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BBCM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

BBCM GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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BBCM GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

John Ryall
David Sykes
Patrick Claffey
Lisa Comerford

Secretary

Helen Malone

Registered office

200 Strand
London
United Kingdom
WC2R 1DJ

Auditors

Grant Thornton
Chartered Accountants
& Statutory Auditors
Mill House
Henry Street
Limerick
Ireland

Bankers

Allied Irish Bank
St Helens 1 Undershaft
London
EC3A 8AB

Barclays Bank Plc
Business Banking
PO Box 299
Birmingham
B13PF

Ulster Bank Limited
Dooradoyle
Limerick
Ireland

Allied Irish Banks Plc
26 Patrick St.
Cork
Ireland

J.P. Morgan International Bank
1 Boulevard du Roi Albert II
B-1210 Brussels
Belgium

National Westminster Bank Plc
PO Box 12263
1 Princes Street
London
EC2R 8PH

Bank of Scotland
123 St Vincent Street
Glasgow
G2 5EA

Solicitors

Kennedys
Ulysses House
Foley Street
Dublin 1
Ireland

Kerman & Co
200 Strand
London
WC2R 1DJ

BBCM GROUP LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in presenting their strategic report and the financial statements of the company for the year ended 31st December 2013.

Principal activity and review of business

The group's principal activity during the year was that of coffee shop proprietors and franchisors. The trading results for the year, and the group and company's financial position at the end of the year are shown in the attached financial statements.

The Directors acknowledge the trading results for the year ended 31 December 2013.

The directors have prepared the accounts on a going concern basis. This assumes that the company will continue in operational existence for the foreseeable future having adequate resources to meet its obligations as they fall due. The validity of a going concern basis is dependent upon the continued support (financial and otherwise) from the company's shareholders, bankers and long term creditors.

The directors are satisfied that the company's shareholders, bankers and long term creditors will continue to provide appropriate support to the company for the foreseeable future. In light of this, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Principal risks and uncertainties

The Directors recognise that the degree of exposure to certain risks, and the Group's ability to manage those risks effectively, will influence how successful the business is. The Board therefore reviews the risks associated with the business, and has established internal control systems designed to identify those risks that may restrict or seriously impact the ability of the Group to carry on its operations or may prevent it from taking advantage of opportunities for growth, or which may lead to negative sentiment or damage to its reputation.

Topics included on the Board calendar for regular review include:

People

Our greatest asset is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of operations. We review our people policies regularly and are committed to investing in training, development and incentives for our people.

Health and safety

Failure to maintain health and safety standards in food preparation could lead to injuries and impact our brand reputation. The health and safety of our team, our customers and our contractors is of primary importance to us. We aim to ensure that each of the tasks we carry out achieves and maintains the highest standards of health and safety.

Brand protection

The BB's Coffee and Muffins brand is a key asset, failure to protect the brand through mismanagement of our trademarks could reduce the value of our brand.

Economic uncertainty

The Directors recognise that economic uncertainty can lead to challenging market conditions. The Directors are taking appropriate action to control costs, together with focusing on maintaining high standards of customer service.

BBCM GROUP LIMITED
STRATEGIC REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2013

Key Performance Indicators

The executive management team reviews detailed weekly and monthly information covering a range of financial and non-financial indicators.

The Company uses bank loans, shareholders loans and its working capital of cash, trade debtors and trade creditors derived from operations to raise finance for the Company's activities.

Commercial Risk

The company's turnover is exposed to changes in the general economic climate.

Interest Rate Risk

The Company finances its operations through retained earnings, bank loans and shareholders loans. The interest charge on these loans is variable.

Liquidity Risk

The Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows and near cash liquid investments to ensure all obligations can be met when they fall due and to invest in cash assets safely and profitably.

Currency Risk

The Company's foreign activities are carried out in euro which results in a level of foreign currency transaction risk.

Credit Risk

The Company has no significant concentrations of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Registered office:
200 Strand
London
United Kingdom
WC2R 1DJ

Signed by order of the directors

D Sykes
Director

Approved by the directors on 28/01/14....

BBCM GROUP LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2013.

Results and dividends

The loss for the group for the year after taxation and minority interest was £1,123,392

Directors and secretary and their interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2013	At 31 December 2012
David Sykes	102	102
John Ryall	-	-
Lisa Comerford	-	-
Patrick Claffey	-	-
Helen Malone	-	-

BBCM Group Limited is a 58% subsidiary of Baycliffe Limited.

Directors and secretary and their interests in the shares of Baycliffe Limited

The directors and secretary who served the company during the year together with their beneficial interests in the shares of the parent company, Baycliffe Limited, were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2013	At 31 December 2012
David Sykes	-	-
John Ryall	-	-
Lisa Comerford	-	-
Patrick Claffey	-	-
Helen Malone	-	-

The directors and secretary do not hold shares in any of the other group companies other than disclosed above.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditor is unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

BBCM GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2013

Significant Events

There have been no significant events since the year end.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Grant Thornton will therefore continue in office.

Registered office:

200 Strand
London
United Kingdom
WC2R 1DJ

Signed on behalf of the directors



H. Malone
Company Secretary

Approved by the directors on the ...28/11/14.....

BBCM GROUP LIMITED

INDEPENDENT REPORT OF THE AUDITORS' TO THE SHAREHOLDERS OF BBCM GROUP LIMITED

YEAR ENDED 31 DECEMBER 2013

We have audited the consolidated financial statements of BBCM Group Limited and its subsidiaries for the year ended 31 December 2013. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group and Parent company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements.

BBCM GROUP LIMITED

**INDEPENDENT REPORT OF THE AUDITORS' TO THE SHAREHOLDERS OF BBCM GROUP
LIMITED (*continued*)**

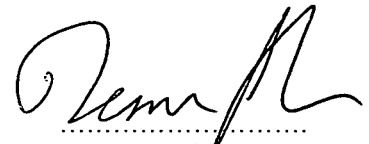
YEAR ENDED 31 DECEMBER 2013

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mill House
Henry Street
Limerick



DAMIAN GLEESON
Senior Statutory Auditor
For and on behalf of
GRANT THORNTON
Chartered Accountants
& Statutory Auditors

Dated: 28/11/14

BBCM GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013

	Note	Year Ended 31 Dec 13 £	Year Ended 31 Dec 12 £
TURNOVER	2	12,050,525	12,114,762
Cost of sales		<u>(2,719,416)</u>	<u>(2,755,041)</u>
GROSS PROFIT		9,331,109	9,359,721
Administrative expenses		<u>(9,795,644)</u>	<u>(6,446,144)</u>
OPERATING (LOSS)/PROFIT	3	(464,535)	2,913,577
Attributable to:			
Operating (loss)/profit before exceptional items		(464,535)	831,604
Exceptional items	4	-	2,081,973
		<u>(464,535)</u>	<u>2,913,577</u>
Interest receivable		540	844
Interest payable	7	<u>(680,512)</u>	<u>(691,034)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,144,507)	2,223,387
Tax on (loss)/profit on ordinary activities	8	<u>(19,618)</u>	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(1,164,125)	2,223,387
Minority Interests		40,733	(55,280)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION AND MINORITY INTERESTS		(1,123,392)	2,168,107
Balance brought forward		(10,959,164)	(13,127,271)
Balance carried forward		<u>(12,082,556)</u>	<u>(10,959,164)</u>

All of the activities of the group are classed as continuing.
There is no difference between the consolidated (loss)/profit on ordinary activities before taxation
and the (loss)/profit for the year stated above and their historical cost equivalents.

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2013

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
(Loss)/Profit for the financial year attributable to the shareholders	(1,165,354)	2,119,900
Foreign Exchange Difference arising on retranslation	<u>41,962</u>	<u>48,207</u>
Total (loss)/profit recognised since the last annual report	<u>(1,123,392)</u>	<u>2,168,107</u>

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
COMPANY PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013

	Note	Year Ended 31 Dec 13 £	Year Ended 31 Dec 12 £
TURNOVER		-	-
Administrative expenses		55,325	339,694
OPERATING PROFIT		<u>55,325</u>	<u>339,694</u>
Interest receivable		879,422	296,104
Interest payable and similar charges	7	(666,397)	(605,344)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>268,350</u>	<u>30,454</u>
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>268,350</u>	<u>30,454</u>
Balance brought forward		(7,942,354)	(7,972,808)
Balance carried forward		<u>(7,674,004)</u>	<u>(7,942,354)</u>

All of the activities of the company are classed as continuing.
There is no difference between the profit on ordinary activities before taxation
and the profit for the year stated above and their historical cost equivalents.

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
CONSOLIDATED BALANCE SHEET
YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 13		31 Dec 12	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		4,147,874		4,568,766
Intellectual property	10		1,069,043		1,069,043
Tangible assets	11		1,114,517		1,127,079
			<u>6,331,434</u>		<u>6,764,888</u>
CURRENT ASSETS					
Stocks	13	133,546		134,782	
Debtors	14	1,382,903		949,040	
Cash at bank and in hand		698,691		605,667	
		<u>2,215,140</u>		<u>1,689,489</u>	
CREDITORS: Amounts falling due within one year	15	(3,030,112)		(3,873,594)	
NET CURRENT LIABILITIES			<u>(814,972)</u>		<u>(2,184,105)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,516,462</u>		<u>4,580,783</u>
CREDITORS: Amounts falling due after more than one year	16		17,771,710		15,671,912
CAPITAL AND RESERVES					
Called-up share capital	19	350		350	
Share Premium		131,956		131,956	
Profit and loss account		(12,082,556)		(10,959,164)	
EQUITY SHAREHOLDERS' DEBT	20		<u>(11,950,250)</u>		<u>(10,826,858)</u>
Minority interests			(304,998)		(264,271)
			<u>5,516,462</u>		<u>4,580,783</u>

These financial statements were approved by the directors on 28/11/14 and are signed on their behalf by:

D Sykes
Director

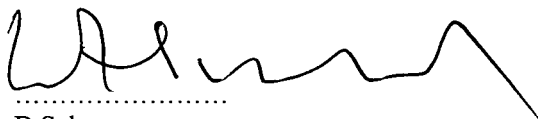


The accounting policies and notes on pages 16 to 27 form part of these financial statements

BBCM GROUP LIMITED
COMPANY BALANCE SHEET
YEAR ENDED 31 DECEMBER 2013

		31 Dec 13		31 Dec 12	
	Note	£	£	£	£
FINANCIAL ASSETS					
Investments	12		4,008,498		4,007,698
CURRENT ASSETS					
Debtors	14	6,450,192		5,302,524	
Cash at bank		21,479		21,464	
		<u>6,471,671</u>		<u>5,323,988</u>	
CREDITORS:					
Amounts falling due within one year	15	(1,653,782)		(1,700,393)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			4,817,889		3,623,595
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,826,387</u>		<u>7,631,293</u>
CREDITORS: Amounts falling due after more than one year	16		16,368,085		15,441,341
CAPITAL AND RESERVES					
Called-up share capital	19	350		350	
Share premium account		131,956		131,956	
Profit and loss account		(7,674,004)		(7,942,354)	
	20	<u></u>	<u>(7,541,698)</u>	<u></u>	<u>(7,810,048)</u>
			<u>8,826,387</u>		<u>7,631,293</u>

These financial statements were approved by the directors on the 28/11/14 and are signed on their behalf by:


.....
D Sykes
Director

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
CONSOLIDATED CASHFLOW STATEMENT
YEAR ENDED 31 DECEMBER 2013

		Year Ended 31 Dec 13	Year Ended 31 Dec 12
	Note	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	546,161	3,370,954
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		540	844
Interest paid		(680,512)	(691,034)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(679,972)	(690,190)
TAXATION		30	26,815
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(652,364)	(840,965)
Receipts from sale of fixed assets		3,780	8,708
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(648,584)	(832,257)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(782,365)	1,875,322
FINANCING			
(Decrease) in bank loans		(1,985,496)	(4,011,213)
Increase in long term creditors		2,860,885	1,985,618
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		875,389	(2,025,595)
INCREASE/(DECREASE) IN CASH FOR THE YEAR		<u>93,024</u>	<u>(150,273)</u>

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
CONSOLIDATED CASHFLOW STATEMENT (continued)
YEAR ENDED 31 DECEMBER 2013

A. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Operating (Loss)/Profit	(464,535)	2,913,577
Amortisation	420,892	422,890
Depreciation	664,926	683,200
Decrease in stocks	1,236	14,845
(Increase) /Decrease in debtors	(433,863)	244,027
Increase/(Decrease) in creditors	361,285	(905,130)
Profit on disposal of fixed assets	(3,780)	(2,455)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>546,161</u>	<u>3,370,954</u>

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	
Increase/(Decrease) in cash in the year	93,024	(150,273)
Net cash outflow in respect of bank loans	1,985,496	4,011,213
Net cash (inflow) in respect of long term creditors	(2,860,885)	(1,985,618)
	<hr/>	<hr/>
Change in net debt	(782,365)	1,875,322
Net debt at 1 January 2013	(16,754,036)	(18,629,358)
	<hr/>	<hr/>
Net debt at 31 December 2013	<u>(17,536,401)</u>	<u>(16,754,036)</u>

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
CONSOLIDATED CASHFLOW STATEMENT *(continued)*
YEAR ENDED 31 DECEMBER 2013

C. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 13	Cash flows	At 31 Dec 13
	£	£	£
<i>Net Cash:</i>			
Cash in hand and at bank	605,667	93,024	698,691
<i>Debt:</i>			
Due within one year	(1,687,791)	1,224,409	(463,382)
Due after one year	(15,671,912)	(2,099,798)	(17,771,710)
Net Debt	<u>(16,754,036)</u>	<u>(782,365)</u>	<u>(17,536,401)</u>

The accounting policies and notes on pages 16 to 27 form part of these financial statements.

BBCM GROUP LIMITED
ACCOUNTING POLICIES
YEAR ENDED 31 DECEMBER 2013

Accounting convention

The financial statements are prepared in accordance with generally accepted principles under the historical cost convention and comply with the financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England & Wales.

Basis of preparation

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the Group's bankers and shareholders. It is the Directors' opinion that the financial statements should be prepared on a going concern basis.

Basis of consolidation

The group financial statements consolidate the accounts of BBCM Group Limited and its subsidiaries made up to 31 December 2013.

Turnover

The turnover shown in the profit and loss account represents the amount of goods and/or services provided, stated net of value added tax, and are attributable to the principal activity of the company.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an intangible asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the costs of an asset, less its estimated residual value, over the useful economic life of that asset.

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:

Fixtures and fittings	-	straight-line over 5 years
Motor vehicles	-	straight-line over 5 years
Equipment	-	straight-line over 5 years

Stocks

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

BBCM GROUP LIMITED

ACCOUNTING POLICIES *(continued)*

YEAR ENDED 31 DECEMBER 2013

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.

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. All exchange differences are taken to the profit and loss account.

Franchisee Agreement

The landlord grants a head lease to the main operating companies within the group, who in turn issue a Franchise Agreement and a Deed of Guarantee to the respective Franchisee. The accounting treatment of Rents and Service Charges is that the liabilities to the landlords are included in Trade Creditors and the corresponding amounts due from the Franchisees are shown as Trade Debtors.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and recorded.

Comparatives

Comparative figures have been reanalysed where necessary.

BBCM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION

The accounts have been prepared on a going concern basis. This assumes that the company will continue in operational existence for the foreseeable future having adequate resources to meet its obligations as they fall due. The validity of a going concern basis is dependent upon the continued support (financial and otherwise) from the company's shareholders, bankers and long term creditors.

The directors are satisfied that the company's shareholders, bankers and long term creditors will continue to provide appropriate support to the company for the foreseeable future. In light of this, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

2. GEOGRAPHICAL ANALYSIS

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Turnover		
United Kingdom	5,146,292	4,910,336
Ireland	6,904,233	7,204,426
	<u>12,050,525</u>	<u>12,114,762</u>

3. OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Operating (loss)/profit before exceptional items stated after charging:		
Amortisation	420,892	422,892
Depreciation of owned fixed assets	664,926	683,200
Group auditors' remuneration:		
- as auditors	37,870	35,263
Foreign exchange loss/(gain)	394,500	(427,070)
	<u> </u>	<u> </u>

4. EXCEPTIONAL ITEM

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Bank restructure	<u>-</u>	<u>2,081,973</u>

In 2012 existing bank debt owed by group companies in the amount of £4,598,688 was assigned to BBCM Group Limited for a payment of £2,516,715. This resulted in a gain to the group in the amount of £2,081,973.

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2013

5. PARTICULARS OF EMPLOYEES

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

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
Number of administrative staff	9	10
Number of store employees	<u>239</u>	<u>240</u>
	<u>248</u>	<u>250</u>

The aggregate payroll costs of the above were:

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Wages and salaries	3,163,312	3,215,922
Social security costs	234,044	239,578
	<u>3,397,356</u>	<u>3,455,500</u>

6. DIRECTORS' EMOLUMENTS

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Emoluments	<u>97,061</u>	<u>81,837</u>

7. INTEREST PAYABLE

	Year Ended 31 Dec 13 Group	Year Ended 31 Dec 13 Company	Year Ended 31 Dec 12 Group	Year Ended 31 Dec 12 Company
	£	£	£	£
Interest payable on bank borrowing	141,131	127,016	261,393	175,703
Interest payable on other loans	539,381	539,381	429,641	429,641
	<u>680,512</u>	<u>666,397</u>	<u>691,034</u>	<u>605,344</u>

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2013

8. TAXATION ON ORDINARY ACTIVITIES

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
Current Tax:		
UK/Irish Corporation tax based on the results for the year at 28%/12.5 % (2012: 28%/12.5%)	20,557	-
Over/under provision	(939)	-
Total current tax	<u>19,618</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

	Year Ended 31 Dec 13	Year Ended 31 Dec 12
	£	£
(Loss)/Profit on ordinary activities before tax	<u>(1,144,507)</u>	<u>2,223,387</u>
(Loss) per accounts at UK tax rate of 28% (2012: 28%)	(219,094)	(117,265)
Profit per accounts at Irish tax rate of 12.5% (2012: 12.5%)	45,968	90,413
Factors affecting tax charge:		
Expenses not deductible for tax purposes by rate of tax	173,387	54,646
Depreciation for the year in excess of capital allowances by rate of tax	44,998	4,873
Deductions by rate of tax	(74,925)	(12,003)
Losses carried forward	(34,288)	43,907
Losses forward utilised	84,511	(406,613)
Loan Write off	-	342,042
Over/Under provision	<u>(939)</u>	<u>-</u>
Total current tax	<u>19,618</u>	<u>-</u>

BBCM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2013

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2013	9,234,724
As at 31 December 2013	<u>9,234,724</u>
Accumulated amortisation	
At 1 January 2013	4,665,958
Amortisation charge for year	420,892
As at 31 December 2013	<u>5,086,850</u>
Carrying Amount	
At 31 December 2013	<u>4,147,874</u>
At 31 December 2012	<u>4,568,766</u>

The group tests annually for impairment or more frequently if there are indications that goodwill might be impaired.

10. INTELLECTUAL PROPERTY

	31 Dec 13 £	31 Dec 12 £
Intellectual Property	<u>1,069,043</u>	<u>1,069,043</u>

The Intellectual Property represents the amount paid to BB's Coffee & Muffins Australia in respect of the Brand Name, "BB's Coffee & Muffins".

The group tests annually for impairment or more frequently if there are indications that intellectual property might be impaired.

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2013

11. TANGIBLE FIXED ASSETS

Group	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 January 2013	3,609,597	32,510	224,176	3,866,283
Additions	644,707	1,386	6,271	652,364
Disposals	(342,129)	-	(3,687)	(345,816)
At 31 December 2013	<u>3,912,175</u>	<u>33,896</u>	<u>226,760</u>	<u>4,172,831</u>
Depreciation				
At 1 January 2013	2,563,901	24,051	151,252	2,739,204
Charge for the year	643,840	4,292	16,794	664,926
Depreciation on disposal	(342,129)	-	(3,687)	(345,816)
At 31 December 2013	<u>2,865,612</u>	<u>28,343</u>	<u>164,359</u>	<u>3,058,314</u>
Net Book Value				
At 31 December 2013	<u>1,046,563</u>	<u>5,553</u>	<u>62,401</u>	<u>1,114,517</u>
At 31 December 2012	<u>1,045,696</u>	<u>8,459</u>	<u>72,924</u>	<u>1,127,079</u>

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2013

12. INVESTMENTS

The company has the following subsidiaries all of which are held by BB's Holdings Limited unless otherwise stated, consolidated in the group financial statements, and registered in England and Wales unless otherwise stated.

Name of company	% Holding of Ordinary shares	Activity
BB's Holdings Limited (6)	92%	Holding Company
BB's Coffee & Muffins Holdings Limited (3)	92%	Holding Company
BB's Coffee & Muffins Europe Limited (1)	92%	Holding Company
RFG Administration Services Limited (2) (3)	92%	Administration Services
RFG Ireland Limited (2) (5)	92%	Coffee shop proprietors
BBD2 Limited (6)	100%	Coffee shop proprietors
Kapelad Limited (6)	100%	Coffee shop proprietors
RFG Ireland Marketing Limited (2) (5)	92%	Marketing company
RFG Ireland (Hanover Quay) Limited (2) (6)	100%	Lease Holding Company
RFG Ireland Trading Limited (2) (6)	100%	Non Trading
RFG Ireland (Blanchardstown) Limited (2) (6)	100%	Non Trading
RFG Ireland (Carrickmines) Limited (2) (6)	100%	Non Trading
RFG Ireland (Dun Laoghaire) Limited (2) (6)	100%	Non Trading
RFG Ireland (Dundrum) Limited (2) (6)	100%	Non Trading
RFG Ireland (Kilkenny) Limited (2) (6)	100%	Non Trading
RFG Ireland (Limerick Crescent) Limited (2) (6)	100%	Non Trading
RFG Ireland (Mahonpoint Cork) Limited (2) (6)	100%	Non Trading
RFG Ireland (Swords) Limited (2) (6)	100%	Non Trading

(1) Held directly by BB's Coffee & Muffins Holdings Limited

(2) Registered in Ireland

(3) Held directly by BB's Holdings Limited

(4) Held directly by RFG Ireland Limited

(5) Held directly by RFG Administration Services Limited

(6) Held directly by BBCM Group Limited

13. STOCKS

Group	31 Dec 13 £	31 Dec 12 £
Goods for resale	<u>133,546</u>	<u>134,782</u>

In the opinion of the directors, the replacement cost of the above stock did not differ significantly from the figures shown.

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2013

14. DEBTORS

	Group 31 Dec 13	Company 31 Dec 13	Group 31 Dec 12	Company 31 Dec 12
	£	£	£	£
Trade debtors	782,810	780	454,538	-
Other debtors	65,660	-	87,725	-
Prepayments and accrued income	492,433	-	365,857	-
Amounts due from group companies	-	2,788,746	-	350,603
Shareholder loans receivable	42,000	2,182,000	40,920	2,435,206
Loans to group companies	-	1,478,666	-	2,516,715
	<u>1,382,903</u>	<u>6,450,192</u>	<u>949,040</u>	<u>5,302,524</u>

15. CREDITORS: AMOUNTS FALLING WITHIN ONE YEAR

	Group 31 Dec 13	Company 31 Dec 13	Group 31 Dec 12	Company 31 Dec 12
	£	£	£	£
Bank loans and overdrafts	463,382	1,636,800	1,687,791	1,636,800
Trade creditors	1,693,791	-	1,275,498	-
Other taxation and social security	321,392	-	264,537	-
Accruals and deferred income	530,990	3,500	644,853	27,888
Amounts owed to group undertakings	-	13,482	-	35,705
Other creditors	-	-	-	-
Corporation Tax	20,557	-	915	-
	<u>3,030,112</u>	<u>1,653,782</u>	<u>3,873,594</u>	<u>1,700,393</u>

Retention of title clause

At the balance sheet date some trade creditors had reserved title to goods supplied. Since the extent to which these creditors are effectively secured at any time depends on a number of conditions, the validity of which is not readily determinable, it is not possible to indicate how much of the above amount was effectively secured by reservation of title.

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2013

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 31 Dec 13	Company 31 Dec 13	Group 31 Dec 12	Company 31 Dec 12
	£	£	£	£
Bank loans	2,697,882	1,294,257	3,458,969	3,228,398
Shareholders Loans	15,073,828	15,073,828	12,212,943	12,212,943
	<u>17,771,710</u>	<u>16,368,085</u>	<u>15,671,912</u>	<u>15,441,341</u>

National Westminster Bank Plc holds a debenture over the assets of BBD2 Limited as security for the company's borrowings.

A composite company guarantee and debenture dated 30 October 2009 was granted by the parent company BBCM Group Limited in favour of Baycliffe Limited and David Sykes for all monies owed to them by the group. This debenture is secured by a way of second legal charge on the assets of the group.

BBCM Group Limited holds security by way of debenture over the assets of certain BB's group companies. This debenture is secured by a way of first legal charge on the assets over certain BB's group companies.

17. COMMITMENTS UNDER OPERATING LEASES AND CONTINGENCIES

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below :

	31 Dec 13	31 Dec 12
	£	£
Group		
Operating leases which expire:		
Within 1 to 5 years	535,101	414,324
After more than 5 years	3,462,661	3,139,447
	<u>3,997,762</u>	<u>3,553,771</u>

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2013

18. RELATED PARTY TRANSACTIONS

BBCM GROUP LIMITED

BBCM Group Limited received shareholders loans from Baycliffe Limited during the year. At 31 December 2013 £14,795,953 was owed by BBCM Group Limited to Baycliffe Limited (2012: £11,935,068).

At 31 December 2013 £277,875 was owed by BBCM Group Limited to David Sykes (2012: £277,875).

RFG Administration Services Limited

RFG Administration Services Limited paid rents in the amount of €119,700 to the Henry Partnership during the year, directors David Sykes and John Ryall are partners in this partnership.

Kapelad Limited

Kapelad Limited paid consultancy fees in the amount of £113,750 to Azuza Consultancy Limited during the year, Andrew Moyes director of Kapelad Ltd is a director of this company.

BBD2 Limited

Consultancy fees in the amount of £67,178 were paid to Proudslane Limited during the year. Proudslane is controlled by Patrick McCarthy who is a director of a number of the BBCM Group companies.

All of the above transactions were carried out at an arm's length basis under normal commercial terms.

RFG Ireland Limited

RFG Ireland Limited had a shareholder loan receivable from Baycliffe Limited. At 31 December 2013 £42,000 was owed by Baycliffe Limited to RFG Ireland Limited. (2012: £40,920)

19. SHARE CAPITAL

Authorised share capital:

	Group and Company 31 Dec 13		Group and Company 31 Dec 12	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>

Allotted, called up and fully paid:

	31 Dec 13		31 Dec 12	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>

BBCM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2013

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEBT)

	Group 31 Dec 13	Company 31 Dec 13	Group 31 Dec 12	Company 31 Dec 12
	£	£	£	£
Opening shareholder's equity	(10,826,858)	(7,810,048)	(12,994,965)	(7,840,502)
(Loss)/Profit for the financial year	(1,123,392)	268,350	2,168,107	30,454
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's equity	<u>(11,950,250)</u>	<u>(7,541,698)</u>	<u>(10,826,858)</u>	<u>(7,810,048)</u>

21. PARENT COMPANY

The profit dealt within the accounts of BBCM Group Limited for the year was £268,350.

22. ULTIMATE CONTROLLING PARTY

The company is controlled by Baycliffe Limited a company with its registered office at 3rd Floor, Barclays House, Victoria Street, Douglas, Isle of Man, IM1 2LE. Baycliffe Limited is in turn controlled by Denis O'Brien.