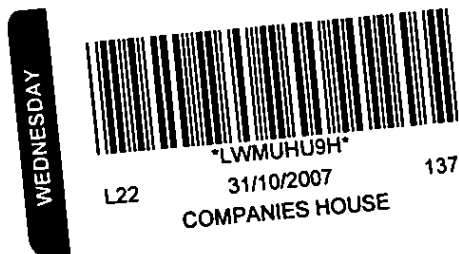


# Sweet As Candy Limited

## ABBREVIATED ACCOUNTS

for the year ended

31 December 2006



Company Registration No 3822122

# Sweet As Candy Limited

## DIRECTORS' REPORT

---

The directors submit their report and financial statements of Sweet As Candy Limited for the year ended 31 December 2006

### PRINCIPAL ACTIVITIES

The principal activity of the company is artistic and literary creation

The results for the year and the financial position at the year end were considered satisfactory by the directors

### KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or performance of the business. The key performance indicator for the company is Profit before Taxation. The profit before taxation for the year was £4,576,122

### RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company relate to the reliance on the creative output of key employees of the company

The directors recognise the issues and have a strategy to lessen the reliance on individual employees

### RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £4,202,417

The directors have paid an ordinary interim dividend amounting to £2,000,000, and they do not recommend payment of a final dividend

### DIRECTORS

The following directors have held office since 1 January 2006 -

J T Oliver	
J Oliver	(Resigned 20 June 2007)
M L Frost	(Resigned 24 August 2007)
L Holland	(Resigned 20 June 2007)
L Holland	(Appointed 1 September 2007)
T Donovan	
T J Graham	(Appointed 20 June 2007 and resigned 7 August 2007)
P J Bartrop	(Appointed 1 September 2007)
J E Jackson	(Appointed 1 September 2007)

CHARITABLE DONATIONS	2006	2005
	£	£
During the year the company made the following payments		
Charitable donations	-	17,369

# Sweet As Candy Limited

## DIRECTORS' REPORT

---

### AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



J Dewar  
Secretary

28/9/07

# Sweet As Candy Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 SWEET AS CANDY LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 16, together with the financial statements of Sweet As Candy Limited for the year ended 31 December 2006 prepared under section 226 of the Companies Act 1985

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of audit opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with those provisions.

*Baker Tilly UK Audit LLP*

Registered Auditor  
Chartered Accountants  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

*10/10/2007*

# Sweet As Candy Limited

## ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
Gross profit		5,681,570	7,480,213
Other operating expenses (net)	2	<u>1,100,492</u>	<u>1,573,599</u>
OPERATING PROFIT		4,581,078	5,906,614
Other interest receivable and similar income	3	<u>6,229</u>	<u>50,579</u>
		4,587,307	5,957,193
Interest payable and similar charges	4	<u>11,185</u>	<u>18,123</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	4,576,122	5,939,070
Taxation	7	<u>373,705</u>	<u>1,026,248</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>4,202,417</u></u>	<u><u>4,912,822</u></u>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

# Sweet As Candy Limited

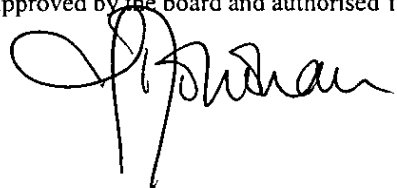
## BALANCE SHEET

31 December 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>217,556</u>	<u>236,448</u>
<b>CURRENT ASSETS</b>			
Stocks	10	10,000	10,000
Debtors	11	5,448,730	4,082,491
Cash at bank and in hand		<u>1,178</u>	<u>11,029</u>
		5,459,908	4,103,520
<b>CREDITORS Amounts falling due within one year</b>	12	<u>1,006,999</u>	<u>1,862,293</u>
<b>NET CURRENT ASSETS</b>		<u>4,452,909</u>	<u>2,241,227</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,670,465</u>	<u>2,477,675</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(1,372)</u>	<u>(10,999)</u>
		<u>4,669,093</u>	<u>2,466,676</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	200	200
Profit and loss account	15	<u>4,668,893</u>	<u>2,466,476</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>4,669,093</u>	<u>2,466,676</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the board and authorised for issue on 28/1/07 -



Director

# Sweet As Candy Limited

## CASH FLOW STATEMENT

for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	3,043,787	4,603,334
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		6,229	50,579
Interest paid		(11,185)	(18,123)
Net cash (outflow)/inflow for returns on investments and servicing of finance		(4,956)	32,456
TAXATION		(1,036,481)	(815,199)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible assets		(12,201)	(85,350)
Receipts from sales of tangible assets		-	395,212
Receipts from sales of investments		-	251,026
Net cash (outflow)/inflow for capital expenditure		(12,201)	560,888
EQUITY DIVIDENDS PAID		(2,000,000)	(4,550,000)
DECREASE IN CASH IN THE YEAR		(9,851)	(168,521)



# Sweet As Candy Limited

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Leasehold improvements	Over the life of the lease
Computer equipment	33 3% Straight line
Fixtures, fittings & equipment	15% Straight line
Motor vehicles	20% Straight line

### STOCK

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

### FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### TURNOVER

Turnover is recognised upon performance of services and on despatch of goods. Income from the licensing of programmes to television networks is recognised when the right to air the programme is contractually agreed. Turnover is recognised net of Value Added Tax.

### ROYALTY INCOME

Royalty income (which forms part of turnover) is recognised on an accruals basis.

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 2006

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

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom

2	OTHER OPERATING EXPENSES (NET)	2006 £	2005 £
	Administrative expenses	1,114,217	1,608,449
	Other operating income	(13,725)	(34,850)
		<u>1,100,492</u>	<u>1,573,599</u>
3	INVESTMENT INCOME	2006 £	2005 £
	Bank interest	6,229	13,198
	Other interest	-	37,381
		<u>6,229</u>	<u>50,579</u>
4	INTEREST PAYABLE	2006 £	2005 £
	On bank loans and overdrafts	<u>11,185</u>	<u>18,123</u>
5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2006 £	2005 £
	Profit on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation of tangible assets		
	Charge for the year		
	owned assets	31,093	35,822
	Profit on disposals	-	(1,601)
	Loss on foreign exchange transactions	396	2,003
	Auditors' remuneration	<u>9,250</u>	<u>9,000</u>

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2006

### 6 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was	2006 No	2005 No
Administration	15	21
Directors	5	1
	<u>20</u>	<u>22</u>

	£	£
Staff costs for the above persons		
Wages and salaries	568,716	869,131
Social security costs	66,313	127,778
Other pension costs	32,280	43,991
	<u>667,309</u>	<u>1,040,900</u>

DIRECTORS' REMUNERATION	2006 £	2005 £
Emoluments for qualifying services	-	50,000
Company pension contributions to money purchase schemes	8,269	8,720
	<u>8,269</u>	<u>58,720</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2005- 1)

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2006

7	TAXATION	2006 £	2005 £
	Domestic current year tax		
	U K corporation tax	389,875	1,121,097
	Adjustment for prior years	(6,543)	(95,391)
	Current tax charge	<u>383,332</u>	<u>1,025,706</u>
	Deferred tax		
	Deferred tax charge/credit current year	(9,627)	542
		<u>373,705</u>	<u>1,026,248</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>4,576,122</u>	<u>5,939,070</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax for small companies of 30.00% (2005 30.00%)	<u>1,372,837</u>	<u>1,781,721</u>
	Effects of		
	Non deductible expenses	1,300	13,230
	Depreciation in excess of capital allowances	7,384	(21,502)
	Group relief	(991,466)	(652,352)
	Adjustments to previous periods	(6,543)	(95,391)
	Other tax adjustments	(180)	-
		<u>(989,505)</u>	<u>(756,015)</u>
	Current tax charge	<u>383,332</u>	<u>1,025,706</u>
8	DIVIDENDS	2006 £	2005 £
	Ordinary B shares		
	Interim paid - £20,000.00 (2005 - £45,500.00)	<u>2,000,000</u>	<u>4,550,000</u>

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2006

### 9 TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Computer equipment</i>	<i>Fixtures, fittings &amp; equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost					
1 January 2006	233,335	-	4,167	6,490	243,992
Additions	-	5,332	2,874	3,995	12,201
31 December 2006	233,335	5,332	7,041	10,485	256,193
Depreciation					
1 January 2006	5,917	-	438	1,189	7,544
Charge in the year	27,565	641	989	1,898	31,093
31 December 2006	33,482	641	1,427	3,087	38,637
Net book value					
31 December 2006	199,853	4,691	5,614	7,398	217,556
31 December 2005	227,418	-	3,729	5,301	236,448

### 10 STOCKS

	2006	2005
	£	£
Finished goods and goods for resale	10,000	10,000

### 11 DEBTORS

	2006	2005
	£	£
Due within one year		
Trade debtors	1,008,862	3,229,871
Amounts owed by parent and fellow subsidiary undertakings	4,265,119	688,475
Amounts owed by participating interests	1,405	34,382
Other debtors	93,813	55,648
Prepayments and accrued income	79,531	74,115
	5,448,730	4,082,491

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2006

12 CREDITORS Amounts falling due within one year	2006 £	2005 £
Trade creditors	34,024	47,744
Amounts owed to group undertakings	69	85
Corporation tax	238,302	891,451
Other taxes and social security costs	28,136	26,976
Other creditors	1,670	-
Accruals and deferred income	704,798	896,037
	<u>1,006,999</u>	<u>1,862,293</u>

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation</i> £
Balance at 1 January 2006	10,999
Transfer to profit and loss account	(9,627)
Balance at 31 December 2006	<u>1,372</u>

Deferred taxation provided in the financial statements is as follows

	2006 £	2005 £
Excess of tax allowances over depreciation	1,676	11,482
Other timing differences	(304)	(483)
	<u>1,372</u>	<u>10,999</u>

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2006

14 SHARE CAPITAL	2006 £	2005 £
Authorised		
500,000 Ordinary A shares of £1 each	500,000	500,000
500,000 Ordinary B shares of £1 each	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid		
100 Ordinary A shares of £1 each	100	100
100 Ordinary B shares of £1 each	100	100
	<u>200</u>	<u>200</u>

The 'B' ordinary shares do not carry voting rights. They rank *pari passu* with 'A' ordinary shares in all other respects.

## 15 STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account</i> £
1 January 2006	2,466,476
Profit for the year	4,202,417
Dividends	<u>(2,000,000)</u>
31 December 2006	<u>4,668,893</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006 £	2005 £
Profit for the financial year	4,202,417	4,912,822
Dividends	<u>(2,000,000)</u>	<u>(4,550,000)</u>
Net addition to shareholders' funds	2,202,417	362,822
Opening shareholders' funds	2,466,676	2,103,854
Closing shareholders' funds	<u>4,669,093</u>	<u>2,466,676</u>

# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) for the year ended 31 December 2006

17	CASH FLOWS			2006	2005
				£	£
a	Reconciliation of operating profit to net cash inflow from operating activities				
	Operating profit			4,581,078	5,906,614
	Depreciation of tangible assets			31,093	35,822
	Profit on disposal of tangible assets			-	(1,601)
	(Increase)/decrease in debtors			(1,366,239)	5,832
	Decrease in creditors within one year			(202,145)	(1,343,333)
	Net cash inflow from operating activities			<u>3,043,787</u>	<u>4,603,334</u>
b	Analysis of net funds	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	11,029	(9,851)	-	1,178
	Bank deposits	-	-	-	-
	Net funds	<u>11,029</u>	<u>(9,851)</u>	<u>-</u>	<u>1,178</u>
c	Reconciliation of net cash flow to movement in net debt			2006	2005
				£	£
	Decrease in cash in the year			(9,851)	(168,521)
	Movement in net funds in the year			(9,851)	(168,521)
	Opening net funds			11,029	179,550
	Closing net funds			<u>1,178</u>	<u>11,029</u>

## 18 CONTINGENT LIABILITIES

The company is contingently liable in respect of a bank cross guarantee and debenture with Fifteen Restaurant Limited. The indebtedness of Fifteen Restaurant Limited to the bank at 31 December 2006 amounted to £nil (2005 £330,209)

The company is contingently liable in respect of a bank cross guarantee with Sweet as Candy (Holdings) Limited. The guarantee is limited to £2,500,000

The company is contingently liable in respect of a group VAT agreement with Sweet As Candy (Holdings) Limited, Fresh One Productions Limited, Fresh Merchandise Limited, Jools Enterprises Limited and Fresh Cut Digital Limited. At 31 December 2006 none of these companies had a VAT liability



# Sweet As Candy Limited

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

for the year ended 31 December 2006

---

### 19 PENSION COMMITMENTS

#### DEFINED CONTRIBUTION

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2006	2005
	£	£
Contributions payable by the company for the year	32,280	43,991

### 20 CONTROL

The ultimate parent company is Sweet as Candy (Holdings) Limited, a company registered in England. The ultimate controlling party is J T Oliver.