

# Bewley's Tea and Coffee UK Limited

Directors' report and  
financial statements

**Year ended 31 December 2016**

***Registered number: 1074021***

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# Bewley's Tea and Coffee UK Limited

## Directors' report and financial statements

| <i>Contents</i>                                                                                                                 | <i>Page</i> |
|---------------------------------------------------------------------------------------------------------------------------------|-------------|
| Directors and other information                                                                                                 | 1           |
| Strategic report                                                                                                                | 2           |
| Directors' report                                                                                                               | 3           |
| Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements | 5           |
| Independent auditor's report                                                                                                    | 6           |
| Profit and loss account and other comprehensive income                                                                          | 8           |
| Balance sheet                                                                                                                   | 9           |
| Statement of changes in equity                                                                                                  | 10          |
| Notes forming part of the financial statements                                                                                  | 11          |

# Bewley's Tea and Coffee UK Limited

## Directors and other information

|                            |                                                                                                     |
|----------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | J. Cahill<br>J. Corbett (resigned 24 February 2017)<br>M. O'Sullivan                                |
| <b>Secretary</b>           | M. O'Sullivan                                                                                       |
| <b>Registered office</b>   | Bent Ley Industrial Estate<br>Bent Ley Road<br>Meltham<br>Huddersfield<br>West Yorkshire<br>HD9 4EP |
| <b>Independent auditor</b> | KPMG<br>Chartered Accountants<br>1 Stokes Place<br>St. Stephen's Green<br>Dublin 2<br>Ireland       |
| <b>Principal bankers</b>   | Barclays<br>Market Street<br>Huddersfield<br>HD1 2AA                                                |
| <b>Solicitors</b>          | A&L Goodbody Solicitors<br>IFSC<br>Dublin 1<br>Ireland                                              |

# Bewley's Tea and Coffee UK Limited

## Strategic report

The strategic report for the Company for the year ended 31 December 2016 is set out below.

### **Business review including principal activities, review of performance**

The principal activity of the Company is the roasting and distribution of coffee, tea and ancillary products and services to a broad range of customers in the United Kingdom. The Company's turnover remained strong during the financial year, reflecting positive customer relationships.

The directors believe that the Company continues to be well-placed to meet the opportunities that may arise in the future.

### **Risks and uncertainties and key performance indicators**

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

#### *Economic risk*

- The risk of decreased government spending and increased taxation rates having an adverse impact on served markets;
- The risk of increased interest rates and/or inflation having an adverse impact on served markets;
- The risk of increases in infrastructural costs impacting adversely on the competitiveness of the Company and its principal customers;
- The risk resulting from volatility in raw coffee and tea commodity prices which cannot be recovered from the market place; and
- The risk of lower economic growth rates and the related impact on consumer demand.

These risks are managed by innovative product sourcing, strict cost controls and other actions by the Company's management team.

#### *Competition risk*

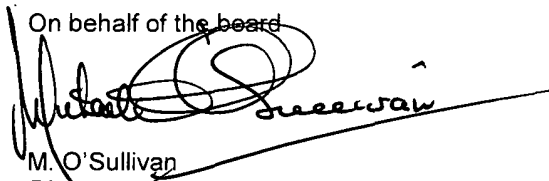
The directors of the Company manage competition risk through close attention to costs, customer service levels, product innovation and other actions by management.

#### *Financial risk*

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Three of the key performance indicators ('KPIs') used by the directors to monitor the performance of the business are sales and profitability reports, monitoring of cash levels and careful management of aged debtors. These KPIs are reviewed and managed on an ongoing basis by the directors and management team.

On behalf of the board

  
M. O'Sullivan  
Director

27 April 2017

# Bewley's Tea and Coffee UK Limited

## Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

### Results and dividends

Details of results are set out on pages 8 and 9. No dividends on ordinary shares were paid in the year (2015: Stg£Nil).

### Political and charitable donations

The Company made no disclosable political or charitable donations during the year (2015: Stg£Nil).

### Directors and secretary

The names of the persons who were directors and secretary at any time during the year ended 31 December 2016 are set out on page 1.

### Directors' and secretary's interests

The directors and secretary at 31 December 2016 did not have any beneficial interests in the Company's issued ordinary share capital.

### Post balance sheet events

There have been no significant events affecting the Company since the balance sheet date that require disclosure in, or adjustment to, these financial statements.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report on page 2.

### UK 2015 Modern slavery act

The Company follows the procedures of its parent company, Bewley's Limited which are set out at [www.bewleys.com](http://www.bewleys.com) in the section entitled "Sustainability".

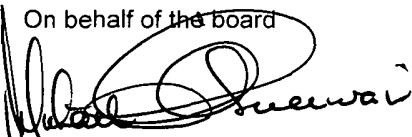
# Bewley's Tea and Coffee UK Limited

## Directors' report *(continued)*

### Auditor

Pursuant to Section 487 of the Companies Act, 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

On behalf of the board

A handwritten signature in black ink, appearing to read 'M. O'Sullivan', is written over the printed name and title.

M. O'Sullivan  
Director

27 April 2017

## Bewley's Tea and Coffee UK Limited

### Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

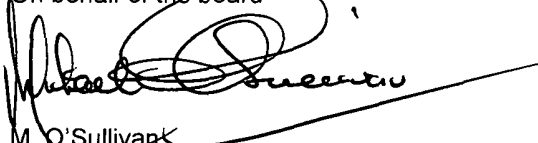
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors' are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



M. O'Sullivan  
Director



**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## **Independent auditor's report to the members of Bewley's Tea and Coffee UK Limited**

We have audited the financial statements of Bewley's Tea and Coffee UK Limited for the year ended 31 December 2016 set out on pages 8 to 21 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

### **Opinions and conclusions arising from our audit**

#### **1 Our opinion on the financial statements is unmodified**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below**

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **3 We have nothing to report in respect of matters on which we are required to report by exception**

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required 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.

We have nothing to report in respect of the above responsibilities.



## Independent auditor's report to the members of Bewley's Tea and Coffee UK Limited (*continued*)

### **Basis of our report, responsibilities and restrictions on use**

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

~~Ryan McCarthy~~ (Senior Statutory Auditor)

for and on behalf of

**KPMG**

**Chartered Accountants, Statutory Audit Firm**

1 Stokes Place

St. Stephen's Green

Dublin 2

Ireland

27 April 2017

## Bewley's Tea and Coffee UK Limited

### Profit and loss account and other comprehensive income for the year ended 31 December 2016

|                                                        | Note | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|--------------------------------------------------------|------|------------------|------------------|
| <b>Turnover</b>                                        | 2    | <b>21,441</b>    | 21,226           |
| Cost of sales                                          |      | (14,513)         | (13,743)         |
|                                                        |      | <hr/>            | <hr/>            |
| <b>Gross profit</b>                                    |      | <b>6,928</b>     | 7,483            |
| Operating costs                                        |      | (7,650)          | (8,006)          |
|                                                        |      | <hr/>            | <hr/>            |
| <b>Operating loss</b>                                  |      | <b>(722)</b>     | (523)            |
| Interest payable                                       | 4    | -                | (1)              |
|                                                        |      | <hr/>            | <hr/>            |
| <b>Loss on ordinary activities before taxation</b>     | 3    | <b>(722)</b>     | (524)            |
| Taxation                                               | 6    | 13               | (54)             |
|                                                        |      | <hr/>            | <hr/>            |
| <b>Total comprehensive loss for the financial year</b> |      | <b>(709)</b>     | (578)            |
|                                                        |      | <hr/>            | <hr/>            |

# Bewley's Tea and Coffee UK Limited

## Balance sheet

as at 31 December 2016

|                                                       | Note | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|-------------------------------------------------------|------|------------------|------------------|
| <b>Fixed assets</b>                                   |      |                  |                  |
| Intangible assets                                     | 7    | -                | 893              |
| Tangible fixed assets                                 | 9    | 956              | 1,162            |
| Financial assets                                      | 8    | 857              | 857              |
|                                                       |      | <hr/>            | <hr/>            |
|                                                       |      | 1,813            | 2,912            |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Current assets</b>                                 |      |                  |                  |
| Stock                                                 | 10   | 2,026            | 1,657            |
| Debtors                                               | 11   | 3,377            | 4,099            |
| Cash at bank and in hand                              |      | 2,201            | 2,392            |
|                                                       |      | <hr/>            | <hr/>            |
|                                                       |      | 7,604            | 8,148            |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Creditors:</b> amounts falling due within one year | 13   | (9,146)          | (10,080)         |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Net current liabilities</b>                        |      | (1,542)          | (1,932)          |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Total assets less current liabilities</b>          |      | 271              | 980              |
| Deferred taxation                                     | 16   | (21)             | (21)             |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Net assets</b>                                     |      | 250              | 959              |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Capital and reserves</b>                           |      |                  |                  |
| Called up share capital                               | 17   | 17               | 17               |
| Capital redemption reserve                            |      | 3                | 3                |
| Profit and loss account                               |      | 230              | 939              |
|                                                       |      | <hr/>            | <hr/>            |
| <b>Shareholders' funds</b>                            |      | 250              | 959              |
|                                                       |      | <hr/>            | <hr/>            |

On behalf of the board



M. O'Sullivan  
Director

## Bewley's Tea and Coffee UK Limited

### Statement of changes in equity for the year ended 31 December 2016

|                                       | Share<br>capital<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|---------------------------------------|---------------------------|-------------------------------------------|-------------------------------|----------------|
| <b>At 1 January 2015</b>              | 17                        | 3                                         | 1,517                         | 1,537          |
| Total comprehensive loss for the year | -                         | -                                         | (578)                         | (578)          |
| <b>At 31 December 2015</b>            | 17                        | 3                                         | 939                           | 959            |
| Total comprehensive loss for the year | -                         | -                                         | (709)                         | (709)          |
| <b>Balance at 31 December 2016</b>    | 17                        | 3                                         | 230                           | 250            |

# Bewley's Tea and Coffee UK Limited

## Notes

*forming part of the financial statements*

### **1 Accounting policies**

Bewley's Tea and Coffee UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's ultimate parent undertaking, Bewley's Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Bewley's Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Northern Cross, Malahide Road, Dublin 17, Ireland. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis.

#### ***Basic financial instruments***

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised at transaction prices less any bad debt provisions required. Trade and other creditors are recognised at transaction costs.

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight-line basis to write off the cost less estimated residual values of the assets over their estimated useful lives. The estimated useful lives of tangible fixed assets for the current and the prior year are as follows:

|                                                        |                            |
|--------------------------------------------------------|----------------------------|
| Leasehold improvements                                 | Over the term of the lease |
| Plant & machinery/fixtures & fittings/office equipment | 5 to 10 years              |
| Motor vehicles                                         | 3 to 4 years               |
| Coffee machines                                        | 5 years                    |

#### **Intangible assets (goodwill)**

Goodwill arising on the acquisition of businesses represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and written off on a straight-line basis over its estimated useful economic life, which is determined on a transaction by transaction basis, subject to acceleration of write-off or provision for impairment, where impairment is indicated. The useful life of goodwill currently capitalised is estimated at three years.

#### **Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **Financial fixed assets**

Interests in subsidiary undertakings are stated in the balance sheet at cost less provision for any impairment.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

Cost includes materials and other direct costs. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **Employee benefits**

The Company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### **Provisions**

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **Expenses**

##### *Operating lease*

The Company holds a number of operating leases and the rentals there under are charged to the profit and loss account on a straight line basis over the duration of the leases.

##### *Lease and hire purchase arrangements*

Assets held under hire purchase arrangements are capitalised in the balance sheet at their equivalent capital value and are depreciated over their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease/hire purchase agreement is charged to the profit and loss account on an annuity basis.

#### **Taxation**

Current tax is provided on the Company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. 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 taxable profits in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### 2 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax.

A segmental analysis of turnover by line of business and operating loss and net assets by geographical area and line of business has not been provided as, in the opinion of the directors, such disclosure would be prejudicial to the interest of the Company.

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

### 3 Loss on ordinary activities

The loss on ordinary activities is stated after charging/(crediting) the following items:

|                                                           | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|-----------------------------------------------------------|------------------|------------------|
| Directors' remuneration (including pension contributions) | -                | -                |
| Goodwill amortisation                                     | 896              | 893              |
| Depreciation charge:                                      |                  |                  |
| - Owned assets                                            | 388              | 405              |
| - Hire purchase assets                                    | -                | 18               |
| Audit fees                                                | 25               | 16               |
| Profit on disposal of fixed assets                        | (4)              | (10)             |
| Operating lease rentals:                                  |                  |                  |
| - Land and buildings                                      | 214              | 189              |
| - Other                                                   | 142              | 133              |
|                                                           | <hr/>            | <hr/>            |

### 4 Interest payable and other finance costs

|                        | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|------------------------|------------------|------------------|
| Interest payable       | -                | -                |
| Hire purchase interest | -                | 1                |
|                        | <hr/>            | <hr/>            |

### 5 Staff costs and employee information

The average number of persons employed by the Company in the financial year was 98 (2015: 93) analysed into the following categories:

|                        | 2016<br>Number | 2015<br>Number |
|------------------------|----------------|----------------|
| Sales and distribution | 55             | 52             |
| Administration         | 17             | 20             |
| Production             | 26             | 21             |
|                        | <hr/>          | <hr/>          |
|                        | 98             | 93             |
|                        | <hr/>          | <hr/>          |

The aggregate payroll costs (including directors' remuneration) of these persons were as follows:

|                      | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|----------------------|------------------|------------------|
| Wages and salaries   | 3,037            | 2,988            |
| Social welfare costs | 300              | 292              |
| Pension costs        | 3                | 46               |
|                      | <hr/>            | <hr/>            |
|                      | 3,340            | 3,326            |
|                      | <hr/>            | <hr/>            |

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

### 6 Taxation

#### (a) Analysis of charge in year

|                                                | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|------------------------------------------------|------------------|------------------|
| <i>Current tax:</i>                            |                  |                  |
| UK corporation tax on losses for the year      | -                | 54               |
| Prior period over provision in corporation tax | (13)             | -                |
|                                                | <u>(13)</u>      | <u>54</u>        |
| <i>Deferred tax:</i>                           |                  |                  |
| Origination and reversal of timing differences | -                | -                |
|                                                | <u>-</u>         | <u>-</u>         |
| <b>Tax on loss on ordinary activities</b>      | <b>(13)</b>      | <b>54</b>        |

#### (b) Factors affecting current tax charge

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

|                                                                                                                                    | 2016<br>Stg£'000 | 2015<br>Stg£'000 |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Loss on ordinary activities before tax                                                                                             | (723)            | (524)            |
|                                                                                                                                    | <u>(723)</u>     | <u>(524)</u>     |
| Loss on ordinary activities multiplied by the standard rate of UK corporation tax for the year of 20.00% (2015: 20.25%) tax charge | (145)            | (106)            |
| <i>Effects of:</i>                                                                                                                 |                  |                  |
| Expenses not deductible for taxation purposes                                                                                      | 175              | 188              |
| Capital allowances in excess of depreciation                                                                                       | 17               | (9)              |
| Tax losses utilised                                                                                                                | (47)             | (19)             |
| Adjustments to tax charge in respect of previous years                                                                             | (13)             | -                |
|                                                                                                                                    | <u>(13)</u>      | <u>54</u>        |
| <b>Total tax charge</b>                                                                                                            | <b>(13)</b>      | <b>54</b>        |

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

| <b>7</b> | <b>Intangible assets – goodwill</b> | <b>2016<br/>Stg£'000</b> | <b>2015<br/>Stg£'000</b>                                      |
|----------|-------------------------------------|--------------------------|---------------------------------------------------------------|
|          | <b>Cost</b>                         |                          |                                                               |
|          | At beginning of year                | 2,679                    | 2,679                                                         |
|          | Additions during the year           | -                        | -                                                             |
|          | <b>At end of year</b>               | <b>2,679</b>             | <b>2,679</b>                                                  |
|          | <b>Amortisation</b>                 |                          |                                                               |
|          | At beginning of year                | 1,786                    | 893                                                           |
|          | Charge for the year                 | 893                      | 893                                                           |
|          | <b>At end of year</b>               | <b>2,679</b>             | <b>1,786</b>                                                  |
|          | <b>Carrying value</b>               |                          |                                                               |
|          | At end of year                      | -                        | 893                                                           |
| <b>8</b> | <b>Financial assets</b>             |                          | <b>Shares in<br/>subsidiary<br/>undertakings<br/>Stg£'000</b> |
|          | At beginning of year                |                          | 857                                                           |
|          | Additions                           |                          | -                                                             |
|          | <b>At end of year</b>               |                          | <b>857</b>                                                    |

During 2014, the Company purchased 100% of the issued share capital of Darlington's Limited, a fellow subsidiary undertaking of Bewley's Limited. The total consideration was Stg£3,537,000 and this gave rise to goodwill of Stg£2,679,000 (see note 7 above). Darlington's Limited no longer trades and the net assets of that company at 31 December 2016 were Stg£857,000. In the opinion of the directors, the recoverable value of the investment in subsidiary undertaking is not less than the carrying amount shown above.

## Bewley's Tea and Coffee UK Limited

Notes (continued)

### 9 Tangible fixed assets

|                                 | Plant and<br>machinery<br>Stg£'000 | Leasehold<br>improvements<br>Stg£'000 | Motor<br>vehicles<br>Stg£'000 | Coffee<br>machines<br>Stg£'000 | Fixtures and<br>fittings, office<br>equipment<br>Stg£'000 | Total<br>Stg£'000 |
|---------------------------------|------------------------------------|---------------------------------------|-------------------------------|--------------------------------|-----------------------------------------------------------|-------------------|
| <b>Cost</b>                     |                                    |                                       |                               |                                |                                                           |                   |
| At 31 December 2015             | 1,644                              | 227                                   | 290                           | 3,308                          | 332                                                       | 5,801             |
| Additions                       | 18                                 | 2                                     | -                             | 159                            | 13                                                        | 192               |
| Disposals                       | -                                  | -                                     | (58)                          | (25)                           | -                                                         | (83)              |
| <b>At 31 December 2016</b>      | <b>1,662</b>                       | <b>229</b>                            | <b>232</b>                    | <b>3,442</b>                   | <b>345</b>                                                | <b>5,910</b>      |
| <b>Accumulated depreciation</b> |                                    |                                       |                               |                                |                                                           |                   |
| At 31 December 2015             | 1,422                              | 174                                   | 278                           | 2,478                          | 287                                                       | 4,639             |
| Charge for the year             | 50                                 | 13                                    | 12                            | 293                            | 20                                                        | 388               |
| Disposals                       | -                                  | -                                     | (58)                          | (15)                           | -                                                         | (73)              |
| <b>At 31 December 2016</b>      | <b>1,472</b>                       | <b>187</b>                            | <b>232</b>                    | <b>2,756</b>                   | <b>307</b>                                                | <b>4,954</b>      |
| <b>Net book value</b>           |                                    |                                       |                               |                                |                                                           |                   |
| At 31 December 2016             | 190                                | 42                                    | -                             | 686                            | 38                                                        | 956               |
| At 31 December 2015             | 222                                | 53                                    | 12                            | 830                            | 45                                                        | 1,162             |

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

| <b>10 Stock</b>                 | <b>2016<br/>Stg£'000</b> | <b>2015<br/>Stg£'000</b> |
|---------------------------------|--------------------------|--------------------------|
| Coffee machines and accessories | <b>586</b>               | 415                      |
| Raw materials                   | <b>567</b>               | 550                      |
| Goods for resale                | <b>873</b>               | 692                      |
|                                 | <hr/>                    | <hr/>                    |
|                                 | <b>2,026</b>             | 1,657                    |
|                                 | <hr/>                    | <hr/>                    |

The net replacement cost of stock is not materially different to the carrying value.

Stocks are stated net of a provision for obsolescence of £65,000 (2015: £237,000). The write-down of stocks to net realisable value amounted to £65,000 (2015: £87,000).

| <b>11 Debtors</b>                          | <b>2016<br/>Stg£'000</b> | <b>2015<br/>Stg£'000</b> |
|--------------------------------------------|--------------------------|--------------------------|
| Amounts due from fellow group undertakings | <b>597</b>               | 74                       |
| Trade debtors                              | <b>2,340</b>             | 3,854                    |
| Other debtors                              | <b>390</b>               | 135                      |
| Corporation tax recoverable                | <b>50</b>                | 36                       |
|                                            | <hr/>                    | <hr/>                    |
|                                            | <b>3,377</b>             | 4,099                    |
|                                            | <hr/>                    | <hr/>                    |

| <b>12 Cash and cash equivalents/bank overdrafts</b> | <b>2016<br/>Stg£'000</b> | <b>2015<br/>Stg£'000</b> |
|-----------------------------------------------------|--------------------------|--------------------------|
| Cash at bank and in hand                            | <b>2,201</b>             | 2,392                    |
|                                                     | <hr/>                    | <hr/>                    |

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

| <b>13 Creditors:</b> amounts falling due within one year | <b>2016</b><br><b>Stg£'000</b> | <b>2015</b><br><b>Stg£'000</b> |
|----------------------------------------------------------|--------------------------------|--------------------------------|
| Trade creditors                                          | 2,018                          | 2,316                          |
| Amounts owed to fellow group undertakings                | 6,464                          | 7,012                          |
| Other creditors and accruals                             | 512                            | 677                            |
| PAYE/NIC                                                 | 78                             | 75                             |
| VAT                                                      | 74                             | -                              |
|                                                          | <hr/>                          | <hr/>                          |
|                                                          | <b>9,146</b>                   | <b>10,080</b>                  |
|                                                          | <hr/>                          | <hr/>                          |

## 14 Commitments

### *Operating lease*

At 31 December 2016, the Company had annual commitments under operating leases as follows:

|                            | <b>2016</b><br><b>Stg£'000</b> | <b>2015</b><br><b>Stg£'000</b> |
|----------------------------|--------------------------------|--------------------------------|
| <i>Expiring:</i>           |                                |                                |
| Less than one year         | 95                             | 86                             |
| Between two and five years | 131                            | 169                            |
| More than 5 years          | -                              | 62                             |
|                            | <hr/>                          | <hr/>                          |
|                            | <b>226</b>                     | <b>317</b>                     |
|                            | <hr/>                          | <hr/>                          |

## 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | <b>2016</b><br><b>Stg£'000</b> | <b>2015</b><br><b>Stg£'000</b> |
|----------------------------|--------------------------------|--------------------------------|
| Less than one year         | 95                             | 86                             |
| Between two and five years | 426                            | 323                            |
| More than five years       | -                              | 342                            |
|                            | <hr/>                          | <hr/>                          |
|                            | <b>521</b>                     | <b>751</b>                     |
|                            | <hr/>                          | <hr/>                          |

During the year £356,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £322,000).

# Bewley's Tea and Coffee UK Limited

## Notes (continued)

| <b>16 Deferred taxation</b>         | <b>2016<br/>Stg£'000</b> | <b>2015<br/>Stg£'000</b> |
|-------------------------------------|--------------------------|--------------------------|
| <b>At beginning and end of year</b> | <b>21</b>                | <b>21</b>                |

Deferred taxation refers principally to timing differences on tax depreciation allowances.

| <b>17 Called up share capital</b>         | <b>2016<br/>Stg£'000</b> | <b>2015<br/>Stg£'000</b> |
|-------------------------------------------|--------------------------|--------------------------|
| <b>Allotted, called up and fully paid</b> |                          |                          |
| 17,000 Ordinary shares of Stg£1 each      | 17                       | 17                       |

## 18 Parent undertaking and related party transactions

The Company is a wholly owned subsidiary of Bewley's Limited, a company incorporated in the Republic of Ireland. The smallest and largest group in which the results of the Company are consolidated is Bewley's Limited. The financial statements of Bewley's Limited may be obtained from the Company Secretary, Bewley's Limited, Northern Cross, Malahide Road, Dublin 17, Ireland.

Details of transactions/balances with entities that are part of the Bewley's Limited group or investors of the group qualifying as related parties are not disclosed as the Company is exempt from such disclosures under Section 33.1A of FRS 102.

## 19 Commitments and contingencies

### a) Bank facilities

The Company is a party to the bank facilities of the Bewley's Group, which are supported by security and cross guarantees from certain Group companies, including the Company.

### b) Commodities contracts

As part of its ongoing operations, the Company has entered into commitments at 31 December 2016 to purchase coffee at a cost of £3,274,000 (2015: £2,184,000) at specified dates in 2017.

### c) Foreign exchange contracts

The Company has entered into contracts at 31 December 2016 to purchase 2.1m Euro and \$0.6m at specified exchange rates at various dates in 2017. The fair value adjustments in respect of these contracts at 31 December 2016, under FRS 102, is deemed immaterial and therefore no accounting entries were necessary.

## 20 Subsequent events

There have been no events subsequent to the year end which require disclosure in, or adjustment to, the financial statements.

# Bewley's Tea and Coffee UK Limited

## Notes *(continued)*

### **21 Accounting estimates and judgements**

There were no significant accounting estimates or judgements made or required

### **22 Approval of financial statements**

The financial statements were approved by the directors on 27 April 2017.