

## **Panfoods Co. Limited**

### **Directors' report and financial statements**

31 December 1997

Registered number 1961948



## **Directors' report and financial statements**

### **Contents**

Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6-13

## **Directors' report**

The directors present their annual report and the audited financial statements for the 9 months to 31 December 1997.

### **Principal activities**

The company is engaged, as sole distributors for two Brazilian soluble coffee exporters, in the worldwide sale and distribution of soluble coffee and associated products. The company continued trading in coffee beans during the year. In December 1997, the company closed its representative office in Bucharest, Romania. The directors do not foresee any change in the company's activities in the near future.

### **Financial matters**

The results for the period are given in the profit and loss account on page 4. The directors do not propose the payment of any dividend.

### **Change of financial year**

The company has changed its year end from 31 March to 31 December.

### **Fixed assets**

Information relating to changes in fixed assets is in note 9 to the financial statements.

### **Directors**

The directors during the period were as follows:


R Davis  
H Sasaki  
Y Sato (appointed 25 April 1997)

The directors who held office at the end of the year had no interest in the shares of the company.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**R Davis**  
*Secretary*

Ibex House  
42-46 Minories  
London  
EC3N 1DY

*23 March 1998*

## **Statement of 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## **Auditors' report to the members of Panfoods Co. Limited**

We have audited the financial statements on pages 4 to 13.

### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

23 March 1998

## Profit and loss account

*For the 9 months to 31 December 1997*

	<i>Note</i>	<b>9 months to 31 December 1997 £</b>	<b>Year ended 31 March 1997 £</b>
<b>Turnover</b>	2	48,036,061	66,079,200
Cost of sales		(47,350,949)	(65,240,272)
		<hr/>	<hr/>
<b>Gross profit</b>		685,112	838,928
Administrative expenses	3,5	(707,687)	(1,199,921)
		<hr/>	<hr/>
<b>Operating loss</b>		(22,575)	(360,993)
Other interest receivable and similar income	6	175,875	480,864
Interest payable and similar charges	7	(952)	(245,863)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>	4	152,348	(125,992)
Tax on profit/(loss) on ordinary activities	8	(55,000)	40,199
		<hr/>	<hr/>
<b>Retained profit/(deficit) for the financial year</b>		97,348	(85,793)
Retained profit brought forward		1,196,000	1,281,793
		<hr/>	<hr/>
<b>Retained profit carried forward</b>		1,293,348	1,196,000
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains and losses other than those disclosed in the profit and loss account.

All profit and loss items relate to continuing operations.

## Balance sheet

at 31 December 1997

	Note	31 December 1997		31 March 1997	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		56,709		50,496
Investment	10		384,426		-
			<hr/>		<hr/>
			441,135		50,496
<b>Current assets</b>					
Investments	10	-		384,426	
Stocks	11	2,163,861		2,429,765	
Debtors	12	6,252,708		4,609,246	
Cash at bank and in hand		4,042,174		2,982,604	
		<hr/>		<hr/>	
		12,458,743		10,406,041	
<b>Creditors: amounts falling due within one year</b>	13	(10,381,530)		(8,035,537)	
		<hr/>		<hr/>	
<b>Net current assets</b>			2,077,213		2,370,504
			<hr/>		<hr/>
<b>Net assets</b>			2,518,348		2,421,000
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14	500,000		500,000	
Share premium account	15	725,000		725,000	
Profit and loss account	15	1,293,348		1,196,000	
		<hr/>		<hr/>	
		2,518,348		2,421,000	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on its behalf by:

23 March 1998 and were signed

  
R Davis  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Office furniture, fittings and equipment	-	5 years
Motor vehicles	-	4 years

#### *Investments*

The fixed asset investment is stated at cost less any permanent diminution in value.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and goods for resale the average purchase price is used.

#### *Turnover and cost of sales*

Turnover represents the amounts (excluding value added tax) received and receivable for goods and services supplied to customers.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the beginning of the month in which the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

#### *Cash flow statement*

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled within the group and a consolidated cash flow statement is included in the ultimate parent company's financial statements which are publicly available.

#### *Related party transactions*

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.



## Notes (continued)

### 2 Analysis of turnover and profit/(loss) on ordinary activities before taxation

All turnover and profit/(loss) before taxation are derived from the sale of coffee. Turnover is analysed by geographical market below:

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
United Kingdom	1,514,929	4,746,660
Rest of Europe including Russia	23,575,859	24,694,696
North America	4,066,589	11,463,463
Japan	15,777,271	20,950,938
Australia	2,667,288	3,168,772
Other	434,125	1,054,671
	<u>48,036,061</u>	<u>66,079,200</u>

### 3 Staff numbers and costs

The average number of persons employed by the company in London and Bucharest (including directors) during the year was 11 (31 March 1997: 11).

The aggregate payroll costs of these persons were as follows:

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
Wages and salaries	212,802	233,149
Social security costs	23,763	28,477
Other pension costs	15,454	17,688
	<u>252,019</u>	<u>279,314</u>

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts payable in respect of other pension arrangements. This charge amounted to £15,454 (31 March 1997: £17,688).

## Notes (continued)

### 4 Profit/(loss) on ordinary activities before taxation

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	14,254	13,722
Auditors' remuneration		
- audit fees	7,500	6,000
- other services	8,200	19,680
Exchange gains/(losses)	15,800	(82,009)
	<u>          </u>	<u>          </u>

### 5 Remuneration of directors

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
Directors' emoluments	63,641	76,133
Contributions to money purchase scheme	6,808	8,931

During the year, retirement benefits accrued for one director under the money purchase scheme.

### 6 Other interest receivable and similar income

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
Bank interest from short term deposits	118,769	96,804
Income from group undertakings	57,106	384,060
	<u>          </u>	<u>          </u>
	175,875	480,864
	<u>          </u>	<u>          </u>

**Notes (continued)**

**7 Interest payable and similar charges**

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
Interest on bank loans and overdrafts	952	245,863
	<u>952</u>	<u>245,863</u>

**8 Taxation**

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
UK Corporation tax at 31% on the profit/(loss) for the period on ordinary activities	55,000	-
Overprovision in respect of prior year	-	(199)
Utilisation of relief in earlier accounting periods	-	(40,000)
	<u>55,000</u>	<u>(40,199)</u>

## Notes (continued)

### 9 Tangible fixed assets

	Office fixtures, fittings and equipment £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 April 1997	73,158	30,700	103,858
Additions	5,397	24,855	30,252
Disposals	(14,522)	-	(14,522)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	64,033	55,555	119,588
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 1997	48,583	4,779	53,362
Charge for the year	5,909	8,345	14,254
Disposals	(4,737)	-	(4,737)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	49,755	13,124	62,879
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1997	14,278	42,431	56,709
	<hr/>	<hr/>	<hr/>
At 31 March 1997	24,575	25,921	50,496
	<hr/>	<hr/>	<hr/>

### 10 Fixed asset investment

The company has an 18.8% holding in a group company Exportadora e Importadora Marubeni Colorado Ltda, (1,947,935 ordinary R\$0.69 shares) incorporated in Brazil.

	31 December 1997 £	31 March 1997 £
<i>Cost</i>		
At 31 December 1997	384,426	384,426
	<hr/>	<hr/>

## Notes (continued)

### 11 Stocks

	31 December 1997 £	31 March 1997 £
Raw materials and goods for resale	2,163,861	2,429,765
	<u>          </u>	<u>          </u>

### 12 Debtors

	31 December 1997 £	31 March 1997 £
Trade debtors	2,732,557	2,387,769
Amounts owed by group undertakings	3,494,712	2,153,017
Other debtors	7,057	55,765
Prepayments and accrued income	18,382	12,695
	<u>          </u>	<u>          </u>
	6,252,708	4,609,246
	<u>          </u>	<u>          </u>

### 13 Creditors: amounts falling due within one year

	31 December 1997 £	31 March 1997 £
Bank loans and overdrafts	-	7,725
Trade creditors	-	4,629
Amounts owed to group undertakings	10,055,575	7,784,006
Other creditors including taxation and social security:		
Corporation tax	15,000	-
Other taxes and social security	17,753	6,728
Accruals and deferred income	293,202	232,449
	<u>          </u>	<u>          </u>
	10,381,530	8,035,537
	<u>          </u>	<u>          </u>

## Notes (continued)

### 14 Called up share capital

	31 December 1997 £	31 March 1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	500,000	500,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	500,000	500,000
	<u>          </u>	<u>          </u>

### 15 Reserves

	Share premium account £	Profit and loss account £	Total £
At 31 March 1997	725,000	1,196,000	1,921,000
Retained profit for the financial period	-	97,348	97,348
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1997	725,000	1,293,348	2,018,348
	<u>          </u>	<u>          </u>	<u>          </u>

### 16 Reconciliation of movements in shareholders' funds

	9 months to 31 December 1997 £	Year ended 31 March 1997 £
At 1 April 1997	2,421,000	2,506,793
Retained profit/(loss) for the financial period	97,348	(85,793)
	<u>          </u>	<u>          </u>
At 31 December 1997	2,518,348	2,421,000
	<u>          </u>	<u>          </u>

## **Notes (continued)**

### **17 Commitments**

There are no capital commitments authorised or contracted for.

The company is committed to rent payments of £25,265 per annum for the period to 11 June 2002 commencing from 12 March 1998.

### **18 Related party transactions**

There were no transactions with related parties outside the group.

### **19 Ultimate parent company**

These financial statements are included in the consolidated financial statements of Cia Iguacu de Cafe Soluvel, incorporated in Brazil.

The ultimate parent company is Marubeni Corporation, which is incorporated in Japan. The group's accounts are available to the public at Marubeni Corporation's registered office 5-7 Hommachi-2 Chome, Chuo-ku, Osaka, Japan.