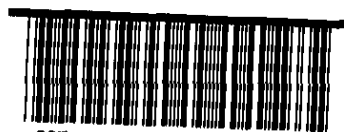


# **COFFEE PARTNERS LIMITED**

## **ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED**

**31st MARCH 2003**



SCT SOM59QJP 1911  
COMPANIES HOUSE 02/12/03

# **COFFEE PARTNERS LIMITED**

## **ABBREVIATED ACCOUNTS**

**YEAR ENDED 31st MARCH 2003**

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# COFFEE PARTNERS LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

|                               |                                                                                                                                                                                                                     |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The board of directors</b> | DS Leggate<br>SJ Senior<br>KJ Crook<br>A B Davis                                                                                                                                                                    |
| <b>Company secretary</b>      | K J Crook                                                                                                                                                                                                           |
| <b>Registered office</b>      | Adam Ferguson House<br>Eskmills Retail Park<br>Musselburgh<br>Edinburgh<br>EH21 7PQ                                                                                                                                 |
| <b>Auditors</b>               | Hodgson and Company<br>Chartered Accountants<br>& Registered Auditors<br>16 Barnes Green<br>Livingston<br>EH54 8PP                                                                                                  |
| <b>Bankers</b>                | Girobank plc<br>Bridle Road<br>Bootle<br>Merseyside<br>GIR 0AA<br><br>Bank of Scotland<br>The Mound<br>Edinburgh<br>EH1 1YZ<br><br>Ulster Bank Ireland Limited<br>Monastery Road<br>Clondalkin<br>Eire<br>DUBLIN 22 |
| <b>Solicitors</b>             | Gillespie Macandrew WS<br>31 Melville Street<br>Edinburgh<br>EH3 7JQ<br><br>Jameson & Co.<br>Trading Town Side<br>Kilkenny                                                                                          |

# COFFEE PARTNERS LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31st MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2003.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the operation and management of coffee shops and cafes.

The directors are pleased with the performance of the company during the year under review, during which significant growth in new business and reinvestment in café assets were the main feature.

Nine additional coffee shops were opened during the period and a significant investment was undertaken in brand development of the existing sites.

The key performance markers for the business remain solid and net profit has increased over the previous year due to strong financial controls.

A renewed contract was entered into with the principal client, B&Q plc, effective from January 1st, 2003, which gives the company long-term stability and security.

Following the period in question, negotiations have been initiated with Compass Group plc. regarding the sale of whole of the share capital of Coffee Partners Limited. The Directors approve this transaction, which should benefit the business, its employees and clients. The Directors anticipate that completion of this sale will take place on 28th November 2003.

#### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

|                                       | 2003<br>£     | 2002<br>£     |
|---------------------------------------|---------------|---------------|
| Proposed dividends on ordinary shares | <u>18,700</u> | <u>15,000</u> |

#### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

|              |                            | Ordinary Shares of £0.01 each |                                                       |
|--------------|----------------------------|-------------------------------|-------------------------------------------------------|
|              |                            | At<br>31 March 2003           | At<br>1 April 2002<br>or later date<br>of appointment |
| DS Leggate   |                            | 270,000                       | 270,000                                               |
| SJ Senior    |                            | 270,000                       | 270,000                                               |
| KJ Crook     |                            | —                             | —                                                     |
| A B Davis    | (Appointed 28 August 2002) | —                             | —                                                     |
| CJC Whimster | (Retired 10 December 2002) | —                             | —                                                     |

# COFFEE PARTNERS LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31st MARCH 2003

#### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### AUDITORS

A resolution to re-appoint Hodgson and Company as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Adam Ferguson House  
Eskmills Retail Park  
Musselburgh  
Edinburgh  
EH21 7PQ

Signed by order of the directors



K J CROOK  
Company Secretary

Approved by the directors on 27th November 2003

**COFFEE PARTNERS LIMITED****INDEPENDENT AUDITORS' REPORT TO THE COMPANY****PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 5 to 17, together with the financial statements of the company for the year ended 31st March 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

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

**BASIS OF OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with those provisions.



16 Barnes Green  
Livingston  
EH54 8PP

HODGSON AND COMPANY  
Chartered Accountants  
& Registered Auditors

27th November 2003

**COFFEE PARTNERS LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31st MARCH 2003**

|                                                      | Note     | 2003<br>£            | 2002<br>£           |
|------------------------------------------------------|----------|----------------------|---------------------|
| <b>GROSS PROFIT</b>                                  |          | <b>1,830,651</b>     | <b>1,288,972</b>    |
| Administrative expenses                              |          | <u>1,646,215</u>     | <u>1,135,897</u>    |
| <b>OPERATING PROFIT</b>                              | <b>2</b> | <b>184,436</b>       | <b>153,075</b>      |
| Interest receivable                                  | <b>5</b> | <b>726</b>           | —                   |
| Loss on disposal of investments                      | <b>6</b> | —                    | (60,120)            |
| Interest payable                                     | <b>7</b> | <b>(68,649)</b>      | <b>(53,812)</b>     |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |          | <b>116,513</b>       | <b>39,143</b>       |
| Tax on profit on ordinary activities                 | <b>8</b> | <b>19,350</b>        | <b>20,569</b>       |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |          | <b>97,163</b>        | <b>18,574</b>       |
| Dividends                                            | <b>9</b> | <b>18,700</b>        | <b>15,000</b>       |
| <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>        |          | <b><u>78,463</u></b> | <b><u>3,574</u></b> |

All of the activities of the company are classed as continuing.

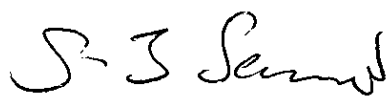
The company has no recognised gains or losses other than the results for the year as set out above.

**COFFEE PARTNERS LIMITED****ABBREVIATED BALANCE SHEET****31st MARCH 2003**

|                                                                | Note | 2003<br>£          | 2002<br>£          |
|----------------------------------------------------------------|------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                                            |      |                    |                    |
| Tangible assets                                                | 10   | 2,692,353          | 2,595,013          |
| <b>CURRENT ASSETS</b>                                          |      |                    |                    |
| Stocks                                                         | 11   | 140,274            | 118,951            |
| Debtors                                                        | 12   | 55,629             | 42,969             |
| Cash at bank and in hand                                       |      | <u>160,557</u>     | <u>163,894</u>     |
|                                                                |      | 356,460            | 325,814            |
| <b>CREDITORS: Amounts falling due within one year</b>          | 13   | <u>2,117,220</u>   | <u>2,278,665</u>   |
| <b>NET CURRENT LIABILITIES</b>                                 |      | <b>(1,760,760)</b> | <b>(1,952,851)</b> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <b>931,593</b>     | <b>642,162</b>     |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 14   | <u>381,020</u>     | <u>188,918</u>     |
|                                                                |      | 550,573            | 453,244            |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  |      |                    |                    |
| Deferred taxation                                              | 16   | <u>120,400</u>     | <u>101,050</u>     |
|                                                                |      | <u>430,173</u>     | <u>352,194</u>     |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                    |
| Called-up equity share capital                                 | 18   | 6,000              | 6,000              |
| Profit and loss account                                        |      | <u>424,173</u>     | <u>346,194</u>     |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 20   | <u>430,173</u>     | <u>352,194</u>     |

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 27th November 2003 and are signed on their behalf by:



SJ SENIOR

**COFFEE PARTNERS LIMITED****CASH FLOW STATEMENT****YEAR ENDED 31st MARCH 2003**

|                                                                                      | Note      | 2003<br>£               | 2002<br>£               |
|--------------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|
| <b>NET CASH INFLOW FROM<br/>OPERATING ACTIVITIES</b>                                 | <b>21</b> | <b>108,798</b>          | <b>1,007,173</b>        |
| <b>RETURNS ON INVESTMENTS AND<br/>SERVICING OF FINANCE</b>                           |           |                         |                         |
| Interest received                                                                    |           | 726                     | —                       |
| Interest paid                                                                        |           | (35,976)                | (44,895)                |
| Interest element of hire purchase and<br>finance lease                               |           | <u>(32,673)</u>         | <u>(8,917)</u>          |
| <b>NET CASH OUTFLOW FROM<br/>RETURNS ON INVESTMENTS AND<br/>SERVICING OF FINANCE</b> |           | <b>(67,923)</b>         | <b>(53,812)</b>         |
| <b>TAXATION</b>                                                                      |           | <b>5,682</b>            | <b>(5,682)</b>          |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>                                  |           |                         |                         |
| Payments to acquire tangible fixed assets                                            |           | (849,812)               | (1,441,656)             |
| Receipts from sale of fixed assets                                                   |           | 394,036                 | 999                     |
| Loans to group undertakings                                                          |           | <u>—</u>                | <u>(44,552)</u>         |
| <b>NET CASH OUTFLOW FOR CAPITAL<br/>EXPENDITURE AND FINANCIAL<br/>INVESTMENT</b>     |           | <b>(455,776)</b>        | <b>(1,485,209)</b>      |
| <b>ACQUISITIONS AND DISPOSALS<br/>EQUITY DIVIDENDS PAID</b>                          |           | <b>(15,000)</b>         | <b>—</b>                |
| <b>CASH OUTFLOW BEFORE<br/>FINANCING</b>                                             |           | <b>(424,219)</b>        | <b>(537,530)</b>        |
| <b>FINANCING</b>                                                                     | <b>22</b> | <b>(404,711)</b>        | <b>352,243</b>          |
| <b>DECREASE IN CASH</b>                                                              | <b>23</b> | <b><u>(828,930)</u></b> | <b><u>(185,287)</u></b> |

The notes on pages 8 to 17 form part of these abbreviated accounts.

**COFFEE PARTNERS LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31st MARCH 2003**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                    |                              |
|--------------------|------------------------------|
| Leasehold Property | - over the life of the lease |
| Office equipment   | - 25% reducing balance       |
| Motor Vehicles     | - 25% reducing balance       |
| Cafe equipment     | - 15% reducing balance       |

**Stocks**

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

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

**Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

**COFFEE PARTNERS LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31st MARCH 2003**

**1. ACCOUNTING POLICIES** *(continued)*

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**Deferred taxation**

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

*Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;*

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

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**COFFEE PARTNERS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31st MARCH 2003****2. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

|                                                                              | 2003          | 2002          |
|------------------------------------------------------------------------------|---------------|---------------|
|                                                                              | £             | £             |
| Depreciation of owned fixed assets                                           | 310,477       | 249,215       |
| Depreciation of assets held under hire purchase and finance lease agreements | 124,132       | 30,996        |
| (Profit)/Loss on disposal of fixed assets                                    | (59,276)      | 464           |
| Auditors' remuneration                                                       |               |               |
| - as auditors                                                                | 10,950        | 7,500         |
| Operating lease costs:                                                       |               |               |
| Land and buildings                                                           | 50,285        | 11,922        |
| Plant and equipment                                                          | <u>54,243</u> | <u>56,659</u> |

**3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

|                                | 2003       | 2002       |
|--------------------------------|------------|------------|
|                                | No         | No         |
| Number of management staff     | 14         | 12         |
| Number of administrative staff | 6          | 5          |
| Number of catering staff       | 228        | 217        |
|                                | <u>248</u> | <u>234</u> |

The aggregate payroll costs of the above were:

|                       | 2003             | 2002             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 2,598,098        | 1,993,542        |
| Social security costs | 157,249          | 117,516          |
| Other pension costs   | 21,459           | 35,241           |
|                       | <u>2,776,806</u> | <u>2,146,299</u> |

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

|                                                                  | 2003           | 2002           |
|------------------------------------------------------------------|----------------|----------------|
|                                                                  | £              | £              |
| Aggregate emoluments                                             | 162,511        | 130,055        |
| Value of company pension contributions to money purchase schemes | 6,500          | 25,200         |
|                                                                  | <u>169,011</u> | <u>155,255</u> |

# COFFEE PARTNERS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31st MARCH 2003

#### 4. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under company pension schemes was as follows:

|                        | 2003     | 2002     |
|------------------------|----------|----------|
|                        | No       | No       |
| Money purchase schemes | <u>3</u> | <u>3</u> |

#### 5. INTEREST RECEIVABLE

|                          | 2003       | 2002     |
|--------------------------|------------|----------|
|                          | £          | £        |
| Bank interest receivable | <u>726</u> | <u>-</u> |

#### 6. LOSS ON DISPOSAL OF INVESTMENTS

|                                | 2003     | 2002          |
|--------------------------------|----------|---------------|
|                                | £        | £             |
| Amount written off investments | <u>-</u> | <u>60,120</u> |

Following the decision to cease the operations of its subsidiary undertaking, Café Centre SARL, the process of liquidating the company in France is still continuing and the directors do not anticipate that a dividend will be paid at the conclusion of this process.

#### 7. INTEREST PAYABLE

|                                    | 2003          | 2002          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Interest payable on bank borrowing | 24,094        | 2,541         |
| Finance charges                    | 32,673        | 8,917         |
| Other similar charges payable      | <u>11,882</u> | <u>42,354</u> |
|                                    | <u>68,649</u> | <u>53,812</u> |

**COFFEE PARTNERS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31st MARCH 2003****8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|                                              | 2003     |        | 2002     |
|----------------------------------------------|----------|--------|----------|
|                                              | £        | £      | £        |
| Current tax:                                 |          |        |          |
| Corporation tax                              |          | -      | -        |
| Over/under provision in prior year           |          | -      | (5,681)  |
| Total current tax                            |          | -      | (5,681)  |
| Deferred tax:                                |          |        |          |
| Increase in deferred tax provision (note 16) |          |        |          |
| Capital allowances                           | 41,350   |        | 92,950   |
| Losses                                       | (22,000) |        | (66,700) |
| Total deferred tax (note 16)                 |          | 19,350 | 26,250   |
| Tax on profit on ordinary activities         |          | 19,350 | 20,569   |

**9. DIVIDENDS**

The following dividends have been proposed in respect of the year:

|                                      | 2003   | 2002   |
|--------------------------------------|--------|--------|
|                                      | £      | £      |
| Proposed dividend on ordinary shares | 18,700 | 15,000 |

**10. TANGIBLE FIXED ASSETS**

|                       | Freehold &<br>Leasehold<br>Property<br>£ | Office<br>equipment<br>£ | Motor<br>Vehicles<br>£ | Cafe<br>equipment<br>£ | Total<br>£ |
|-----------------------|------------------------------------------|--------------------------|------------------------|------------------------|------------|
| <b>COST</b>           |                                          |                          |                        |                        |            |
| At 1 April 2002       | 318,979                                  | 86,076                   | 183,821                | 2,629,715              | 3,218,591  |
| Additions             | 4,340                                    | 35,829                   | 182,975                | 643,565                | 866,709    |
| Disposals             | (297,275)                                | -                        | (68,236)               | -                      | (365,511)  |
| At 31 March 2003      | 26,044                                   | 121,905                  | 298,560                | 3,273,280              | 3,719,789  |
| <b>DEPRECIATION</b>   |                                          |                          |                        |                        |            |
| At 1 April 2002       | 1,446                                    | 32,783                   | 45,505                 | 543,844                | 623,578    |
| Charge for the year   | 1,756                                    | 19,228                   | 64,198                 | 349,427                | 434,609    |
| On disposals          | -                                        | -                        | (30,751)               | -                      | (30,751)   |
| At 31 March 2003      | 3,202                                    | 52,011                   | 78,952                 | 893,271                | 1,027,436  |
| <b>NET BOOK VALUE</b> |                                          |                          |                        |                        |            |
| At 31 March 2003      | 22,842                                   | 69,894                   | 219,608                | 2,380,009              | 2,692,353  |
| At 31 March 2002      | 317,533                                  | 53,293                   | 138,316                | 2,085,871              | 2,595,013  |

# COFFEE PARTNERS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31st MARCH 2003

#### 10. TANGIBLE FIXED ASSETS *(continued)*

##### Hire Purchase and finance lease agreements

Included within the net book value of £2,692,353 is £857,564 (2002 - £285,791) relating to assets held under hire purchase agreements, and £49,636 (2002 - £61,203) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £95,669 (2002 - £21,321), and £28,463 (2002 - £9,675) in respect of assets held under finance lease agreements.

##### Capital commitments

|                                                             | 2003<br>£     | 2002<br>£     |
|-------------------------------------------------------------|---------------|---------------|
| Contracted but not provided for in the financial statements | <u>89,489</u> | <u>62,336</u> |

#### 11. STOCKS

|       | 2003<br>£      | 2002<br>£      |
|-------|----------------|----------------|
| Stock | <u>140,274</u> | <u>118,951</u> |

#### 12. DEBTORS

|                                | 2003<br>£     | 2002<br>£     |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 42,022        | 30,256        |
| Corporation tax repayable      | —             | 5,682         |
| Prepayments and accrued income | 13,607        | 7,031         |
|                                | <u>55,629</u> | <u>42,969</u> |

#### 13. CREDITORS: Amounts falling due within one year

|                                                         | 2003<br>£        | 2002<br>£        |
|---------------------------------------------------------|------------------|------------------|
| Bank loans and overdrafts                               | 998,414          | 927,896          |
| Trade creditors                                         | 271,153          | 483,253          |
| Other creditors including taxation and social security: |                  |                  |
| PAYE and social security                                | 36,334           | 28,089           |
| VAT                                                     | 190,359          | 161,775          |
| Hire Purchase and finance lease agreements              | 287,036          | 111,877          |
| Dividends payable                                       | 18,700           | 15,000           |
| Other creditors                                         | —                | 120,000          |
| Directors current accounts                              | 26,320           | 22,803           |
|                                                         | <u>1,828,316</u> | <u>1,870,693</u> |
| Accruals and deferred income                            | 288,904          | 407,972          |
|                                                         | <u>2,117,220</u> | <u>2,278,665</u> |

# COFFEE PARTNERS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2003

### 13. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

|                           | 2003           | 2002           |
|---------------------------|----------------|----------------|
|                           | £              | £              |
| Bank loans and overdrafts | <u>998,414</u> | <u>927,896</u> |

Bank loans and overdrafts are secured in favour of the company's bankers by means of a floating charge, and a standard security over the company's assets.

### 14. CREDITORS: Amounts falling due after more than one year

|                                            | 2003           | 2002           |
|--------------------------------------------|----------------|----------------|
|                                            | £              | £              |
| Other creditors:                           |                |                |
| Hire Purchase and finance lease agreements | <u>381,020</u> | <u>188,918</u> |

### 15. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

|                                                                     | 2003            | 2002            |
|---------------------------------------------------------------------|-----------------|-----------------|
|                                                                     | £               | £               |
| Amounts payable within 1 year                                       | 6,036           | 7,808           |
| Amounts payable between 1 and 2 years                               | —               | 61,203          |
| Amounts payable between 3 and 5 years                               | <u>723,444</u>  | <u>257,215</u>  |
|                                                                     | <u>729,480</u>  | <u>326,226</u>  |
| Less interest and finance charges relating to future periods        | <u>(61,424)</u> | <u>(25,431)</u> |
|                                                                     | <u>668,056</u>  | <u>300,795</u>  |
| Hire purchase and finance lease agreements are analysed as follows: |                 |                 |
| Current obligations                                                 | 287,036         | 111,877         |
| Non-current obligations                                             | <u>381,020</u>  | <u>188,918</u>  |
|                                                                     | <u>668,056</u>  | <u>300,795</u>  |

### 16. DEFERRED TAXATION

|                                                                      | 2003           | 2002           |
|----------------------------------------------------------------------|----------------|----------------|
|                                                                      | £              | £              |
| The movement in the deferred taxation provision during the year was: |                |                |
| Provision brought forward                                            | 101,050        | 74,800         |
| Profit and loss account movement arising during the year             | <u>19,350</u>  | <u>26,250</u>  |
| Provision carried forward                                            | <u>120,400</u> | <u>101,050</u> |

**COFFEE PARTNERS LIMITED**  
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**16. DEFERRED TAXATION** *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

|                                                                 | 2003<br>£       | 2002<br>£       |
|-----------------------------------------------------------------|-----------------|-----------------|
| Excess of taxation allowances over depreciation on fixed assets | 209,100         | 167,750         |
| Tax losses available                                            | <u>(88,700)</u> | <u>(66,700)</u> |
|                                                                 | <u>120,400</u>  | <u>101,050</u>  |

**17. COMMITMENTS UNDER OPERATING LEASES**

At 31st March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

|                                | 2003                     |                     | 2002                     |
|--------------------------------|--------------------------|---------------------|--------------------------|
|                                | Land &<br>Buildings<br>£ | Other<br>Items<br>£ | Land &<br>Buildings<br>£ |
| Operating leases which expire: |                          |                     |                          |
| Within 1 year                  | —                        | 1,446               | —                        |
| Within 2 to 5 years            | 43,032                   | 51,600              | —                        |
| After more than 5 years        | <u>25,000</u>            | <u>—</u>            | <u>25,000</u>            |
|                                | <u>68,032</u>            | <u>53,046</u>       | <u>25,000</u>            |
|                                |                          |                     | <u>47,766</u>            |

**18. SHARE CAPITAL**

**Authorised share capital:**

|                                          | 2003<br>£      | 2002<br>£      |
|------------------------------------------|----------------|----------------|
| 10,000,000 Ordinary shares of £0.01 each | 100,000        | —              |
| 100,000 Ordinary shares of £1 each       | <u>—</u>       | <u>100,000</u> |
|                                          | <u>100,000</u> | <u>100,000</u> |

**Allotted, called up and fully paid:**

|                               | 2003           |              | 2002         |
|-------------------------------|----------------|--------------|--------------|
|                               | No             | £            | No           |
| Ordinary shares of £0.01 each | 600,000        | 6,000        | —            |
| Ordinary shares of £1 each    | <u>—</u>       | <u>—</u>     | <u>6,000</u> |
|                               | <u>600,000</u> | <u>6,000</u> | <u>6,000</u> |

On 31st March 2003, the authorised ordinary share capital of the company of £100,000 divided into 100,000 ordinary shares of £1 each was subdivided into 10,000,000 ordinary shares of £0.01 each, with each of the issued fully paid ordinary shares of £1 being divided into 100 fully paid ordinary shares of £0.01 each.

**COFFEE PARTNERS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31st MARCH 2003****19. PROFIT AND LOSS ACCOUNT**

|                                        | 2003           | 2002           |
|----------------------------------------|----------------|----------------|
|                                        | £              | £              |
| Balance brought forward                | 346,194        | 342,620        |
| Retained profit for the financial year | 78,463         | 3,574          |
| Foreign currency retranslation         | (484)          | —              |
| Balance carried forward                | <u>424,173</u> | <u>346,194</u> |

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                    | 2003           | 2002           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Profit for the financial year      | 97,163         | 18,574         |
| Dividends                          | (18,700)       | (15,000)       |
|                                    | <u>78,463</u>  | <u>3,574</u>   |
| Foreign currency retranslation     | (484)          | —              |
| Net addition to funds              | 77,979         | 3,574          |
| Opening shareholders' equity funds | 352,194        | 348,620        |
| Closing shareholders' equity funds | <u>430,173</u> | <u>352,194</u> |

**21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|                                           | 2003           | 2002             |
|-------------------------------------------|----------------|------------------|
|                                           | £              | £                |
| Operating profit                          | 184,436        | 153,075          |
| Depreciation                              | 434,609        | 280,211          |
| (Profit)/Loss on disposal of fixed assets | (59,276)       | 464              |
| Increase in stocks                        | (21,323)       | (76,642)         |
| Increase in debtors                       | (18,342)       | (27,920)         |
| (Decrease)/increase in creditors          | (411,306)      | 677,985          |
| Net cash inflow from operating activities | <u>108,798</u> | <u>1,007,173</u> |

**22. FINANCING**

|                                                    | 2003             | 2002           |
|----------------------------------------------------|------------------|----------------|
|                                                    | £                | £              |
| Repayment of bank loans                            | (755,075)        | 159,952        |
| Capital element of hire purchase and finance lease | 350,364          | 192,291        |
| Net cash (outflow)/inflow from financing           | <u>(404,711)</u> | <u>352,243</u> |

**COFFEE PARTNERS LIMITED**  
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**23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

|                                                            | 2003             | 2002             |
|------------------------------------------------------------|------------------|------------------|
|                                                            | £                | £                |
| Decrease in cash in the period                             | (828,930)        | (185,287)        |
| Net cash outflow from/(inflow) from bank loans             | 755,075          | (159,952)        |
| Cash outflow in respect of hire purchase and finance lease | (350,364)        | (192,291)        |
| <b>Change in net debt resulting from cash flows</b>        | <b>(424,219)</b> | <b>(537,530)</b> |
| New finance leases                                         | (16,897)         | (70,878)         |
| Movement in net debt in the period                         | (441,116)        | (608,408)        |
| Net debt at 1 April 2002                                   | (1,064,797)      | (456,389)        |
| Net debt at 31 March 2003                                  | (1,505,913)      | (1,064,797)      |

**24. ANALYSIS OF CHANGES IN NET DEBT**

|                                            | At<br>1 Apr 2002 | Cash flows | Other<br>changes | At<br>31 Mar 2003 |
|--------------------------------------------|------------------|------------|------------------|-------------------|
|                                            | £                | £          | £                | £                 |
| Net cash:                                  |                  |            |                  |                   |
| Cash in hand and at bank                   | 163,894          | (3,337)    | —                | 160,557           |
| Overdrafts                                 | (172,821)        | (825,593)  | —                | (998,414)         |
|                                            | (8,927)          | (828,930)  | —                | (837,857)         |
| Debt:                                      |                  |            |                  |                   |
| Debt due within 1 year                     | (755,075)        | 755,075    | —                | —                 |
| Hire Purchase and finance lease agreements | (300,795)        | (350,364)  | (16,897)         | (668,056)         |
|                                            | (1,055,870)      | 404,711    | (16,897)         | (668,056)         |
| Net debt                                   | (1,064,797)      | (424,219)  | (16,897)         | (1,505,913)       |

**25. POST BALANCE SHEET EVENTS**

On 13th April 2003, the company put into place an EMI Share Option scheme under the terms of Schedule 14 of the Finance Act 2000. The terms of the Scheme and the share valuation has been agreed by the Inland Revenue.

It is expected that, on 28th November 2003, the sale of the whole of the share capital of the company to Compass Group, UK and Ireland Limited will complete and this event, under the terms of the EMI Share Option Scheme, will trigger the exercise of the options granted.