

ARA COFFEE CLUB LIMITED  
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ACCOUNTS -- 28 SEPTEMBER 1990

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

1062995



ARA COFFEE CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 SEPTEMBER 1990

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 28 September 1990.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW:**

On 1 October 1989 the company disposed of its assets and liabilities at net book value to ARA Services Plc, the company's immediate holding company. The company did not trade during the year.

**DIRECTORS AND THEIR INTERESTS:**

The directors who served during the year were -

W.S.D. McCall  
J.V. Devlin

There are no directors' interests which require disclosure under Schedule 7 of the Companies Act 1985.

**FIXED ASSETS:**

Information relating to changes in tangible fixed assets is given in Note 7 to the accounts.

**AUDITORS:**

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen & Co. as auditors for the ensuing year.

**BY ORDER OF THE BOARD:**

R.F. Richmond  
Secretary

6 February 1991

ARTHUR ANDERSEN & Co

ST PAUL'S HOUSE  
PARK SQUARE  
LEEDS LS1 2PJ

Auditors' report to the Members of ARA COFFEE CLUB LIMITED:

We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 September 1990 and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen & Co.*

6 February 1991

ARA COFFEE CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 SEPTEMBER 1990

|  | <u>Note</u> | <u>1990</u> | <u>1989</u> |
|--|-------------|-------------|-------------|
| TURNOVER   | 2           | £ -         | £ 5,094,039 |
| Cost of sales                                    |             | -           | 1,479,557   |
| GROSS PROFIT                                     |             | -           | 3,614,482   |
| Other operating expenses                         | 3           | -           | 2,860,226   |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 4           | -           | 754,256     |
| Tax on profit on ordinary activities             | 6           | -           | 262,961     |
| PROFIT ON ORDINARY ACTIVITIES AFTER<br>TAXATION  |             | -           | 491,295     |
| Dividends paid                                   |             | -           | (490,000)   |
| RETAINED PROFIT, beginning of year               |             | 48,912      | 47,617      |
| RETAINED PROFIT, end of year                     |             | £ 48,912    | £ 48,912    |

The accompanying notes are an integral part of this profit and loss account.

ARA COFFEE CLUB LIMITED

BALANCE SHEET -- 28 SEPTEMBER 1990

|  | <u>Note</u> | <u>1990</u> | <u>1989</u> |
|--|-------------|-------------|-------------|
| FIXED ASSETS                                   |             |             |             |
| Tangible assets                                | 7           | £ -         | £ 711,628   |
| CURRENT ASSETS                                 |             |             |             |
| Stocks   | 8           | -           | 276,093     |
| Debtors  | 9           | 50,952      | 610,925     |
| Cash at bank and in hand                       |             | -           | 4,420       |
|  |             | 50,952      | 891,438     |
| CREDITORS: Amounts falling due within one year | 10          | -           | 1,552,114   |
| NET CURRENT ASSETS (LIABILITIES)               |             | 50,952      | (660,676)   |
| TOTAL ASSETS LESS CURRENT LIABILITIES          |             | 50,952      | 50,952      |
| PROVISION FOR LIABILITIES AND CHARGES          | 11          | -           | -           |
| NET ASSETS                                     |             | £ 50,952    | £ 50,952    |
| CAPITAL AND RESERVES                           |             |             |             |
| Called up share capital                        | 12          | £ 2,040     | £ 2,040     |
| Profit and loss account                        |             | 48,912      | 48,912      |
| TOTAL CAPITAL EMPLOYED                         |             | £ 50,952    | £ 50,952    |

SIGNED ON BEHALF OF THE BOARD:

W.S.D. McCall )

J.V. Devlin )

Directors

6 February 1991

The accompanying notes are an integral part of this balance sheet.

ARA COFFEE CLUB LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 28 SEPTEMBER 1990

| SOURCE OF FUNDS  | <u>1990</u> | <u>1989</u> |
|--|-------------|-------------|
| Profit on ordinary activities after taxation                           | £ -         | £ 491,295   |
| Add (deduct) items not involving the movement of funds during the year |             |             |
| - depreciation of tangible fixed assets                                | -           | 205,244     |
| - profit on sale of tangible fixed assets                              | -           | (3,824)     |
| - deferred taxation  | -           | (4,969)     |
|  | -----       | -----       |
| Total funds from operations  | -           | 687,746     |
| Proceeds from sale of tangible fixed assets                            | 711,628     | 14,890      |
| Decrease in net current assets, as shown below                         | -           | 119,939     |
|  | -----       | -----       |
|  | £ 711,628   | £ 822,575   |
|  | =====       | =====       |
| <br>APPLICATION OF FUNDS   |             |             |
| Dividends paid on ordinary and deferred ordinary shares                | £ -         | £ 490,000   |
| Purchase of tangible fixed assets                                      | -           | 331,998     |
| Intra group fixed asset transfers at net book value                    | -           | 577         |
| Increase in net current assets, as shown below                         | 711,628     | -           |
|  | -----       | -----       |
|  | £ 711,628   | £ 822,575   |
|  | =====       | =====       |
| <br>INCREASE (DECREASE) IN NET CURRENT ASSETS                          |             |             |
| Stocks   | £ (276,093) | £ 14,946    |
| Dabtors  | (559,973)   | (156,190)   |
| Creditors falling due within one year                                  | 1,552,114   | 21,005      |
|  | -----       | -----       |
|  | 716,048     | (120,239)   |
| Movement in net liquid funds   |             |             |
| - cash at bank and in hand   | (4,420)     | 300         |
|  | -----       | -----       |
|  | £ 711,628   | £ (119,939) |
|  | =====       | =====       |

The accompanying notes are an integral part of this statement.

ARA COFFEE CLUB LIMITED

NOTES TO ACCOUNTS -- 28 SEPTEMBER 1990

1. ACCOUNTING POLICIES:

The principal accounting policies, which have been applied consistently throughout the year and with the preceding year, are -

a. Basis of accounting

The accounts are prepared under the historical cost convention.

b. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

c. Pension costs

It is the general policy of the company to provide for pension liabilities, on the advice of external actuaries, by payments to a managed fund. Payments made to the fund and charged in the accounts comprise current and past service contributions. Independent actuarial valuations on a going concern basis are carried out every three years. Any resulting deficits are charged to the profit and loss account in the year in which they are identified.

d. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided to the extent that the directors believe it is likely to become payable in the foreseeable future.

e. Operating leases

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

f. Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost to the group less estimated residual value of each asset on a straight-line basis over its estimated useful life, as follows -

Plant, machinery and equipment - 2 - 15 years  
Motor vehicles - 4 years

g. Stocks

Stocks are stated at the lower of first-in, first-out cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

2. SEGMENT INFORMATION:

All turnover arose within the United Kingdom.

3. OTHER OPERATING EXPENSES:

|                                | <u>1990</u> | <u>1989</u> |
|--------------------------------|-------------|-------------|
| Distribution and service costs | £ -         | £ 1,643,481 |
| Administrative expenses        | -           | 1,216,745   |
|                                | -----       | -----       |
| £                              | -           | £ 2,860,226 |
|                                | =====       | =====       |

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging (crediting) -

|   | <u>1990</u> | <u>1989</u> |
|---|-------------|-------------|
| Depreciation of tangible fixed assets         | £ -         | £ 205,244   |
| Profit on disposal of tangible fixed assets   | -           | (3,824)     |
| Hire of motor vehicles under operating leases | -           | 132,928     |
| Auditors' remuneration                        | -           | 5,000       |
| Staff costs (Note 5)                          | -           | 1,208,479   |
|   | -----       | -----       |

5. STAFF COSTS:

Particulars of employees are shown below -

Employee costs during the year amounted to -

|                       | <u>1990</u> | <u>1989</u> |
|-----------------------|-------------|-------------|
| Wages and salaries    | £ -         | £ 1,081,989 |
| Social security costs | -           | 93,477      |
| Other pension costs   | -           | 33,013      |
|                       | -----       | -----       |
| £                     | -           | £ 1,208,479 |
|                       | =====       | =====       |



The average weekly number of persons employed by the company during the year was -

|                | <u>Number</u> | <u>Number</u> |
|----------------|---------------|---------------|
| Distribution   | -             | 89            |
| Administration | -             | 44            |
|                | -             | 133           |
|                | =====         | =====         |

No directors' remuneration was paid during the year (1989 - £Nil).

#### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge is based on the profit for the year and comprises -

|                                     | <u>1990</u> | <u>1989</u> |
|-------------------------------------|-------------|-------------|
| Corporation tax at 35% (1989 - 35%) | £ -         | £ 267,930   |
| Deferred taxation                   | -           | (4,969)     |
|                                     | -----       | -----       |
|                                     | £ -         | £ 262,961   |
|                                     | =====       | =====       |

#### 7. TANGIBLE FIXED ASSETS:

The movement in the year was as follows -

|  | <u>Plant,<br/>machinery<br/>and equipment</u> |
|--|---|
| <b>COST</b>                                  |   |
| Beginning of year                            | £ 1,438,408                                   |
| Transfer to ARA Services Plc                 | (1,438,408)                                   |
|  | -----   |
| End of year                                  | -   |
|  | -----   |
| <b>DEPRECIATION</b>                          |   |
| Beginning of year                            | 726,780                                       |
| Transfer to ARA Services Plc                 | (726,780)                                     |
|  | -----   |
| End of year                                  | -   |
|  | -----   |
| <b>NET BOOK VALUE,<br/>beginning of year</b> | £ 711,628                                     |
|  | =====   |
| <b>NET BOOK VALUE,<br/>end of year</b>       | £ -   |
|  | =====   |

8. STOCKS:

|                  | <u>1990</u> | <u>1989</u> |
|------------------|-------------|-------------|
| Goods for resale | £ -         | £ 129,951   |
| Spare parts      | -           | 146,142     |
|                  | -----       | -----       |
|                  | £ -         | £ 276,093   |
|                  | =====       | =====       |

9. DEBTORS:

Amounts falling due within one year -

|                                 | <u>1990</u> | <u>1989</u> |
|---------------------------------|-------------|-------------|
| Trade debtors                   | £ -         | £ 493,595   |
| VAT                             | -           | 25,366      |
| ACT recoverable                 | -           | 43,111      |
| Other debtors                   | -           | 1,281       |
| Prepayments and accrued income  | -           | 47,572      |
| Amounts owed by group companies | 50,952      | -           |
|                                 | -----       | -----       |
|                                 | £ 50,952    | £ 610,925   |
|                                 | =====       | =====       |

10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR:

|                                       | <u>1990</u> | <u>1989</u> |
|---------------------------------------|-------------|-------------|
| Trade creditors                       | £ -         | £ 185,442   |
| Amounts owed to other group companies | -           | 794,072     |
| Other creditors                       | -           | -           |
| - UK corporation tax payable          | -           | 309,659     |
| - social security and PAYE            | -           | 31,356      |
| Accruals and deferred income          | -           | 231,585     |
|                                       | -----       | -----       |
|                                       | £ -         | £ 1,552,114 |
|                                       | =====       | =====       |

11. PROVISION FOR LIABILITIES AND CHARGES:

There was no potential deferred tax liability at 28 September 1990 (1989 - £Nil).

12. CALLED UP SHARE CAPITAL:

|   | <u>1990</u> | <u>1989</u> |
|---|-------------|-------------|
| Authorised -                              |             |             |
| 1,000 ordinary shares of £1 each          | £ 1,000     | £ 1,000     |
| 1,000 deferred ordinary shares of £1 each | 1,000       | 1,000       |
| 4,000 preference shares of £1 each        | 4,000       | 4,000       |
|   | -----       | -----       |
|   | £ 6,000     | £ 6,000     |
|   | =====       | =====       |

Issued and paid up -

|  |         |         |
|--|---------|---------|
| 1,000 ordinary shares of £1 each,<br>fully paid          | £ 1,000 | £ 1,000 |
| 1,000 deferred ordinary shares of £1 each,<br>fully paid | 1,000   | 1,000   |
| 4,000 preference shares of £1 each, 1p paid              | 40      | 40      |
|  | <hr/>   | <hr/>   |
|  | £ 2,040 | £ 2,040 |
|  | <hr/>   | <hr/>   |

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

a. At the end of the year capital commitments were -

|                                     | <u>1990</u> | <u>1989</u> |
|-------------------------------------|-------------|-------------|
| Contracted for but not provided for | £ -         | £ 6,711     |
| Authorised but not contracted for   | -           | -           |
|                                     | <hr/>       | <hr/>       |

b. There is a cross guarantee between the company, a fellow subsidiary and ARA Services Plc for all the liabilities of these companies to the group's principal bankers.

c. The company had entered into operating lease agreements in respect of motor vehicles, the payments for which extend over a period of up to four years. The agreements provided that the company will pay all insurance, maintenance and repairs.

The annual rentals under these leases were as follows -

|                                | <u>1990</u> | <u>1989</u> |
|--------------------------------|-------------|-------------|
| Operating leases which expire: |             |             |
| - within 1 year                | £ -         | £ 1,082     |
| - within 2-5 years             | -           | 106,438     |
|                                | <hr/>       | <hr/>       |
|                                | £ -         | £ 107,520   |
|                                | <hr/>       | <hr/>       |

14. ULTIMATE HOLDING COMPANY:

The company is a wholly owned subsidiary of ARA Services Plc, incorporated in England, and its ultimate holding company is ARA Holding Company Inc., incorporated in the State of Delaware, USA.