	(1,777,331)
Taxation	4	-	-
Loss on ordinary activities after taxation	14	<u>(1,323,290)</u>	<u>(1,777,331)</u>

All of the activities of the Group are classed as continuing

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

THE SIMPLY SMART GROUP LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 April 2010

	Note	2010 £	As restated 2009 £
Loss for the financial year attributable to members of the parent Company		(1,323,290)	(1,777,331)
Actuarial loss recognised on the pension scheme	22	(68,000)	(180,000)
Prior year adjustment		(182,000)	-
Total recognised losses relating to the year		(1,573,290)	(1,957,331)

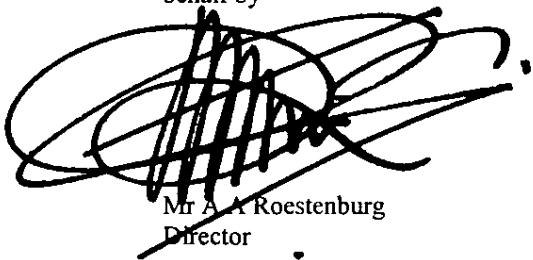
The accompanying principal accounting policies and notes form an integral part of these financial statements

THE SIMPLY SMART GROUP LIMITED

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2010

	Note	2010 £	As restated 2009 £
Fixed assets			
Intangible assets	6	1,486,771	1,808,681
Tangible assets	7	717,044	715,261
		<u>2,203,815</u>	<u>2,523,942</u>
Current assets			
Stocks	9	135,357	123,934
Debtors	10	1,053,671	1,019,584
Cash at bank and in hand		70,361	196,820
		<u>1,259,389</u>	<u>1,340,338</u>
Creditors:			
Amounts falling due within one year	11	<u>(7,848,684)</u>	<u>(9,481,474)</u>
Net current liabilities		<u>(6,589,295)</u>	<u>(8,141,136)</u>
Total assets less current liabilities		<u>(4,385,480)</u>	<u>(5,617,194)</u>
Creditors:			
Amounts falling due after more than one year	12	<u>(200,000)</u>	<u>(1,125,704)</u>
Net liabilities excluding pension liability		<u>(4,585,480)</u>	<u>(6,742,898)</u>
Pension liability	22	<u>(255,000)</u>	<u>(182,000)</u>
Net liabilities		<u>(4,840,480)</u>	<u>(6,924,898)</u>
Capital and reserves			
Called up share capital	13	3,479,071	3,363
Share premium	14	332,970	332,970
Profit and loss account	14	<u>(8,652,521)</u>	<u>(7,261,231)</u>
Deficiency in shareholders' funds	15	<u>(4,840,480)</u>	<u>(6,924,898)</u>

The financial statements were approved by the Board of Directors on 21 January 2011 are signed on its behalf by


Mr A A Roestenburg
Director

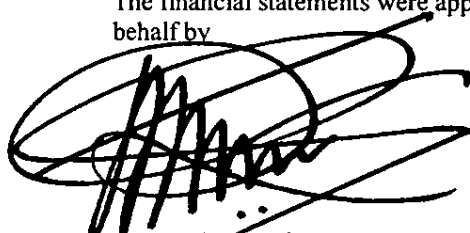
The accompanying principal accounting policies and notes form an integral part of these financial statements

THE SIMPLY SMART GROUP LIMITED

BALANCE SHEET AT 30 APRIL 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	7	2,868	4,824
Investments	8	<u>1,680,838</u>	<u>3,744,291</u>
		<u>1,683,706</u>	<u>3,749,115</u>
Current assets			
Debtors	10	651,555	2,726,690
Creditors:			
Amounts falling due within one year	11	<u>(6,038,307)</u>	<u>(8,421,070)</u>
Net current liabilities		<u>(5,386,752)</u>	<u>(5,694,380)</u>
Total assets less current liabilities		<u>(3,703,046)</u>	<u>(1,945,265)</u>
Creditors:			
Amounts falling due after more than one year	12	<u>(200,000)</u>	<u>(1,112,688)</u>
Net liabilities		<u>(3,903,046)</u>	<u>(3,057,953)</u>
Capital and reserves			
Called up share capital	13	3,479,071	3,363
Share premium account	14	332,970	332,970
Profit and loss account	14	<u>(7,715,087)</u>	<u>(3,394,286)</u>
Deficiency in shareholders' funds	15	<u>(3,903,046)</u>	<u>(3,057,953)</u>

The financial statements were approved by the Board of Directors on 21 January 2011 and are signed on its behalf by



Mr 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 2010

	Note	2010 £	As restated 2009 £
Net cash outflow from operating activities	19	(194,221)	(434,503)
Returns on investments and servicing of finance			
Interest received		-	15,033
Interest paid		(120,000)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance		(120,000)	15,033
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(182,238)	(177,685)
Net cash outflow from capital expenditure and financial investment		(182,238)	(177,685)
Net cash outflow before financing		(496,459)	(597,155)
Financing			
Receipt from issue of loan notes		370,000	-
Capital element of hire purchase contracts		-	(100)
Net cash inflow/(outflow) from financing		370,000	(100)
Decrease in cash	20	(126,459)	(597,255)

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

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

	2010 £	2009 £
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	321,910	321,911
Tangible fixed assets, owned	180,455	264,668
Loss on disposal of tangible fixed assets	-	42,027
Operating lease costs		
Land and buildings	123,346	137,533
Plant and equipment	32,376	33,381
Vehicles	31,998	152,495
Redundancy and reorganisation costs	380,970	285,860

2 NET INTEREST

	2010 £	As restated 2009 £
On other borrowings	(443,481)	(1,014,725)
Other interest receivable	-	15,033
Other finance charges		
Expected return on pension scheme assets	59,000	(77,000)
Interest on pension scheme liabilities	(75,000)	77,000
	<u>(459,481)</u>	<u>(999,692)</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

3 DIRECTORS AND EMPLOYEES

	2010 Number	2009 Number
The average number of persons (including Directors) employed by the Group during the year was	<u>202</u>	<u>273</u>

	2010 £	2009 £
Staff costs during the year were as follows		
Wages and salaries	3,861,048	4,726,971
Social security costs	346,113	440,905
Other pension costs	<u>71,819</u>	<u>79,585</u>
	<u>4,278,980</u>	<u>5,247,461</u>

Remuneration in respect of Directors was as follows

	2010 £	2009 £
Emoluments	304,824	306,305
Pension contributions to money purchase pension schemes	<u>24,703</u>	<u>26,780</u>
	<u>329,527</u>	<u>333,085</u>

During the year 2 Directors (2009 2 Directors) participated in money purchase pension schemes

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

	2010 £	2009 £
Emoluments	196,040	198,105
Pension contributions to money purchase pension schemes	<u>16,640</u>	<u>16,480</u>
	<u>212,680</u>	<u>214,585</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

4 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the year

Unrelieved tax losses of approximately £5.7 million (2009 £5.0 million) remain available to offset against future taxable trading profits. The deferred tax asset not provided, in connection with these losses amounts to approximately £1,596,000 (2009 £1,401,000).

The deferred tax asset not provided, in connection with the defined benefit pension scheme amounts to £71,400 (2009 £50,960) and is unprovided due to the other tax losses brought forward.

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

	2010 £	As restated 2009 £
Loss on ordinary activities before tax	<u>(1,323,290)</u>	<u>(1,777,331)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(370,521)	(497,653)
Effect of:		
Expenses not deductible for tax purposes (primarily amortisation of goodwill on consolidation)	47,146	42,422
Depreciation in excess of capital allowances	(67,237)	90,536
Other deductions	1,162	-
Deferred tax asset not recognised	<u>389,450</u>	<u>364,695</u>
Total current tax	<u>-</u>	<u>-</u>

5 PROFIT FOR THE FINANCIAL YEAR

The parent Company has taken advantage of the exemption under section 408 of 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 £4,320,801 (2009 £685,418).

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

6 INTANGIBLE FIXED ASSETS

Group	Goodwill on consolidation £	Purchased goodwill £	Licences £	Total £
At 1 May 2009 and 30 April 2009	1,662,436	1,798,335	312,000	3,772,771
Amortisation				
At 1 May 2009	730,629	1,108,961	124,500	1,964,090
Charge for the year	110,829	179,831	31,250	321,910
At 30 April 2010	841,458	1,288,792	155,750	2,286,000
Net book amount at 30 April 2010	820,978	509,543	156,250	1,486,771
Net book amount at 30 April 2009	931,807	689,374	187,500	1,808,681

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 2010

7 TANGIBLE FIXED ASSETS

Group	Leasehold property £	Computer and office equipment £	Plant, equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 May 2009	72,335	207,035	1,615,227	28,693	1,923,290
Additions	2,667	4,156	169,715	5,700	182,238
At 30 April 2010	<u>75,002</u>	<u>211,191</u>	<u>1,784,942</u>	<u>34,393</u>	<u>2,105,528</u>
Depreciation					
At 1 May 2009	70,769	139,998	972,284	24,978	1,208,029
Provided in the year	1,599	31,982	141,736	5,138	180,455
At 30 April 2010	<u>72,368</u>	<u>171,980</u>	<u>1,114,020</u>	<u>30,116</u>	<u>1,388,484</u>
Net book amount at 30 April 2010	<u>2,634</u>	<u>39,211</u>	<u>670,922</u>	<u>4,277</u>	<u>717,044</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>

Company	Leasehold property £	Fixtures and fittings £	Total £
Cost			
At 1 May 2009 and 30 April 2010	<u>4,283</u>	<u>6,735</u>	<u>11,018</u>
Depreciation			
At 1 May 2009	2,717	3,477	6,194
Provided in the year	858	1,098	1,956
At 30 April 2010	<u>3,575</u>	<u>4,575</u>	<u>8,150</u>
Net book amount at 30 April 2010	<u>708</u>	<u>2,160</u>	<u>2,868</u>
Net book amount at 30 April 2009	<u>1,566</u>	<u>3,258</u>	<u>4,824</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

8 FIXED ASSET INVESTMENTS

Company	Shares in Group undertakings £	Loans to Group undertakings £	Total £
Cost			
At 1 May 2009 and 30 April 2010	<u>1,680,838</u>	<u>2,063,453</u>	<u>3,744,291</u>
Impairment			
Charge for the year	-	2,063,453	2,063,453
At 30 April 2010	<u>-</u>	<u>2,063,453</u>	<u>2,063,453</u>
Net book value			
At 30 April 2010	<u>1,680,838</u>	<u>-</u>	<u>1,680,838</u>
At 30 April 2009	<u>1,680,838</u>	<u>2,063,453</u>	<u>3,744,291</u>

At 30 April 2010 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 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	2010 £	2009 £
Goods for resale	<u>135,357</u>	<u>123,934</u>

10 DEBTORS

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade debtors	599,216	-	632,890	-
Amounts owed by Group undertakings	-	608,302	-	2,678,734
Other debtors	119,244	-	76,455	2,650
Prepayments and accrued income	<u>335,211</u>	<u>43,253</u>	<u>310,239</u>	<u>45,306</u>
	<u>1,053,671</u>	<u>651,555</u>	<u>1,019,584</u>	<u>2,726,690</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Bank overdraft	-	37,334	-	691,018
Payments received on account	470,426	-	378,846	-
Trade creditors	680,562	14,767	738,431	12,606
Social security and other taxes	439,454	32,717	309,571	14,804
Other creditors	50,682	-	31,809	-
Loan notes	5,169,991	5,169,991	4,173,784	4,173,784
Accruals and deferred income	1,037,569	783,498	3,849,033	3,528,858
	<u>7,848,684</u>	<u>6,038,307</u>	<u>9,481,474</u>	<u>8,421,070</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Preference shares	200,000	200,000	200,000	200,000
Loan notes	-	-	866,750	866,750
Accruals	-	-	58,954	45,938
	<u>200,000</u>	<u>200,000</u>	<u>1,125,704</u>	<u>1,112,688</u>

Borrowings are repayable as follows

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Within one year				
Bank overdraft	-	37,334	-	691,018
Loan notes	5,169,991	5,169,991	4,173,784	4,173,784
After one and within two years				
Loan notes	-	-	866,750	866,750
After more than five years				
Preference shares	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	<u>5,369,991</u>	<u>5,407,325</u>	<u>5,240,534</u>	<u>5,931,552</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

12 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 2010 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 £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, as shown in note 13. The interest payable from 1 March 2009 on the principal amount of the A loan notes 2004 and the B loan notes 2010 is at a rate of 10% per annum.

On 16 November 2010 additional £370,000 Fixed Rate Guaranteed Loan Notes 2010 were issued. These loan notes are secured and carry a fixed interest rate of 10%.

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

13 SHARE CAPITAL

	2010 £	2009 £
Authorised		
214,300 ordinary shares of 1p	2,143	2,143
233,100 'A' ordinary shares of 1p	2,331	2,331
3,500,000 deferred ordinary shares of £1	3,500,000	-
	<u>3,504,474</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
3,475,708 deferred ordinary shares of £1	3,475,708	-
	<u>3,479,071</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 2010 or 30 April 2009 due to the losses incurred by the Company in those years.

The deferred ordinary shares carry no voting or dividend rights.

The authorised share capital of the Company was increased in the year by the creation of 3,500,000 deferred ordinary shares of £1 each. 3,475,708 of the deferred ordinary shares of £1 each were issued on 26 June 2009 in settlement of some of the A loan notes and accrued interest on the loan notes, as detailed in note 12.

14 RESERVES

Group	Share premium £	As restated Profit and loss account £
At 1 May 2009 as originally stated	-	(7,079,231)
Prior year adjustment	-	(182,000)
At 1 May 2009 restated	<u>332,970</u>	<u>(7,261,231)</u>
Retained loss for year	-	(1,323,290)
Actuarial loss on pension scheme	-	(68,000)
At 30 April 2010	<u>332,970</u>	<u>(8,652,521)</u>
Company	Share premium £	Profit and loss account £
At 1 May 2009	332,970	(3,394,286)
Retained loss for year	-	(4,320,801)
At 30 April 2010	<u>332,970</u>	<u>(7,715,087)</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

Group	2010 £	As restated 2009 £
Loss for the year	(1,323,290)	(1,777,331)
Share issue	3,475,708	-
Actuarial loss on pension scheme	(68,000)	(180,000)
Net reduction/(increase) in shareholder's deficit	2,084,418	(1,957,331)
Deficiency in shareholders' fund brought forward	(6,924,898)	(4,967,567)
Deficiency in shareholders' fund carried forward	(4,840,480)	(6,924,898)
Company	2010 £	2009 £
Loss for the year	(4,320,801)	(685,418)
Share issue	3,475,708	-
Net increase in shareholder's deficit	(845,093)	(685,418)
Deficiency in shareholders' fund brought forward	(3,057,953)	(2,372,535)
Deficiency in shareholders' fund carried forward	(3,903,046)	(3,057,953)

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 2010 there was a maximum contingent liability under this guarantee amounting to £682,294 (2009 £nil)

17 CAPITAL COMMITMENTS

There were no capital commitments at 30 April 2010 or 30 April 2009

18 LEASING COMMITMENTS

At 30 April 2010 there were annual commitments under non-cancellable operating leases as set out below

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Land and buildings				
Within one year	-	-	-	-
Between two and five years	65,850	-	122,210	-
	<u>65,850</u>	<u>-</u>	<u>122,210</u>	<u>-</u>
Other items				
Within one year	15,427	-	-	-
Between two and five years	9,148	-	32,492	-
	<u>24,575</u>	<u>-</u>	<u>32,492</u>	<u>-</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

19 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010	As restated 2009
	£	£
Operating loss	(863,809)	(777,639)
Depreciation	180,455	264,668
Pensions	(11,000)	-
Amortisation of goodwill and other intangibles	321,910	321,911
Loss on sale of tangible fixed assets	-	42,027
(Increase)/decrease in stocks	(11,423)	107,635
(Increase)/decrease in debtors	(34,087)	100,908
Increase/(decrease) in creditors	223,733	(494,013)
Net cash outflow from operating activities	<u>(194,221)</u>	<u>(434,503)</u>

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010	2009
	£	£
Decrease in cash for the year	(126,459)	(597,255)
Cashflow from issue of loan notes	(370,000)	-
Cashflow from capital element of hire purchase contracts	-	100
Change in net funds resulting from cashflows	<u>(496,459)</u>	<u>(597,155)</u>
Loan notes converted into deferred ordinary share capital	240,543	-
Change in net funds resulting from non cash movements	<u>240,543</u>	<u>-</u>
Net debt brought forward	<u>(5,043,714)</u>	<u>(4,446,559)</u>
Net debt carried forward	<u>(5,299,630)</u>	<u>(5,043,714)</u>

21 ANALYSIS OF CHANGES IN NET DEBT

	1 May 2009	Cash flow	Non cash movement	30 April 2010
	£	£		£
Cash at bank and in hand	196,820	(126,459)	-	70,361
Loan notes	(5,040,534)	(370,000)	240,543	(5,169,991)
Preference shares	(200,000)	-	-	(200,000)
	<u>(5,043,714)</u>	<u>(496,459)</u>	<u>240,543</u>	<u>(5,299,630)</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

22 PENSIONS

Defined contribution scheme

The Group operates a defined contribution pension scheme for the benefit of certain Directors and Group employees. The assets of the scheme are administered by a trustee in a fund independent from those of the Group. The amount paid to the scheme during the year was £71,819 (2009 £79,585). The outstanding contribution at the balance sheet date is £Nil (2009 £Nil).

Defined benefit scheme

Certain employees of the Group are members of the East Sussex Pension Fund, a defined benefit scheme. The assets of the scheme are administered by a trustee in a fund independent from those of the company.

A full actuarial valuation was carried out for the defined benefit scheme at 31 March 2007 and updated to 31 March 2010 by East Sussex County Council using the projected unit method. The Directors consider there has been no material change in the position from 31 March 2010 to 30 April 2010.

The Group expects to make pension contributions to the defined benefit scheme of £11,000 during the year ending 30 April 2011.

The major assumptions used by the actuary are as follows:

	2010	As restated 2009
	%	%
Rate of increase in salaries	4.3	4.6
Future pension increases	3.0	3.0
Discount rate	5.5	6.9
Inflation assumption	3.0	3.0

The mortality assumptions used were as follows:

	2010 Years
Life expectancy at age 65 for current pensioners	
- Men	20.8
- Women	24.1
Life expectancy at 65 age for future pensioners	
- Men	22.3
- Women	25.7

The major categories of plan asset, as a percentage of the total plan assets are as follows:

	2010	As restated 2009
	%	%
Equities	74	76
Bonds	5	10
Property	7	8
Cash	14	6
	<u>100</u>	<u>100</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

22 PENSIONS (CONTINUED)

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were

	Value 2010 £	As restated Group 2009 £
Total market value of assets	1,240,000	918,000
Present value of scheme liabilities	(1,495,000)	(1,100,000)
Deficit in the scheme	<u>(255,000)</u>	<u>(182,000)</u>

Analysis of the amount charged to operating profit

	Group 2010 £	As restated Group 2009 £
Current service cost	13,000	19,000
Past service cost	-	6,000
Total operating charge	<u>13,000</u>	<u>25,000</u>

	Group 2010 £	Group 2009 £
Expected return on pension scheme assets	59,000	(77,000)
Interest on pension scheme liabilities	(75,000)	77,000
Total other finance cost	<u>(16,000)</u>	<u>-</u>

Analysis of amount recognised in the Group statement of total recognised gains and losses (STRGL)

	Group 2010 £	As restated Group 2009 £
Actuarial return less expected return on pension scheme assets	271,000	(276,000)
Changes in assumptions underlying the present value of the scheme liabilities	(339,000)	96,000
Actuarial loss recognised in STRGL	<u>(68,000)</u>	<u>(180,000)</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

22 PENSIONS (CONTINUED)

Movement in (deficit)/surplus during the year

	Group 2010 £'000	As restated Group 2009 £'000
(Deficit)/surplus in scheme at 1 May	(182,000)	3,000
Movement in the year		
Current service cost	(13,000)	(19,000)
Past service costs	-	(6,000)
Contributions	24,000	20,000
Other finance income	(16,000)	-
Actuarial loss	(68,000)	(180,000)
Deficit in scheme at 30 April	<u>(255,000)</u>	<u>(182,000)</u>

History of gains and losses

	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets					
Amount - £	271,000	(276,000)	11,000	1,000	136,000
Percentage of the scheme assets	22%	-30%	1%	<1%	14%
Experience gains and (losses) on scheme liabilities					
Amount - £	-	-	(134,000)	-	-
Percentage of the present value of the scheme liabilities	-	-	12%	-	-
Total amount recognised in statement of total recognised gains and losses					
Amount £	(68,000)	(180,000)	62,000	57,000	14,000
Percentage of the present value of the scheme liabilities	-5%	-16%	6%	5%	1%

Changes in the present value of the defined benefit obligation are as follows

	Group 2010 £	As restated Group 2009 £
At 1 May	1,100,000	1,123,000
Current service cost	13,000	19,000
Member contributions	5,000	7,000
Interest cost	75,000	77,000
Actuarial losses/(gains)	339,000	(96,000)
Benefits paid	(37,000)	(36,000)
Past service costs	-	6,000
At 30 April	<u>1,495,000</u>	<u>1,100,000</u>

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

22 PENSIONS (CONTINUED)

Changes in the fair value of plan assets are as follows

	Group 2010 £	As restated Group 2009 £
At 1 May	918,000	1,126,000
Expected return on assets	59,000	77,000
Actuarial gains/(losses)	271,000	(276,000)
Employer contributions	24,000	20,000
Member contributions	5,000	7,000
Benefits paid	(37,000)	(36,000)
At 30 April	<u>1,240,000</u>	<u>918,000</u>

23 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 (2009 £250,000 and £380,000) for management services provided and charged interest on amounts due on inter-company loans of £43,950 and £343,088 respectively (2009 £42,710 and £274,225)

24 CONTROLLING RELATED PARTY

The Directors consider that the controlling related party of the Company is Dunedin Capital Partners Limited as at 30 April 2010. From 11 November 2010 the controlling related party was Graysons Hospitality Associates Limited (formerly Food RN Limited), which itself is controlled by Sir Francis Mackay.

THE SIMPLY SMART GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

25 POST BALANCE SHEET EVENTS

On 11 November 2010 the entire ordinary, 'A' ordinary and deferred ordinary share capital, together with the deferred share capital were sold to Food RN Limited. As part of this transaction Dunedin (Sage GP) Nominees Limited waived £4,169,992 A Loan notes and B Loan notes, together with the associated accrued interest of £478,132. The £200,000 preference shares were also waived, together with associated accrued dividends of £100,334. The impact of this waiver on the balance sheet of the Group at 30 April 2010 would have been as shown below.

	Audited balance sheet at 30 April 2010 £	Impact of restructuring £	Post restructuring balance sheet at 30 April 2010 £
Fixed assets			
Intangible assets	1,486,771	-	1,486,771
Tangible assets	717,044	-	717,044
	<u>2,203,815</u>	<u>-</u>	<u>2,203,815</u>
Current assets			
Stocks	135,357	-	135,357
Debtors	1,053,671	-	1,053,671
Cash at bank and in hand	70,361	-	70,361
	<u>1,259,389</u>	<u>-</u>	<u>1,259,389</u>
Creditors:			
Amounts falling due within one year	(7,848,684)	4,748,458	(3,100,226)
	<u>(6,589,296)</u>	<u>4,748,458</u>	<u>(1,840,838)</u>
Net current (liabilities)/assets	<u>(4,385,480)</u>	<u>4,748,458</u>	<u>362,978</u>
Total assets less current (liabilities)/assets			
	<u>(4,385,480)</u>	<u>4,748,458</u>	<u>362,978</u>
Creditors:			
Amounts falling due after more than one year	(200,000)	200,000	-
Net (liabilities)/assets excluding pension liability	<u>(4,585,480)</u>	<u>4,948,458</u>	<u>362,978</u>
Pension liability	<u>(255,000)</u>	<u>-</u>	<u>(255,000)</u>
Net (liabilities)/assets	<u>(4,840,480)</u>	<u>4,948,458</u>	<u>107,978</u>
Capital and reserves			
Called up share capital	3,479,071		3,479,071
Share premium	332,970		332,970
Profit and loss account	(8,652,521)	4,948,458	(3,704,063)
Shareholders' (deficit)/funds	<u>(4,840,480)</u>	<u>4,948,458</u>	<u>107,978</u>