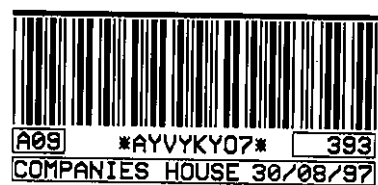


**Panfoods Co. Limited**

**Directors' report and financial statements**

31 March 1997

Registered number 1961948



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

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 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 April 1996, the company opened a 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 year are given in the profit and loss account on page 4. The directors do not propose the payment of any dividend.

### **Directors**

The directors during the period were as follows:

R Davis  
H Sasaki

The following director was appointed:

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

2 July 1997

## **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 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

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

2 July 1997

## Profit and loss account

*For the year ended 31 March 1997*

	<i>Note</i>	1997 £	1996 £
<b>Turnover</b>	2	66,079,200	84,173,478
Cost of sales		(65,240,272)	(83,379,916)
<b>Gross profit</b>		<hr/> 838,928	<hr/> 793,562
Administrative expenses	3,5	(1,199,921)	(1,120,562)
<b>Operating loss</b>		<hr/> (360,993)	<hr/> (327,000)
Other interest receivable and similar income	6	480,864	1,322,644
Interest payable and similar charges	7	(245,863)	(838,925)
<b>(Loss)/profit on ordinary activities before taxation</b>		<hr/> (125,992)	<hr/> 156,719
Tax on (loss)/profit on ordinary activities	8	40,199	(56,628)
<b>Retained (loss)/profit for the financial year</b>		<hr/> (85,793)	<hr/> 100,091
Retained profit brought forward		1,281,793	1,181,702
<b>Retained profit carried forward</b>		<hr/> <hr/> 1,196,000	<hr/> <hr/> 1,281,793

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 March 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	9		50,496		16,601
Investments	10		-		384,426
			<u>50,496</u>		<u>401,027</u>
<b>Current assets</b>					
Investments	10	384,426		-	
Stocks	11	2,429,765		2,639,992	
Debtors	12	4,609,246		17,488,016	
Cash at bank and in hand		2,982,604		1,151,687	
			<u>10,406,041</u>	<u>21,279,695</u>	
<b>Creditors: amounts falling due within one year</b>	13	(8,035,537)		(19,173,929)	
			<u></u>	<u></u>	
<b>Net current assets</b>			<u>2,370,504</u>		<u>2,105,766</u>
<b>Net assets</b>			<u><u>2,421,000</u></u>		<u><u>2,506,793</u></u>
<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		1,196,000		1,281,793
			<u>2,421,000</u>		<u>2,506,793</u>

These financial statements were approved by the board of directors on 2 July 1997 and were signed on its behalf by:

  
R Davis  
Director

## Cash flow statement

*For the year ended 31 March 1997*

	<i>Note</i>	1997 £	1996 £
<b>Net cash inflow/(outflow) from operating activities</b>	<i>17</i>	10,805,661	(3,266,556)
<b>Returns on investment and servicing of finance</b>			
Interest received		1,014,325	1,149,362
Interest paid		(722,454)	(634,032)
<b>Taxation</b>		(56,942)	(60,892)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(48,910)	(4,784)
Receipts from sales of tangible fixed assets		6,839	350
<b>Increase in cash</b>	<i>18</i>	<u>10,998,519</u>	<u>(2,816,552)</u>



## 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 current asset investment is stated at its future disposal 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.

## Notes (continued)

### 2 Analysis of turnover and loss on ordinary activities before taxation

All turnover and loss (1996:profit) before taxation are derived from the sale of coffee. Turnover is analysed by geographical market below:

	1997 £	1996 £
United Kingdom	4,746,660	6,796,113
Rest of Europe including Russia	24,694,696	40,404,400
North America	11,463,463	10,042,632
Japan	20,950,938	22,639,620
Australia	3,168,772	2,412,272
Other	1,054,671	1,878,441
	<hr/> 66,079,200 <hr/>	<hr/> 84,173,478 <hr/>

### 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 (1996:8).

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	233,149	211,555
Social security costs	28,477	22,873
Other pension costs	17,688	16,864
	<hr/> 279,314 <hr/>	<hr/> 251,292 <hr/>

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 £17,688 (1996:£16,864).

### 4 Loss on ordinary activities before taxation

	1997 £	1996 £
<i>Loss (1996: profit) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	13,722	10,829
Auditors' remuneration		
- audit fees	6,000	6,000
- other services	19,680	15,410
Exchange (losses)/profit	(82,009)	58,879

## Notes (continued)

### 5 Remuneration of directors

	1997 £	1996 £
Directors emoluments	76,133	78,040
Contributions to money purchase scheme	8,931	8,532

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

An amount of £14,400 (1996:£14,400) was paid to a fellow subsidiary undertaking in respect of the services of a director of the company.

### 6 Other interest receivable and similar income

	1997 £	1996 £
Income from short term deposits	96,804	297,888
Income from group undertakings	384,060	1,024,756
	<hr/> 480,864 <hr/>	<hr/> 1,322,644 <hr/>

### 7 Interest payable and similar charges

	1997 £	1996 £
Interest on bank loans and overdrafts	245,863	691,851
Interest on prepayments	-	40,624
Interest to group undertakings	-	106,450
	<hr/> 245,863 <hr/>	<hr/> 838,925 <hr/>

### 8 Taxation

	1997 £	1996 £
UK Corporation tax at 33% (1996:33%) on the profit for the year on ordinary activities	-	56,628
Overprovision re: prior year	(199)	-
Utilisation of reliefs in earlier accounting periods	(40,000)	-
	<hr/> (40,199) <hr/>	<hr/> 56,628 <hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Office fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 1996	59,399	18,625	78,024
Additions	18,210	30,700	48,910
Disposals	(4,451)	(18,625)	(23,076)
<b>At 31 March 1997</b>	<b>73,158</b>	<b>30,700</b>	<b>103,858</b>
<b>Depreciation</b>			
At 1 April 1996	43,574	17,849	61,423
Charge for the year	8,168	5,554	13,722
Disposals	(3,159)	(18,624)	(21,783)
<b>At 31 March 1997</b>	<b>48,583</b>	<b>4,779</b>	<b>53,362</b>
<b>Net book value</b>			
<b>At 31 March 1997</b>	<b>24,575</b>	<b>25,921</b>	<b>50,496</b>
At 31 March 1996	15,825	776	16,601

### 10 Current asset investments

The company has an 18.8% holding in a group company Exportadora e Importadora Marubeni-Colorado Ltda, (1,947,935 ordinary CR\$370.22 shares) incorporated in Brazil.

This is to be sold in the near future and hence is included within current assets (1996: included within fixed assets).

	1997 £	1996 £
<b>Cost</b>		
At 31 March 1997	384,426	-

### 11 Stocks

	1997 £	1996 £
Raw materials and goods for resale	2,429,765	2,639,992

## Notes (continued)

### 12 Debtors

	1997 £	1996 £
Trade debtors	2,387,769	2,613,603
Amounts owed by group undertakings	2,153,017	14,314,860
Other debtors	55,765	12,378
Prepayments and accrued income	12,695	547,175
	<hr/> 4,609,246 <hr/>	<hr/> 17,488,016 <hr/>

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

	1997 £	1996 £
Bank loans and overdrafts	7,725	9,175,327
Trade creditors	4,629	18,335
Amounts owed to group undertakings	7,784,006	9,207,914
Other creditors including taxation and social security:		
Corporation tax	-	57,142
Other taxes and social security	6,728	6,269
Accruals and deferred income	232,449	708,942
	<hr/> 8,035,537 <hr/>	<hr/> 19,173,929 <hr/>

### 14 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>

## Notes (continued)

### 15 Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 April 1996	725,000	1,281,793	2,006,793
Retained loss for the financial year	-	(85,793)	(85,793)
At 31 March 1997	725,000	1,196,000	1,921,000

### 16 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
At 1 April 1996	2,506,793	2,406,702
Retained (loss)/profit for the financial year	(85,793)	100,091
At 31 March 1997	2,421,000	2,506,793

### 17 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	1997 £	1996 £
Operating loss	(360,993)	(327,000)
Depreciation charges	13,722	10,829
Decrease in stocks	210,226	98,154
Decrease/(increase) in debtors	12,385,308	(2,374,389)
Decrease in creditors	(1,437,058)	(674,125)
Profit on disposal of fixed assets	(5,544)	(25)
Net cash inflow/(outflow) from operating activities	10,805,661	(3,266,556)

## Notes (continued)

### 18 Analysis of changes in net debt

	As at 1 April 1996 £	Cash flows £	As at 31 March 1997 £
Cash in hand, at bank	1,151,687	1,830,917	2,982,604
Overdrafts	(9,175,327)	9,167,602	(7,725)
	<hr/>	<hr/>	<hr/>
Total	(8,023,640)	10,998,519	2,974,879
	<hr/>	<hr/>	<hr/>

### 19 Commitments

There are no capital commitments authorised or contracted for.

The company is committed to rent payments of £17,500 per annum for the period to 11 July 1999.

### 20 Related party transactions

There were no transactions with related parties outside the group.

In accordance with Financial Reporting Standard No 8 on related parties, it is disclosed that during the year ended 31 March 1997.

	£
Sales to group companies were	31,887,157
Purchases from group companies were	64,980,956
Management charges from group companies were	140,563

### 21 Ultimate parent company

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 Himmachi-2 Chome, Chuo-ku, Osaka, Japan.