

**Graysons Hospitality Limited**  
(formerly Graysons Hospitality Associates Limited)  
(Company Number 07403174)

**Report and Financial Statements**  
30 June 2013

THURSDAY



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COMPANIES HOUSE

**Directors**

Sir F H Mackay  
A A Roestenburg  
B H C Watson

**Secretary**

B H C Watson

**Auditors**

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

**Bankers**

The Royal Bank of Scotland  
27 Park Row  
Leeds LS1 5QB

**Solicitors**

OverTaylor Biggs  
Senate Court  
Southernhay Gardens  
Exeter EX1 1NT

**Registered Office**

Lyttleton House  
64 Broomfield Road  
Chelmsford, Essex  
CM1 1SW

## Directors' report

The directors present their report and financial statements for the year ended 30 June 2013

### Results and dividends

The profit for the year after taxation amounted to £864 000 (year ended 30 June 2012 £417 000) The directors do not recommend a final dividend (year ended 30 June 2012 – £nil)

The results of the Group are shown on page 7

### Principal activities and review of the business

The Group is principally engaged in the supply of catering services The principal activity of the Company is that of a parent undertaking

Whilst Turnover for the year has fallen overall underlying Turnover for the year from continuing operations has increased and the continuing operations also show an Operating Profit for the year

The company incurred significant expenses in the year relating to the reorganisation of the group and the relocation of the head office subsequent to the sale of its education sector business These costs are identified as exceptional items in the Group Profit and Loss Account and amount to a total of £1,440,000 This accounts for nearly all of the Operating Loss of the group in the year A reconciliation of adjusted EBITDA is shown at the bottom of the Group Profit and Loss Account and excluding these exceptional costs this shows an underlying adjusted EBITDA of £517,000

The company has also disposed of one of its trading subsidiaries during the year containing the Graysons Education business See note 10 to the financial statements for more detail This transaction generated a profit on sale in the year of £2 428 000 and this is reflected in these financial statements

The Group Balance Sheet shown an increase in Net Assets company of the group of £504,000 and a cash balance at 30<sup>th</sup> June 2013 of £3,044 000

The Directors consider the key performance indicators of the Group to be turnover and profit by contract and taking into account the above factors and the impacts of the reorganisation and restructuring of the Group, the directors are satisfied with the performance of the group overall

### Future developments

The directors consider that future periods will show further growth in sales and gross margin

### Going concern

The financial statements show the company as both profitable and with positive net current assets and net assets The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due The directors believe the going concern assumption to be appropriate for the reasons set out below

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements, which make certain assumptions regarding trading The key assumption is that the group will continue to trade at a similar level to that of its current position with a small improvement in margin

The group directors have also prepared sensitised forecasts including a number of different scenarios and these demonstrate the ability of the group to operate within existing facilities These facilities are due for renewal in July 2014 and current discussions with the bank have strongly indicated their continuing support for the business, renewal date aside

In the unlikely event that the facilities were not renewed however, the sensitised forecasts demonstrate that the group would still have sufficient flexibility and working capital available to meet its obligations as they fell due In addition, the principal shareholder and director remains supportive of the business and in the unlikely event that there were a short term cash requirement, would be prepared to support the group as evidenced by recent injections of funding for working capital in February 2013 and February 2014

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements

## Directors' report (continued)

### Financial risk management objectives and policies

The Group's principal financial instruments comprise bank overdrafts and cash. 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 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**

Where the Group has cash deposits the rate of interest received on these deposits is regularly reviewed to ensure the most favourable rate of return is achieved.

#### **Credit risk**

The Group trades with only recognised, creditworthy third parties. It is the Group policy that all significant customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

### Directors

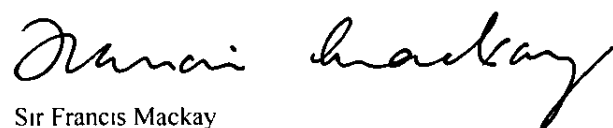
The directors who served the company during the year and appointed subsequently were as follows:

F H Mackay  
B H C Watson (appointed 1<sup>st</sup> July 2013)  
A A Roestenburg  
C R E Edwards (resigned 1<sup>st</sup> July 2013)  
N E H Thomas (resigned 1<sup>st</sup> July 2013)  
F Ternofsky (resigned 1<sup>st</sup> July 2013)  
C Grundy (resigned 1<sup>st</sup> July 2013)  
R Morley (resigned 1<sup>st</sup> July 2013)

### 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 group'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.

On behalf of the Board



Sir Francis Mackay  
Chairman

30<sup>th</sup> April 2014

## 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 group and the company and of the profit or loss of the group for that period. In preparing these 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, 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 Graysons Hospitality Limited**

We have audited the financial statements of Graysons Hospitality Associates Limited for the year ended 30 June 2013 which comprise Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 23. 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 group's and the parent 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 financial statements**

In our opinion the financial statements

- ▶ give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's profit 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.

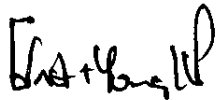
# **Independent auditors' report**

**to the members of Graysons Hospitality 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the parent company 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.



Alistair Denton (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Leeds

Date 21/8/14

## Group profit and loss account

for the year ended 30 June 2013

		Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
	Notes	£000	£000
<b>Turnover</b>	2	27,846	28,544
Continuing operations			
Ongoing		19,903	19,151
Discontinued		7,943	9,393
Cost of sales		(11,678)	(10,967)
<b>Gross profit</b>		16,168	17,577
Administrative expenses		(17,687)	(17,805)
<b>Operating (loss)</b>	3	(1,519)	(228)
Continuing operations			
Ongoing		482	(1,002)
Discontinued		(2,001)	774
Attributable to			
Operating profit before exceptional operating items and amortisation of intangibles		202	169
Amortisation		(281)	(281)
Exceptional Items		(1,440)	(116)
		(1,519)	(228)
Profit on sale of subsidiary undertaking	10	2,428	-
Net interest	6	(54)	(120)
<b>Profit/(loss) on ordinary activities before taxation</b>		855	(348)
Tax	7	9	765
<b>Profit for the financial year</b>	16	<b>864</b>	<b>417</b>
<b>Reconciliation of Adjusted EBITDA</b>			
		Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Operating (loss)		(1,519)	(228)
Depreciation		315	260
Amortisation		281	281
Exceptional items		1,440	116
<b>Adjusted EBITDA</b>		<b>517</b>	<b>429</b>



## **Group statement of total recognised gains and losses**

**for the year ended 30 June 2013**

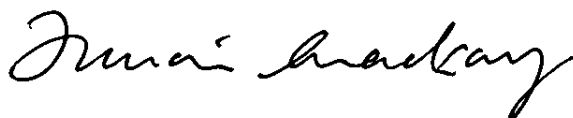
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £864,000 in the year ended 30 June 2013 (2012 – £417,000)

## Group balance sheet

at 30 June 2013

	Notes	2013 £000	2012 £000
<b>Fixed assets</b>			
Intangible assets	8	4,514	4,795
Tangible assets	9	560	679
		<u>5,074</u>	<u>5,474</u>
<b>Current assets</b>			
Stocks	11	274	405
Debtors	12	2,915	4,500
Deferred tax asset	7	467	765
Cash at bank and in hand		<u>3,044</u>	<u>498</u>
		6,700	6,168
<b>Creditors</b> amounts falling due within one year	13	<u>(5,989)</u>	<u>(7,213)</u>
<b>Net current assets/(liabilities)</b>		<u>711</u>	<u>(1,045)</u>
 Provisions	14	<u>(852)</u>	<u>—</u>
 <b>Net assets</b>		<u>4,933</u>	<u>4,429</u>
 <b>Capital and reserves</b>			
Called up share capital	15	3,310	3,260
Share premium	16	1,045	1,045
Capital reserve	16	—	37
Profit and loss account	16	578	87
<b>Shareholders' funds</b>	17	<u>4,933</u>	<u>4,429</u>

The financial statements were approved and authorised for issue by the Board on 30<sup>th</sup> April 2014 and signed on its behalf by



Sir Francis Mackay  
Chairman

## Company balance sheet

at 30 June 2013

	Notes	2013 £000	2012 £000
<b>Fixed assets</b>			
Investments	10	4,327	4,327
<b>Current assets</b>			
Debtors		100	74
Amounts owed by Group undertakings		106	—
	12	206	74
<b>Creditors: amounts falling due within one year</b>	13	(2,321)	(2,166)
<b>Net current assets/(liabilities)</b>		(2,115)	(1,045)
Provisions	14	(610)	—
<b>Total assets less current liabilities</b>		1,602	2,235
<b>Capital and reserves</b>			
Called up share capital	15	3,310	3,260
Share premium	16	1,045	1,045
Profit and loss account	16	(2,753)	(2,070)
<b>Shareholders' funds</b>	17	1,602	2,235

The financial statements were approved and authorised for issue by the Board on 30<sup>th</sup> April 2014 and signed on its behalf by



Sir Francis Mackay  
Chairman

## Group statement of cash flows

for the year ended 30 June 2013

		Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
	Note		
<b>Net cash inflow from operating activities</b>	18(a)	33	310
<b>Returns on investments and servicing of finance</b>			
Interest paid		(54)	(120)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(54)	(120)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(212)	(315)
<b>Acquisitions and disposals</b>			
Proceeds from sale of subsidiary undertaking	10	2,500	–
Costs relating to sale of subsidiary undertaking	10	(88)	–
Cash acquired		–	(306)
		2,412	(306)
<b>Financing</b>			
Directors' loans		367	818
		367	818
<b>Taxation</b>			
Corporation tax paid		–	–
<b>Increase in cash</b>	18(b)	2,546	387
<b>Opening cash and cash equivalents</b>		498	111
<b>Closing cash and cash equivalents</b>		<b>3,044</b>	<b>498</b>

## Notes to the financial statements

at 30 June 2013

### 1. Accounting policies

#### *Basis of preparation*

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

The Company has taken advantage of the exemption provided by section 408 of the Companies Act 2006 not to publish its individual Profit and Loss Account and related notes

The loss for the year attributable to members of the parent company was £683,000 (2012 Loss £2,070,000)

#### *Going concern*

The financial statements show the company as both profitable and with positive net current assets and net assets. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements, which make certain assumptions regarding trading. The key assumption is that the group will continue to trade at a similar level to that of its current position with a small improvement in margin.

The group directors have also prepared sensitised forecasts including a number of different scenarios and these demonstrate the ability of the group to operate within existing facilities. These facilities are due for renewal in July 2014 and current discussions with the bank have strongly indicated their continuing support for the business, renewal date aside.

In the unlikely event that the facilities were not renewed, however, the sensitised forecasts demonstrate that the group would still have sufficient flexibility and working capital available to meet its obligations as they fell due. In addition, the principal shareholder and director remains supportive of the business and, in the unlikely event that there were a short term cash requirement, would be prepared to support the group as evidenced by recent injections of funding for working capital in February 2013 and February 2014.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

#### *Group financial statements*

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 June 2013. 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 financial statements.

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 represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. It is capitalised and amortised over its useful economic life of 20 years.

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.

## Notes to the financial statements

at 30 June 2013

### ***Intangible fixed assets***

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

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

### ***Tangible fixed assets***

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 equal annual instalments over their expected useful economic lives. The rates generally applicable are

Leasehold property improvements	–	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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

### ***Investments***

Investment in subsidiaries is stated at cost. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

### ***Stocks***

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

### ***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

### ***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### ***Operating leases***

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

### ***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

## Notes to the financial statements

at 30 June 2013

### 1. Accounting policies (continued)

#### *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 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.

### 3. Operating loss

This is stated after charging

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
Auditors' remuneration		
– Audit of group and subsidiary undertakings	48	50
– Non-audit services of subsidiary undertakings	-	36
– Non-audit services taxation services	15	30
Depreciation of owned fixed assets	315	260
Amortisation of goodwill	250	250
Amortisation of intangibles	31	31
Exceptional Items – Redundancy and reorganisation costs	1,440	116
Operating lease rentals		
– Property	130	116
– Other	41	66

## Notes to the financial statements

at 30 June 2013

### 4. Director's remuneration

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
Remuneration	680	853
Company contributions paid to defined contribution pension schemes	13	13
	<u>693</u>	<u>183</u>

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

	<i>Year ended 30 June 2013 £</i>	<i>Year ended 30 June 2012 £</i>
Remuneration	170	220
Pension contributions to money purchase pension schemes	9	9
	<u>179</u>	<u>189</u>

### 5 Staff costs

The average monthly number of staff employed by the group during the financial year amounted to 919 (2012 972)

The aggregate payroll costs of the above were,

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
Wages and salaries	12,133	12 632
Social security costs	919	1 146
Other pension costs	25	23
	<u>13 077</u>	<u>13,806</u>

### 6. Net interest

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
Bank interest payable	(54)	(120)
	<u>(54)</u>	<u>(120)</u>



## Notes to the financial statements

at 30 June 2013

### 7. Tax

(a) Tax on profit on ordinary activities

The tax credit is made up as follows

	2013 £'000	2012 £'000
<b>Current tax</b>		
UK corporation tax on profit for the year	–	–
Adjustment in respect of previous periods	–	–
Total current tax (note 7(b))	–	–
<b>Deferred tax</b>		
Origination and reversal of timing differences	(11)	–
Adjustment in respect of previous periods	2	765
Tax on credit on ordinary activities (note 7(d))	(9)	765

(b) Factors affecting tax charge for the year

The tax assessed for the year/period differs from the standard rate of corporation tax in the UK of 23.75% (2012 – 25.50%). The differences are explained below

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Profit/(Loss) on ordinary activities before tax	855	(348)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.75% (2012 – 25.50%)	204	(89)
<b>Effects of</b>		
Expenses not deductible for tax purposes	759	64
Capital allowances in advance of depreciation	34	78
Utilisation of tax losses	30	(57)
Income not taxable	(1,056)	–
Other short term timing differences	–	4
Fixed asset differences	10	–
Other tax reliefs and transfers	19	–
Current tax for the year (note 7(a))	–	–

## Notes to the financial statements

at 30 June 2013

### 7. Tax (continued)

(a) Factors that may affect future tax charges

The Finance Act 2012 announced a reduction in the main rate of corporation tax from 24% 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 Finance Bill 2013. As of 30 June 2013 only the previously announced reduction to 23% had been substantively enacted so this is the rate at which deferred tax has been calculated

(b) Deferred tax

**Provision of deferred tax asset**

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
At 1 July 2012	(765)	-
Transferred with trade on sale of subsidiary	307	-
Profit and loss account	(9)	(765)
<b>At 30 June 2013</b>	<b>(467)</b>	<b>(765)</b>

The deferred tax consists of

	<i>Year ended 30 June 2013</i>	<i>Year ended 30 June 2012</i>
Tax losses	(419)	
Other timing differences	(46)	(765)
Accelerated capital allowances	(2)	
<b>Total deferred tax assets</b>	<b>(467)</b>	<b>(765)</b>

The group has a deferred tax asset of £467 000 at 30 June 2013 (£765 000 at 30 June 2012) mainly in respect of tax losses

The group has an unrecognised deferred tax asset of £965 000 at 30 June 2013 (£1 559,000 at 30 June 2012) mainly in respect of capital allowances and tax losses. This amount has not been recognised due to uncertainty of future taxable profits

If the reduction in tax rates to 21% had been substantively enacted at the balance sheet date, the recognised deferred tax asset would reduce by approximately £41,000 and the unrecognised deferred tax asset by approximately £84,000

## Notes to the financial statements

at 30 June 2013

### 8. Intangible fixed assets

<i>Group</i>	<i>Goodwill on consolidation £000</i>	<i>Licences £000</i>	<i>Total £000</i>
Cost			
At 1 July 2012	5,018	141	5,159
At 30 June 2013	5,018	141	5,159
Amortisation			
At 1 July 2012	312	52	364
Charged in the year	250	31	281
At 30 June 2013	562	83	645
Net book value			
At 30 June 2013	4,456	58	4,514
At 30 June 2012	4,706	89	4,795

### 9. Tangible fixed assets

<i>Group</i>	<i>Leasehold improvements £000</i>	<i>Computer and office equipment £000</i>	<i>Plant, equipment, fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
At 1 July 2012	164	215	1,943	10	2,332
Acquisition of subsidiary undertaking	-	-	-	-	-
Additions	-	27	185	-	212
Disposals	-	-	(15)	-	(15)
At 30 June 2013	164	242	2,113	10	2,529
Depreciation					
At 1 July 2012	38	203	1,404	9	1,654
Charge for the year	41	11	262	1	315
Disposals	-	-	-	-	-
At 30 June 2013	79	214	1,666	10	1,969
Net book value					
At 30 June 2013	85	28	447	-	560
At 30 June 2012	126	16	536	1	679

## Notes to the financial statements

at 30 June 2013

### 10. Investments

<i>Company</i>	<i>Shares in group undertakings £</i>	<i>Loans to group undertaking £</i>	<i>Total £</i>
At 1 July 2012	2,697	1,630	4,327
Additions	-	-	-
At 30 June 2013	<u>2,697</u>	<u>1,630</u>	<u>4,327</u>

The company holds 100% of the share capital of the following companies

<i>Company</i>	<i>Country of incorporation</i>	<i>Nature of activities</i>
Simply Smart Group Limited	England and Wales	Catering services
By Word of Mouth Limited*	England and Wales	Catering services
Convex Leisure Limited*	England and Wales	Catering services
Red Eventful Cuisine Limited*	England and Wales	Dormant
By Word of Mouth Fine Dining Limited*	England and Wales	Dormant
Simply Smart Dining Limited*	England and Wales	Dormant
Graysons Limited	England and Wales	Catering services
Graysons Restaurants Limited*	England and Wales	Catering services
Graysons Kitchen Limited*	England and Wales	Catering services

\*denotes shares held by subsidiary undertaking

In relation to the investment in Graysons Kitchen Limited due to the delay of a significant residential development planned by the Landlord on the site adjacent to the Danes Yard Kitchen restaurant a decision was made in January 2014 to close this restaurant with a view to revisiting the area once progress on the development was under way. As a result of this the directors consider the investment in Graysons Kitchen of £116,188 to be impaired and this has been fully written off in these financial statements.

On 1<sup>st</sup> July 2013 the company also acquired 100% of the share capital of The Starr Inn Limited for consideration of £1.

## Notes to the financial statements

at 30 June 2013

### 10. Investments (continued)

#### Sale of subsidiary

On 9<sup>th</sup> May 2013 the entire share capital of the subsidiary undertaking formerly known as Graysons Restaurants Limited (now Graysons Education Limited, company number 06313610) was sold to the Brookwood Partnership Limited. This followed transfers of trade to/from another group undertaking (see note 19) such that the trade and assets of the sold subsidiary comprised solely of the education sector business.

The book value of the assets and liabilities disposed of were as follows -

	<i>Book value</i> £000
Tangible fixed assets	1
Stock	134
Debtors	1,153
Deferred tax asset	307
Cash	109
Creditors due within one year	(1,220)
Net Assets	484
Profit on disposal	2,428
	<u>2,912</u>
Satisfied by -	
Sale proceeds (cash)	3 000
Less legal costs	(88)
	<u>2,912</u>

Pursuant to a sale and purchase agreement entered into by buyer and seller the initial consideration paid for this transaction was £2,500,000. Further sums for deferred consideration of £1 000,000 and a net asset value adjustment of £395,894 were also due under the agreement by 30<sup>th</sup> September 2013. To date, however, only £500 000 has been received. The company's legal advisors have advised the board that based on the circumstances and under the terms of the agreement that the full value of both the deferred consideration and the net asset value payment are due and as such the company is still owed £895,894. This amount is, however, subject to process that has been agreed with the buyer and for the purposes of these financial statements only the cash received to date of £3,000,000 has been reflected.

### 11. Stocks

	2013	2012
<i>Group</i>	£000	£000
Goods for resale	<u>274</u>	<u>405</u>

## Notes to the financial statements

at 30 June 2013

### 12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	1,938	3,888	–	–
Amounts owed by group undertakings	–	–	106	–
Other debtors	664	64	–	–
Prepayments and accrued income	312	548	100	74
	<u>2,915</u>	<u>4,500</u>	<u>206</u>	<u>74</u>

### 13 Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	2,680	3,165	–	–
Other taxes and social security costs	925	1,396	–	–
Other creditors	–	8	–	–
Amounts owed to group undertakings	–	–	879	1,137
Accruals and deferred income	1,100	1,726	158	111
Directors loan account	1,284	918	1,284	918
	<u>5,989</u>	<u>7,213</u>	<u>2,321</u>	<u>2,166</u>

### 14. Provisions

<i>Company</i>	<i>Restructuring Provision</i>	<i>Employment Related Liabilities</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 July 2012	–	–	–
Provided in the year	610	242	852
At 30 June 2013	<u>610</u>	<u>242</u>	<u>852</u>

The restructuring provision relates to costs of redundancy reorganisation and relocation of the company's central administration, finance and IT functions. All the costs have been settled in the next year.

The employment related liabilities have arisen as a result of an indemnity provided to the buyer of the former subsidiary disposed of during the year and a pension liability arising on the cessation of the company's participation in a defined benefits pension scheme. The provisions represent the directors' best estimate. Timing of settlement of the liabilities is uncertain.

# Notes to the financial statements

at 30 June 2013

## 15. Issued share capital

		2013		2012
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	–	–	–	–
Ordinary shares of £0.25 each	13,240,000	3,310,000	13,040,000	3,260,000
		<u>3,310,000</u>		<u>3,260,000</u>

During the year a £50,000 loan balance was converted into 200,000 25p ordinary shares

## 16. Movements on reserves

	<i>Share Premium</i>		<i>Capital reserve</i>		<i>Profit and loss account</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 July 2012	1,045	1,045	37	–	87	(2,070)
Profit/(loss) for the year	–	–	–	–	864	(683)
Transfer of net assets to fellow group undertaking for nil consideration	–	–	–	–	(114)	–
Transfer of net liabilities from fellow group undertaking for nil consideration	–	–	–	–	(259)	–
Sale of subsidiary	–	–	(37)	–	–	–
At 30 June 2013	<u>1,045</u>	<u>1,045</u>	<u>–</u>	<u>–</u>	<u>578</u>	<u>(2,753)</u>

## 17. Reconciliation of shareholders' funds

	<i>Group</i>		<i>Company</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Profit/(loss) for the financial year	864	417	(683)	(2,070)
Capital reserve	(37)	37	–	–
Transfer of net assets to fellow group undertaking for nil consideration	(114)	–	–	–
Transfer of net liabilities from fellow group undertaking for nil consideration	(259)	–	–	–
Issued share capital	50	3,305	50	3,305
Net change in equity shareholders' funds	<u>504</u>	<u>3,759</u>	<u>(633)</u>	<u>1,235</u>
Opening equity shareholders' funds	4,429	670	2,235	1,000
Closing equity shareholders' funds	<u>4,933</u>	<u>4,429</u>	<u>1,602</u>	<u>2,235</u>

## Notes to the financial statements

at 30 June 2013

### 18. Notes to the statement of cash flows

(a) Reconciliation of operating (loss) to net cash (outflow)/inflow from operating activities

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
Group operating loss	(1,519)	(228)
Pension	—	52
Depreciation	315	260
Loss on sale of fixed assets	16	—
Amortisation of goodwill	250	250
Amortisation of intangibles	31	31
Share option reserve write-off in sold subsidiary	(37)	—
Decrease/(Increase) in stocks	131	(251)
Increase in debtors	1584	(3,123)
Increase in creditors	(980)	3,319
Increase in provisions	242	—
Net cash inflow from operating activities	<u>33</u>	<u>310</u>

(b) Reconciliation of net cash flow to movement in net cash flow

	<i>Year ended 30 June 2013 £000</i>	<i>Year ended 30 June 2012 £000</i>
Increase in cash in the year/period	<u>2,546</u>	<u>387</u>

(c) Analysis of net inflow

	<i>At 1 July 2012 £000</i>	<i>Cash flow £000</i>	<i>At 30 June 2013 £000</i>
Cash at bank and in hand	<u>498</u>	<u>2,546</u>	<u>3,044</u>



## Notes to the financial statements

at 30 June 2013

### 19. Other financial commitments

At 30 June 2013 the group had annual commitments under non-cancellable operating leases as set out below

<i>Group</i>	<i>2013</i>		<i>2012</i>	
	<i>Land and buildings £000</i>	<i>Other £000</i>	<i>Land and buildings £000</i>	<i>Other £000</i>
Operating leases which expire				
Within one year	–	12	–	–
In two to five years	130	29	100	40
	<u>130</u>	<u>41</u>	<u>100</u>	<u>40</u>

### 20. Transfers of trade

On 9th May the trade and assets of the Graysons business & industry sector contracts held by a group undertaking (now called Graysons Education Limited, company number 06313610) were transferred into Graysons Restaurants Limited (a subsidiary included in the consolidated accounts) for nil consideration. The net liabilities of the business & industry business at the time of transfer were £259,079. The transfer of trade and assets of the business & industry contracts has been accounted for at book value, using merger accounting principles, and consequently the adjustment of £259,079 has been reflected as a merger adjustment in equity.

On the same date the trade and assets of the Graysons independent education business held by Graysons Restaurants Limited (a subsidiary included in the consolidated accounts) were transferred to Graysons Education Limited, company number 06313610, for nil consideration. The net assets of the independent education business at the time of transfer were £113,915 and because the transfer for nil consideration was to a fellow group undertaking, the transfer is reflected as a distribution in equity.

Following the above transactions Graysons Education Limited, company number 06313610 was sold. See note 10 on Investments.

### 21. Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Group.

During the period the company had loan notes to Directors and investors. These are disclosed in note 15 to the financial statements.

### 22. 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 company. At 30 June 2013 there was a maximum contingent liability under this guarantee amounting to £nil (2012 – £nil).

### 23. Controlling party

The Directors consider Sir Francis Mackay to be the controlling party by way of his shareholding in the Company.