

F J ESPOSITO LIMITED

DIRECTOR'S REPORT AND

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2012

SATURDAY



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COMPANIES HOUSE

F J ESPOSITO LIMITED

COMPANY INFORMATION

DIRECTOR Mr F J Esposito

COMPANY SECRETARY Mr F J Esposito

REGISTERED NUMBER SC074183

REGISTERED OFFICE 61 Lorne Street
Dundee
DD2 3HE

INDEPENDENT AUDITORS EQ Accountants LLP
Chartered Accountants & Statutory Auditors
14 City Quay
Dundee
DD1 3JA

BANKERS Clydesdale Bank
89 Gray Street
Broughty Ferry
Dundee
DD5 2AL

HSBC Bank plc
25-29 Murraygate
Dundee
DD1 2EE

SOLICITORS Biggart Baillie LLP
No. 2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA

F J ESPOSITO LIMITED

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F J ESPOSITO LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 30 JUNE 2012

The Director presents his report and the financial statements for the period ended 30 June 2012.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The Director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Director is 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 the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activities of the group during the year were retail and catering and property rental.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Ninewells Café

Performance continued to hold up during a very difficult trading time. Sales were steady, showing a slight decline, and overheads were kept in line. It is the biggest contributor of profit to the Company.

Robertsons Butchers and Bistro

Very challenging times with high overheads coupled with reducing sales making it very hard to operate profitably. Have taken strong management steps to stop the haemorrhaging of money by cutting back on staff and hours, which overall has helped stabilize the unit but it will still show a substantial loss.

Steps taken in the prior year have continued to be implemented and have helped improve the haemorrhaging but still showing losses per 4 weekly period. This is mainly as a result of fixed costs of rent and rates.

Now actively on the market with a local surveyors for sale as a going concern and currently in negotiations with a company to buy the business and freehold from the landlord.

FJE Property Investments Ltd

Maintaining good rental returns from the property portfolio.

Re-financing exercise was achieved in the year and has now re-banked with Aldermore Bank plc on an interest only loan, so, in time, this will improve cashflow. Operational costs are still inhibiting any excess cash.

F J ESPOSITO LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 30 JUNE 2012

LEJ Limited

Clydesdale Bank has now transferred this loan to NAB Group.

NAB Group has instigated a revaluation of the site at Arbroath from Graham & Sibbald, Chartered Surveyors, which is currently awaited.

The site now has full planning from Angus Council from January 2013 and the section 75 condition of The Town and Country Planning (Scotland) Act 1997 has been resolved for full planning to be given. There are no development plans at present for the site.

RESULTS

The loss for the period, after taxation, amounted to £151,886 (2011 - loss £455,503).

DIRECTOR

The Director who served during the period was:

Mr F J Esposito

EMPLOYEE INVOLVEMENT

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned related to the position in question. In the event of any staff members becoming disabled, every effort is made to ensure their employment with the company continues and that appropriate training and, where necessary, building adaptations are arranged.

PROVISION OF INFORMATION TO AUDITORS

The Director at the time when this Director's report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

AUDITORS

The auditors, EQ Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 March 2013 and signed on its behalf.



Mr F J Esposito
Director

F J ESPOSITO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF F J ESPOSITO LIMITED

We have audited the financial statements of F J Esposito Limited for the period ended 30 June 2012, set out on pages 5 to 25. 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 Auditors' 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 DIRECTOR AND AUDITORS

As explained more fully in the Director's responsibilities statement, the Director is 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 Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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.

QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM LIMITATION IN AUDIT SCOPE

With respect to the carrying values of assets held in the balance sheet, we have not obtained sufficient appropriate audit evidence to support the investment in LEJ Limited of £1,200,000 and a property valued at £487,169.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the the valuation of these assets, in our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's loss for the period 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.

EMPHASIS OF MATTER

In forming our opinion, which is qualified in respect of the limitation of scope in asset valuations, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the company's ability to continue as a going concern. The group incurred losses of £151,886 during the year ended 30 June 2012 and, at that date, the company's current liabilities exceeded its current assets by £1,199,959. These conditions, along with not having access to investment and property valuations, indicate the existence of a material uncertainty which may case significant doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

F J ESPOSITO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF F J ESPOSITO LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect solely of the limitation on our work relating to investment and property valuations:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit:

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 director's remuneration specified by law are not made.

EQ Accountants LLP

Mark Gallacher (Senior statutory auditor)

for and on behalf of
EQ Accountants LLP

Chartered Accountants & Statutory Auditors

14 City Quay
Dundee
DD1 3JA

28 March 2013

F J ESPOSITO LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	1,783,000	2,027,203
Cost of sales		<u>(675,055)</u>	<u>(746,165)</u>
GROSS PROFIT		1,107,945	1,281,038
Administrative expenses		<u>(1,055,994)</u>	<u>(1,113,224)</u>
Exceptional administrative expenses		<u>(61,366)</u>	<u>(639,819)</u>
Total administrative expenses		<u>(1,117,360)</u>	<u>(1,753,043)</u>
OPERATING LOSS	3	(9,415)	(472,005)
Profit on disposal of investments		-	189,944
Interest receivable and similar income		107	197
Interest payable and similar charges	5	<u>(143,095)</u>	<u>(157,858)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(152,403)	(439,722)
Tax on loss on ordinary activities	6	<u>517</u>	<u>(15,781)</u>
LOSS FOR THE FINANCIAL PERIOD	17	<u>(151,886)</u>	<u>(455,503)</u>

All amounts relate to continuing operations.

The notes on pages 10 to 25 form part of these financial statements.

F J ESPOSITO LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 30 JUNE 2012**

	Note	2012 £	2011 £
LOSS FOR THE FINANCIAL PERIOD		(151,886)	(455,503)
Unrealised deficit on revaluation of investment properties	9	(160,000)	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD		(311,886)	(455,503)

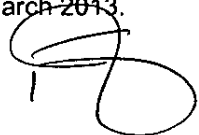
The notes on pages 10 to 25 form part of these financial statements.

F J ESPOSITO LIMITED
REGISTERED NUMBER: SC074183

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012

	Note	30 June 2012 £	£	2 July 2011 £	£
FIXED ASSETS					
Intangible assets	7		731,753		770,266
Tangible assets	8		639,446		654,913
Investment property	9		2,240,000		2,400,000
			<u>3,611,199</u>		<u>3,825,179</u>
CURRENT ASSETS					
Stocks	11	579,907		586,921	
Debtors	12	1,871,811		457,305	
Cash at bank and in hand		3,350		153,721	
		<u>2,455,068</u>		<u>1,197,947</u>	
CREDITORS: amounts falling due within one year	13	<u>(3,655,027)</u>		<u>(2,210,356)</u>	
NET CURRENT LIABILITIES			<u>(1,199,959)</u>		<u>(1,012,409)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,411,240</u>		<u>2,812,770</u>
CREDITORS: amounts falling due after more than one year	14		<u>(1,627,096)</u>		<u>(1,709,240)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	15		<u>(25,119)</u>		<u>(25,119)</u>
NET ASSETS			<u>759,025</u>		<u>1,078,411</u>
CAPITAL AND RESERVES					
Called up share capital	16		2,000		2,000
Revaluation reserve	17		452,974		612,974
Profit and loss account	17		304,051		463,437
SHAREHOLDERS' FUNDS	18		<u>759,025</u>		<u>1,078,411</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2013.



Mr F Esposito
Director

The notes on pages 10 to 25 form part of these financial statements.

F J ESPOSITO LIMITED
REGISTERED NUMBER: SC074183

COMPANY BALANCE SHEET
AS AT 30 JUNE 2012

	Note	30 June 2012 £	£	2 July 2011 £	£
FIXED ASSETS					
Tangible assets	8		637,098		651,877
Investments	10		1,201,000		1,201,000
			<u>1,838,098</u>		<u>1,852,877</u>
CURRENT ASSETS					
Stocks	11	35,863		44,776	
Debtors	12	659,812		599,795	
Cash at bank and in hand		3,350		127,159	
		<u>699,025</u>		<u>771,730</u>	
CREDITORS: amounts falling due within one year	13	(1,994,793)		(1,916,063)	
NET CURRENT LIABILITIES			<u>(1,295,768)</u>		<u>(1,144,333)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>542,330</u>		<u>708,544</u>
CREDITORS: amounts falling due after more than one year	14		(87,096)		(150,302)
PROVISIONS FOR LIABILITIES					
Deferred tax	15		(25,119)		(25,119)
NET ASSETS			<u>430,115</u>		<u>533,123</u>
CAPITAL AND RESERVES					
Called up share capital	16		2,000		2,000
Profit and loss account	17		428,115		531,123
SHAREHOLDERS' FUNDS	18		<u>430,115</u>		<u>533,123</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2013.


Mr F Esposito
 Director

The notes on pages 10 to 25 form part of these financial statements.

F J ESPOSITO LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	20	(1,330,463)	218,940
Returns on investments and servicing of finance	21	(142,988)	(157,661)
Taxation		(3,715)	7,592
Capital expenditure and financial investment	21	(11,060)	(3,373)
Equity dividends paid		(7,500)	(66,000)
CASH OUTFLOW BEFORE FINANCING		(1,495,726)	(502)
Financing	21	1,269,870	(121,658)
DECREASE IN CASH IN THE PERIOD		(225,856)	(122,160)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 30 JUNE 2012**

	2012 £	2011 £
Decrease in cash in the period	(225,856)	(122,160)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(1,269,870)	121,658
MOVEMENT IN NET DEBT IN THE PERIOD	(1,495,726)	(502)
Net debt at 3 July 2011	(3,297,467)	(3,296,965)
NET DEBT AT 30 JUNE 2012	(4,793,193)	(3,297,467)

The notes on pages 10 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The financial position of the company, its subsidiaries and the impact of maintaining and securing sufficient borrowing facilities are the sole focus of the director's efforts. The net asset position of the company has been significantly reduced by the impairment of the value of the land development site in Arbroath, in line with this period of property recession. As a result of Clydesdale Bank transferring the loan to NAB Group, the director expects positive decisions to be made regarding LEJ Limited. Also incentive from Government schemes are now on offer which are suitable to the development for affordable housing. With the refinancing of FJE Property Investments Limited this will assist with cashflow and the performance of the group.

The company continues to discuss with its current bankers about its future borrowing needs and no matters have been brought to its attention to suggest that current facilities will not be renewed but it strives to obtain more favourable terms than are forthcoming at present.

The company continues to benefit from positive cash flows from its Ninewells Cafe operation and there is no doubt that maintaining the trading performance from this operation is crucial in allowing the company to operate within the level of its current borrowing facilities. The additional steps taken to minimise losses from the Robertsons business are also helping to retain more funds within the company for positive use.

The director has reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 Basis of consolidation

The financial statements consolidate the accounts of F J Esposito Limited and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

Turnover in respect of restaurant and cafe sales is recognised at the point of sale to the customers and is exclusive of value added tax.

Turnover also represents property rental income.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	0%
Tenants improvements	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	
Head office		33% reducing balance
Ninewells cafe	-	20% reducing balance
Broughty Ferry shop	-	10% straight line

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Joint venture undertakings**
Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the Profit and loss account using the equity accounting basis.

1.7 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the Director, necessary in order to give a true and fair view of the financial position of the company and the group.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES (continued)

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging:

	2012 £	2011 £
Amortisation - intangible fixed assets	38,513	-
Depreciation of tangible fixed assets:		
- owned by the group	20,664	21,144
- held under finance leases	5,863	6,545
Auditors' remuneration	4,000	6,700
Auditors' remuneration - non-audit	10,850	7,203
Operating lease rentals:		
- other operating leases	179,433	166,038
	<u>179,433</u>	<u>166,038</u>

During the period, no Director received any emoluments (2011 - £NIL).

Auditors fees for the company were £4,000 (2011 - £4,000)

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

4. STAFF COSTS

Staff costs were as follows:

	2012	2011
	£	£
Wages and salaries	479,028	545,876
Social security costs	21,344	28,188
Other pension costs	1,761	1,761
	<u>502,133</u>	<u>575,825</u>

The average monthly number of employees, including the Director, during the period was as follows:

	2012	2011
	No.	No.
	<u>70</u>	<u>76</u>

5. INTEREST PAYABLE

	2012	2011
	£	£
On bank loans and overdrafts	137,708	150,726
On finance leases and hire purchase contracts	5,369	7,132
Other interest payable	18	-
	<u>143,095</u>	<u>157,858</u>

6. TAXATION

	2012	2011
	£	£
Analysis of tax (credit)/charge in the period		
UK corporation tax charge on loss for the period	-	15,781
Adjustments in respect of prior periods	(517)	-
	<u>(517)</u>	<u>15,781</u>
Tax on loss on ordinary activities		
	<u>(517)</u>	<u>15,781</u>

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

6. TAXATION (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2011 - *lower than*) the standard rate of corporation tax in the UK of 20% (2011 - 21%). The differences are explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	(152,403)	(439,722)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 21%)	(30,481)	(92,342)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	7,703	134,362
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	687	(28,632)
Capital allowances for period in excess of depreciation	1,472	1,412
Utilisation of tax losses	-	2,268
Adjustments to tax charge in respect of prior periods	(517)	-
Unrelieved tax losses carried forward	20,619	-
Group relief	-	(1,287)
Current tax (credit)/charge for the period (see note above)	(517)	15,781

Factors that may affect future tax charges

The company has tax losses of £83,402 available to carry forward against future taxable profits.

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 3 July 2011 and 30 June 2012	770,266
Amortisation	
At 3 July 2011	-
Charge for the period	38,513
At 30 June 2012	38,513
Net book value	
At 30 June 2012	731,753
At 2 July 2011	770,266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

8. TANGIBLE FIXED ASSETS

Group	Freehold property £	Motor vehicles £	Fixtures and fittings £	Tenants improvements £	Total £
Cost or valuation					
At 3 July 2011	487,169	9,141	262,463	136,552	895,325
Additions	-	-	11,060	-	11,060
At 30 June 2012	487,169	9,141	273,523	136,552	906,385
Depreciation					
At 3 July 2011	-	7,032	153,349	80,031	240,412
Charge for the period	-	527	17,154	8,846	26,527
At 30 June 2012	-	7,559	170,503	88,877	266,939
Net book value					
At 30 June 2012	487,169	1,582	103,020	47,675	639,446
At 2 July 2011	487,169	2,109	109,114	56,521	654,913

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	30 June 2012 £	2 July 2011 £
Furniture, fittings and equipment	34,880	40,743

Company	Freehold property £	Motor vehicles £	Fixtures and fittings £	Tenants improvements £
Cost				
At 3 July 2011	487,169	9,141	257,876	136,552
Additions	-	-	11,060	-
At 30 June 2012	487,169	9,141	268,936	136,552
Depreciation				
At 3 July 2011	-	7,032	151,798	80,031
Charge for the period	-	527	16,466	8,846
At 30 June 2012	-	7,559	168,264	88,877
Net book value				
At 30 June 2012	487,169	1,582	100,672	47,675
At 2 July 2011	487,169	2,109	106,078	56,521

F J ESPOSITO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

8. TANGIBLE FIXED ASSETS (continued)

Company	Total £
Cost	
At 3 July 2011	890,738
Additions	11,060
At 30 June 2012	<u>901,798</u>
Depreciation	
At 3 July 2011	238,861
Charge for the period	25,839
At 30 June 2012	<u>264,700</u>
Net book value	
At 30 June 2012	<u>637,098</u>
At 2 July 2011	<u>651,877</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	30 June 2012 £	2 July 2011 £
Furniture, fittings and equipment	<u>34,880</u>	<u>40,743</u>

9. INVESTMENT PROPERTY

Group	Freehold investment property £
Valuation	
At 3 July 2011	2,400,000
Surplus/(deficit) on revaluation	(160,000)
At 30 June 2012	<u>2,240,000</u>
Comprising	
Cost	1,762,286
Revaluation surplus/(deficit): 2012	477,714
At 30 June 2012	<u>2,240,000</u>

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

9. INVESTMENT PROPERTY (continued)

Property was valued by DM Hall LLP, Chartered Surveyors, on 1 May 2012, on an open market value for existing use basis for £2,050,000. Another property was valued by the director at £190,000.

10. FIXED ASSET INVESTMENTS

Company Cost or valuation	Investments in subsidiary companies £
At 3 July 2011 and 30 June 2012	1,201,000
Net book value At 30 June 2012	1,201,000
At 2 July 2011	1,201,000

Details of the principal subsidiaries can be found under note number 29.

11. STOCKS

	Group		Company	
	30 June 2012 £	2 July 2011 £	30 June 2012 £	2 July 2011 £
Finished goods and goods for resale	579,907	586,921	35,863	44,776

12. DEBTORS

	Group		Company	
	30 June 2012 £	2 July 2011 £	30 June 2012 £	2 July 2011 £
Trade debtors	5,572	4,417	-	120
Amounts owed by group undertakings	-	-	167,835	162,348
Other debtors	1,847,926	439,738	474,857	425,263
Prepayments and accrued income	18,313	13,150	17,120	12,064
	1,871,811	457,305	659,812	599,795

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

13. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u>	<u>2 July</u>	<u>30 June</u>	<u>2 July</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans and overdrafts	3,362,000	1,946,454	1,761,544	1,709,998
Net obligations under finance leases and hire purchase contracts	20,206	18,254	20,206	18,254
Trade creditors	133,529	116,020	105,697	95,624
Corporation tax	11,549	15,781	-	2,444
Social security and other taxes	34,955	43,470	34,239	42,754
Other creditors	62,791	41,659	51,229	26,796
Accruals and deferred income	29,997	28,718	21,878	20,193
	<u>3,655,027</u>	<u>2,210,356</u>	<u>1,994,793</u>	<u>1,916,063</u>

The bank loan and overdraft are secured by a floating charge over the assets and undertakings of the company and a standard security over the development site of the company's subsidiary, LEJ Limited, at Ernest Street, Arbroath.

A guarantee over these borrowings has also been provided by Mr F J Esposito, a director, in the sum of £1,000,000 (plus interest and expenses owing to the Bank by the Borrower) supported by standard security over a property in Dundee.

Cross guarantees have also been provided for all advances between F J Esposito Limited, FJE Property Investments Limited and LEJ Limited.

Hire purchase liabilities are secured over the assets to which they relate.

Included within the above are the following loans:

A loan that is repaid at a variable rate of interest which is due to expire in 30 October 2013.

A tailored business loan that is repaid according to LIBOR and is due to be reviewed on 15 July 2014.

A tailored business loan that is repaid at 6.96% interest rate and is due to expire in 2023.

A tailored business loan that is repaid at 4.38% interest rate and is due to expire in 2013.

These loans were all settled in July 2012 as part of the refinancing package with Aldermore Bank plc.

F J ESPOSITO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

14. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2012</u>	<u>2 July 2011</u>	<u>30 June 2012</u>	<u>2 July 2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans	1,390,000	1,441,938	-	-
Net obligations under finance leases and hire purchase contracts	24,336	44,542	24,336	44,542
Other creditors	212,760	222,760	62,760	105,760
	<u>1,627,096</u>	<u>1,709,240</u>	<u>87,096</u>	<u>150,302</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2012</u>	<u>2 July 2011</u>	<u>30 June 2012</u>	<u>2 July 2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Repayable by instalments	1,390,000	983,217	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2012</u>	<u>2 July 2011</u>	<u>30 June 2012</u>	<u>2 July 2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Between one and five years	24,336	44,542	24,336	44,542

Hire purchase liabilities are secured over the assets to which they relate.

15. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2012</u>	<u>2 July 2011</u>	<u>30 June 2012</u>	<u>2 July 2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At beginning and end of period	25,119	25,119	25,119	25,119

F J ESPOSITO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

15. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	Group		Company	
	30 June 2012	2 July 2011	30 June 2012	2 July 2011
	£	£	£	£
Accelerated capital allowances	25,119	25,119	25,119	25,119

16. SHARE CAPITAL

	30 June 2012	2 July 2011
	£	£
Authorised, allotted, called up and fully paid		
2,000 Ordinary Shares shares of £1 each	2,000	2,000

17. RESERVES

Group	Revaluation reserve	Profit and loss account
	£	£
At 3 July 2011	612,974	463,437
Loss for the period		(151,886)
Dividends: Equity capital		(7,500)
(Deficit) on revaluation of freehold property	(160,000)	
At 30 June 2012	452,974	304,051
Company		Profit and loss account
		£
At 3 July 2011		531,123
Loss for the period		(95,508)
Dividends: Equity capital		(7,500)
At 30 June 2012		428,115

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 June 2012 £	2 July 2011 £
Group		
Opening shareholders' funds	1,078,411	1,599,914
Loss for the period	(151,886)	(455,503)
Dividends (Note 19)	(7,500)	(66,000)
Other recognised gains and losses during the period	(160,000)	-
	<u>759,025</u>	<u>1,078,411</u>
 Company		
Opening shareholders' funds	533,123	1,284,743
Loss for the period	(95,508)	(685,620)
Dividends (Note 19)	(7,500)	(66,000)
	<u>430,115</u>	<u>533,123</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the period dealt with in the accounts of the company was £95,508 (2011 - £685,620).

19. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>7,500</u>	<u>66,000</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating loss	(9,415)	(472,005)
Amortisation of intangible fixed assets	38,513	-
Depreciation of tangible fixed assets	26,527	27,689
Impairments of fixed assets	-	639,819
Loss on disposal of tangible fixed assets	-	1,335
Decrease/(increase) in stocks	7,013	(10,296)
(Increase)/decrease in debtors	(1,414,505)	39,972
Increase/(decrease) in creditors	21,404	(7,574)
Net cash (outflow)/inflow from operating activities	<u>(1,330,463)</u>	<u>218,940</u>

F J ESPOSITO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	107	197
Interest paid	(137,726)	(150,726)
Hire purchase interest	(5,369)	(7,132)
Net cash outflow from returns on investments and servicing of finance	(142,988)	(157,661)
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,060)	(11,023)
Sale of tangible fixed assets	-	7,650
Net cash outflow from capital expenditure	(11,060)	(3,373)
	2012 £	2011 £
Financing		
New secured loans	1,288,124	-
Repayment of loans	-	(105,167)
Repayment of finance leases	(18,254)	(16,491)
Net cash inflow/(outflow) from financing	1,269,870	(121,658)

22. ANALYSIS OF CHANGES IN NET DEBT

	3 July 2011 £	Cash flow £	Other non-cash changes £	30 June 2012 £
Cash at bank and in hand	153,721	(150,371)	-	3,350
Bank overdraft	(1,836,639)	(75,485)	-	(1,912,124)
	(1,682,918)	(225,856)	-	(1,908,774)
Debt:				
Debts due within one year	(128,069)	(1,269,870)	(72,144)	(1,470,083)
Debts falling due after more than one year	(1,486,480)	-	72,144	(1,414,336)
Net debt	(3,297,467)	(1,495,726)	-	(4,793,193)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

23. PENSION COMMITMENTS

The company operates a defined benefit contributions 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 and amounted to £1,761 (2011 - £1,761). £146 was payable to the fund at the balance sheet date (2011 - £nil).

24. OPERATING LEASE COMMITMENTS

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	30 June 2012	2 July 2011	30 June 2012	2 July 2011
Group	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	-	10,820	10,820
After more than 5 years	177,595	163,000	-	-
	<u>177,595</u>	<u>163,000</u>	<u>-</u>	<u>-</u>

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	30 June 2012	2 July 2011	30 June 2012	2 July 2011
Company	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	-	10,820	10,820
After more than 5 years	177,595	163,000	-	-
	<u>177,595</u>	<u>163,000</u>	<u>-</u>	<u>-</u>

25. DIRECTOR'S PERSONAL GUARANTEES

A £1,000,000 guarantee over the bank loan and overdraft has been provided by Mr F J Esposito.

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS

During the year £13,000 (2011 - £6,500) was paid to Mr F Esposito for the rental of the Head Office premises. At the year end £nil (2011 - £1,000) was due to Mr F J Esposito in respect of rentals charged.

Additional balances owing to Mr F J Esposito as at 30 June 2012 amounted to £152,083 (2011 - £131,796).

The company paid dividends of £7,500 to Mr F J Esposito during the year (2011 - £66,000).

The company was under the control of Mr F J Esposito throughout the current and previous year. Mr F J Esposito is the managing director and majority shareholder.

Mr F J Esposito is also a director and shareholder in the following companies. During the year the following transactions occurred with these companies:

Expenses were paid on behalf of the following companies:-

FJE Homes Ltd £4,235 (2011 - £4,086)

LEJ Ltd £2,599 (2011 - £15,726)

Emmock Homes Limited - £792 (2011 - £110)

FJE Property Investments Limited - £2,890 (2011 - £44,548)

FJE Bellfield Limited - £9,338 (2011 - £nil)

Balances due to F J Esposito Ltd at the period end were as follows:-

FJE Bellfield Ltd £459,242 (2011 - £414,904)

FJE Property Investments Ltd £154,889 (2011 - £151,999)

FJE Homes Ltd £14,583 (2011 - £10,347)

Emmock Homes Ltd £792 (2011 - £nil)

LEJ Ltd £12,946 (2011 - £10,348).

27. POST BALANCE SHEET EVENTS

On 29 June 2012, the subsidiary company, FJE Property Investments Limited, had a refinancing package approved by Aldermore Bank plc for £1,390,000. These funds were available to be released and were passed to the solicitor on 3 July 2012. On 4 July 2012 these funds were used to settle the loans outstanding to Clydesdale Bank. The securities also passed on that date. Costs incurred in relation to the refinancing have been disclosed as exceptional items in the profit and loss account.

28. CONTROLLING PARTY

The company is controlled by Mr F J Esposito, a director.

F J ESPOSITO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

29. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
FJE Property Investments Limited	Scotland	100	Property letting
LEJ Limited	Scotland	100	Property development

30. EXCEPTIONAL ITEMS

	2012 £	2011 £
Goodwill impairment charges	-	639,819
Refinancing costs	61,336	-
	<u>61,336</u>	<u>639,819</u>

Goodwill impairment charges relates to impairment charges on the valuation of the development site in Arbroath, which is included within LEJ Limited.

The refinancing costs are in relation to the costs incurred in FJE Property Investments Limited in transferring the loan to Aldermore Bank plc.