

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED
DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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 to 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.

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED
REGISTERED NUMBER:05559181

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	5,112	12,477
Investments	5	163,530	166,182
		<u>168,642</u>	<u>178,659</u>
Current assets			
Stocks	6	69,359	19,220
Debtors	7	210,644	287,435
Cash at bank and in hand	8	42,406	85,238
		<u>322,409</u>	<u>391,893</u>
Creditors: amounts falling due within one year	9	(495,992)	(446,557)
Net current liabilities		<u>(173,583)</u>	<u>(54,664)</u>
Total assets less current liabilities		<u>(4,941)</u>	<u>123,995</u>
Creditors: amounts falling due after more than one year	10	(180,802)	(180,802)
Net liabilities		<u><u>(185,743)</u></u>	<u><u>(56,807)</u></u>
Capital and reserves			
Called up share capital		186,975	186,975
Profit and loss account		(372,718)	(243,782)
		<u><u>(185,743)</u></u>	<u><u>(56,807)</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 May 2017.

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED
REGISTERED NUMBER:05559181

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016


B A Shaw
Director

The notes on pages 6 to 14 form part of these financial statements.


P N G De Bruyne
Director

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	186,975	(243,782)	(56,807)
Comprehensive income for the year			
Loss for the year	-	(128,936)	(128,936)
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(128,936)	(128,936)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2016	186,975	(372,718)	(185,743)
	<hr/>	<hr/>	<hr/>

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	186,975	134,555	321,530
Comprehensive income for the year			
Loss for the year	-	(378,337)	(378,337)
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(378,337)	(378,337)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2015	<u>186,975</u>	<u>(243,782)</u>	<u>(56,807)</u>

The notes on pages 6 to 14 form part of these financial statements.

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies.

The following principal accounting policies have been applied:

1.2 Going concern

During the year the company made a loss of £128,937 (2015: £378,337) and at the balance sheet date the company's liabilities exceeded its assets by £185,744 (2015: £56,807). The financial statements have been prepared on a going concern basis which assumes the continuation of the company's activities for the foreseeable future and the continuing support of its directors and holding company, Proximity Advisors Limited.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the term of the lease
Plant and machinery	- 25% straight line
Fixtures, fittings and equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

1.14 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.15 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. General information

Blue Mountain Coffee (Europe) Limited is a private limited company which was incorporated in the United Kingdom. The registration number of the company is 05559181 and the registered and principal business address is 164 Old Brompton Road, London, SW5 0BA.

3. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Employees	3	3

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2016	13,140	47,405	60,545
Additions	-	599	599
At 31 December 2016	<u>13,140</u>	<u>48,004</u>	<u>61,144</u>
Depreciation			
At 1 January 2016	7,884	40,184	48,068
Charge for the year on owned assets	2,628	5,336	7,964
At 31 December 2016	<u>10,512</u>	<u>45,520</u>	<u>56,032</u>
Net book value			
At 31 December 2016	<u>2,628</u>	<u>2,484</u>	<u>5,112</u>
At 31 December 2015	<u>5,256</u>	<u>7,221</u>	<u>12,477</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Long leasehold	<u>2,628</u>	<u>5,256</u>
	<u>2,628</u>	<u>5,256</u>

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Fixed asset investments

	Shares in group undertaking s & participating interests £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2016	114,458	51,724	166,182
Additions	25	-	25
Disposals	(2,677)	-	(2,677)
At 31 December 2016	<u>111,806</u>	<u>51,724</u>	<u>163,530</u>
Net book value			
At 31 December 2016	<u>111,806</u>	<u>51,724</u>	<u>163,530</u>
At 31 December 2015	<u>114,458</u>	<u>51,724</u>	<u>166,182</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Sea Island Coffee Roasters Limited	England and Wales	Ordinary	100 %	Dormant
Sea Island Coffee Limited	England & Wales	Ordinary	50.1 %	Coffee Importer
Bloomflower Trading SA	Panama	Ordinary	85 %	Trading
Mossmans Peak Farms Limited	Jamaica	Ordinary	85 %	Trading
Langford Brothers Limited	England and Wales	Ordinary	100 %	Dormant

6. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>69,359</u>	<u>19,220</u>
	<u>69,359</u>	<u>19,220</u>

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****7. Debtors**

	2016 £	2015 £
Due after more than one year		
Amounts owed by group undertakings	109,433	88,641
	<u>109,433</u>	<u>88,641</u>
Due within one year		
Trade debtors	66,500	177,473
Amounts owed by group undertakings	677	1,413
Other debtors	12,203	5,448
Prepayments and accrued income	21,831	14,460
	<u>210,644</u>	<u>287,435</u>

8. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	42,406	85,238
Less: bank overdrafts	(78,676)	-
	<u>(36,270)</u>	<u>85,238</u>

9. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	78,676	-
Trade creditors	80,696	60,756
Amounts owed to group undertakings	-	98,619
Other taxation and social security	5,027	7,381
Other creditors	307,916	220,871
Accruals and deferred income	23,677	58,930
	<u>495,992</u>	<u>446,557</u>

BLUE MOUNTAIN COFFEE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	180,802	180,802
	<u>180,802</u>	<u>180,802</u>

11. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	94,130	136,963
	<u>94,130</u>	<u>136,963</u>

Financial assets measured at fair value through profit or loss comprise bank balances and unlisted investments.

12. Related party transactions

Included in debtors is £677 (2015: £1,413) due from Sea Island Coffee Limited, a subsidiary of the company.

Included in debtors is £109,433 (2015: £88,641) due from Mossmans Peak Farms Limited, a subsidiary of the company.

Included in creditors is £385,043 (2015: £158,518) due to B A Shaw, a director of the company.

Included in creditors is £222,919 (2015: £276,553) due to Proximity Advisors Limited, the parent company.

All transactions are on an arms length basis.

13. Controlling party

The company is controlled by Proximity Advisors Limited by virtue of its holding of 75.5% of the issued share capital.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.