

**Deloitte &  
Touche**

Deloitte Touche  
Tohmatsu



Company Registration No. 1036168

## **GLOBEKIRK LIMITED**

### **Report and Financial Statements**

**31 December 1998**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**



**REPORT AND FINANCIAL STATEMENTS 1998**

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**REPORT AND FINANCIAL STATEMENTS 1998****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

A F Coxhill	(appointed 24 July 1997, resigned 1 February 1999)
H C L Cawley	(appointed 24 March 1999)
C W Freedman	(appointed 24 July 1997)
M J Mills	(appointed 24 July 1997)
J A Walton	(appointed 24 July 1997)
A K Ramji	(resigned 24 July 1997)
K Ramji	(resigned 24 July 1997)

**SECRETARY**

J A Walton

**REGISTERED OFFICE**

1 Portland Place  
London  
W1N 3AA

**BANKERS**

Barclays Bank Plc  
155 Bishopsgate  
London  
EC2M 3XA

**SOLICITORS**

S J Berwin & Co  
222 Grays Inn Road  
London  
WC1X 8HB

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the 18 months ended 31 December 1998.

### **ACTIVITIES**

The Company trades as an importer, distributor, exporter and commission agent.

### **REVIEW OF DEVELOPMENTS**

During the period, the shares of the Company were acquired by S Daniels plc.

The Company ceased to operate as a tea trader during the period as the business was conducted by Big T (Tea) Limited, a fellow subsidiary company.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The profit on ordinary activities before tax was £860,000 (Year ended 30 June 1997 - £292,000). After tax and a distribution of £1,800,000 (Year ended 30 June 1997 - £Nil), the retained loss of £990,000 was transferred from reserves (Year ended 30 June 1997 - profit of £206,000).

### **FUTURE PROSPECTS**

Following the transfer of the tea trading operation to Big T (Tea) Limited, a subsidiary, the Directors do not anticipate that the Company will trade during 1999.

### **DIRECTORS AND THEIR INTERESTS**

The names of the Directors who served during the period are shown on page 1.

C W Freedman and M J Mills are directors of the ultimate parent company, S Daniels plc and their interests in that company's shares are shown in the directors' report of that company. The interests of the other Directors who held office at the end of the period in the shares of the ultimate parent company are as follows:

	Ordinary Shares of 5p each			
	Ordinary Shares		Share option schemes	
	1 July 1997 or date of appointment	31 December 1998	1 July 1997 or date of appointment	31 December 1998
A F Coxhill	-	-	21,562	207,183
J A Walton	-	-	39,807	139,876

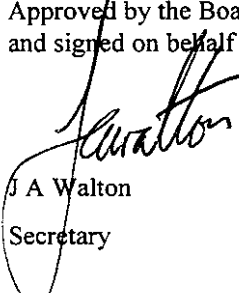
### **YEAR 2000**

The Company is a wholly owned subsidiary of S Daniels plc and details of plans to address year 2000 computer issues are given in the directors' report of that company.

### **AUDITORS**

Deloitte & Touche were appointed to fill a vacancy and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
J A Walton  
Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period 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
- 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 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 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.



## AUDITORS' REPORT TO THE MEMBERS OF

### GLOBEKIRK LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

#### Respective responsibilities of Directors and auditors

As described on page 3 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 at 31 December 1998 and of its profit for the eighteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

14 July 1999

Chartered Accountants and Registered Auditors


**PROFIT AND LOSS ACCOUNT**  
**18 months ended 31 December 1998**

	Note	18 months ended 31 December 1998 £ 000	Year ended 30 June 1997 £ 000
<b>TURNOVER: discontinued operations</b>	2	2,470	3,154
Cost of sales		(2,230)	(2,717)
Gross profit		240	437
Distribution costs		-	(21)
Administrative expenses		(80)	(159)
Other operating income		-	36
		(80)	(144)
<b>OPERATING PROFIT: discontinued operations</b>	4	160	293
Dividend received		700	-
Interest payable and similar charges	5	-	(1)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		860	292
Tax on profit on ordinary activities	6	(50)	(86)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		810	206
Dividends	7	(1,800)	-
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>		(990)	206
Retained profit brought forward		1,138	932
Retained profit carried forward		148	1,138

The results derive from discontinued operations as the operations of the Company were transferred to a fellow subsidiary on 31 December 1998.

There are no recognised gains or losses for the current and prior periods other than the profit for the period. Accordingly, no statement of total recognised gains and losses is given.



**BALANCE SHEET**  
**31 December 1998**

	Note	31 December 1998 £ 000	30 June 1997 £ 000
<b>FIXED ASSETS</b>			
Tangible assets	8	-	5
Investments	9	175	175
		<u>175</u>	<u>180</u>
<b>CURRENT ASSETS</b>			
Stocks	10	-	1,207
Debtors	11	2,634	934
Cash at bank and in hand		-	25
		<u>2,634</u>	<u>2,166</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(2,611)</u>	<u>(1,158)</u>
<b>NET CURRENT ASSETS</b>		<u>23</u>	<u>1,008</u>
		<u>198</u>	<u>1,188</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	50	50
Profit and loss account		148	1,138
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14	<u>198</u>	<u>1,188</u>

These financial statements were approved by the Board of Directors on 13 July 1999

Signed on behalf of the Board of Directors

Director



**NOTES TO THE ACCOUNTS**  
**18 months ended 31 December 1998**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements have been prepared in accordance with the historical cost convention.

**Group accounts**

Group accounts have not been prepared because the Company is a wholly owned subsidiary of S Daniels plc which itself prepares group accounts.

**Cash flow statement**

The Directors have taken advantage of the exemption contained in Financial Reporting Standard No 1 from preparing a cash flow statement on the grounds that the Company is a wholly owned subsidiary of S Daniels plc which itself prepares a consolidated cash flow statement incorporating the Company.

**Tangible fixed assets**

Depreciation is provided on cost in annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles	25% reducing balance per annum
Fixtures and fittings	25% reducing balance per annum

**Stocks**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**Foreign currency exchange rates**

Transactions in foreign currency are recorded at the rates ruling at the dates of the transactions. Transactions covered by foreign exchange contracts are recorded at the contract rate. Any gains or losses are incorporated into the profit and loss account. Monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the period end unless covered by a contract when the forward rate is used.

**Pensions**

The Company makes contributions to an S Daniels plc Group Personal Pension Scheme for certain employees on a defined contribution basis. Assets of the scheme are held separately from those of the Group. Pension costs are charged to the profit and loss account on the basis of contributions payable.


**NOTES TO THE ACCOUNTS**  
**18 months ended 31 December 1998**
**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit is attributable to one activity, importing, distributing, exporting and commission agents, arising in the United Kingdom.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	18 months ended 31 December 1998 £ 000	Year ended 30 June 1997 £ 000
<b>Directors' emoluments</b>		
Fees	-	70
Contributions to money purchase pension schemes	-	17
	<u>-</u>	<u>87</u>

Messrs Freedman and Mills are directors of the holding company, S Daniels plc, and are remunerated by that company. It is not practicable to allocate their remuneration between S Daniels plc and its subsidiary undertakings. J A Walton and A F Coxhill are directors of The Beverage Company Limited (formerly Daniels Foods Limited) and are remunerated by that company. It is not practicable to allocate their remuneration between the companies.

	No.	No.
<b>Average number of persons employed</b>		
Sales	-	1
Management and administration	-	3
	<u>-</u>	<u>4</u>
	<u>£ 000</u>	<u>£ 000</u>
<b>Staff costs during the period</b>		
Wages and salaries	-	99
Social security costs	-	3
Pension costs	-	18
	<u>-</u>	<u>120</u>


**NOTES TO THE ACCOUNTS**  
**18 months ended 31 December 1998**
**4. OPERATING PROFIT**

	18 months ended 31 December 1998 £ 000	Year ended 30 June 1997 £ 000
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	1	2
Rentals under operating leases		
Plant and machinery	-	4
Auditors' remuneration		
Audit	1	4
	<u>1</u>	<u>4</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	18 months ended 31 December 1998 £ 000	Year ended 30 June 1997 £ 000
Bank loans, overdrafts and other loans repayable within five years	-	1
	<u>-</u>	<u>1</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	18 months ended 31 December 1998 £ 000	Year ended 30 June 1997 £ 000
United Kingdom corporation tax at 31 % (1997 – 33%) based on the profit for the period	50	86
	<u>50</u>	<u>86</u>

The tax charge for the period is disproportionately low as a result of non taxable dividend income received from group undertakings.

**7. DIVIDENDS**

	18 months ended 31 December 1998 £ 000	Year ended 30 June 1997 £ 000
Interim dividend paid (£36 per ordinary share)	1,800	-
	<u>1,800</u>	<u>-</u>



**NOTES TO THE ACCOUNTS**  
**18 months ended 31 December 1998**

**8. TANGIBLE FIXED ASSETS**

	Motor vehicles £ 000	Fixtures, fittings, tools and equipment £ 000	Total £ 000
<b>Cost</b>			
At 1 July 1997	6	5	11
Disposals	(6)	(5)	(11)
At 31 December 1998	-	-	-
<b>Accumulated depreciation</b>			
At 1 July 1997	3	3	6
Charge for the period	1	-	1
Disposals	(4)	(3)	(7)
At 31 December 1998	-	-	-
<b>Net book value</b>			
At 31 December 1998	-	-	-
At 30 June 1997	3	2	5

**9. FIXED ASSET INVESTMENTS**

	31 December 1998 £ 000	30 June 1997 £ 000
Shares in group undertakings at cost	175	175

The Company owns 100% of the ordinary share capital of Big T (Tea) Limited, which is registered in England & Wales and trades as tea and coffee merchants.

**10. STOCKS**

	31 December 1998 £ 000	30 June 1997 £ 000
Raw materials and consumables	-	1,207

**11. DEBTORS**

	31 December 1998 £ 000	30 June 1997 £ 000
Amounts owed by fellow subsidiaries	2,634	923
Other debtors	-	4
Prepayments and accrued income	-	7
	2,634	934


**NOTES TO THE ACCOUNTS**  
**18 months ended 31 December 1998**
**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December</b>	<b>30 June</b>
	<b>1998</b>	<b>1997</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	-	1,061
Amounts owed to parent undertaking	2,561	-
Other taxes and social security	-	3
Accruals and deferred income	-	7
Corporation tax	50	87
	<u>2,611</u>	<u>1,158</u>

**13. CALLED UP SHARE CAPITAL**

	<b>31 December</b>	<b>30 June</b>
	<b>1998</b>	<b>1997</b>
	<b>£ 000</b>	<b>£ 000</b>
Authorised, called up, allotted and fully paid 50,000 Ordinary shares of £1 each	50	50

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 December</b>	<b>30 June</b>
	<b>1998</b>	<b>1997</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit for the financial period	810	206
Dividends	(1,800)	-
Net (reduction in)/addition to shareholders' funds	(990)	206
Opening shareholders' funds	1,188	982
Closing shareholders' funds	<u>198</u>	<u>1,188</u>

**15. FINANCIAL COMMITMENTS**

	<b>31 December</b>	<b>30 June</b>
	<b>1998</b>	<b>1997</b>
	<b>£ 000</b>	<b>£ 000</b>
Capital commitments		
Contracted for but not provided	-	-

**NOTES TO THE ACCOUNTS**  
**18 months ended 31 December 1998****16. CONTINGENT LIABILITIES**

The Company has guaranteed the bank borrowings of group companies. Its maximum potential liability at 31 December 1998 under this guarantee amounted to £14,090,000 (1997 - £1,880,000).

**17. ULTIMATE PARENT COMPANY**

The Company's ultimate parent company is S Daniels plc, a company registered in England and Wales. Copies of these financial statements are available from 1 Portland Place, London W1N 3AA.

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 - Related Party Transactions not to report transactions with S Daniels plc related parties which are disclosed in the consolidated financial statements of S Daniels plc.