

Company Registration No. 785125 (England and Wales)

**ALFANO BROTHERS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

THURSDAY



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30/04/2009  
COMPANIES HOUSE



# ALFANO BROTHERS LIMITED

## DIRECTORS AND ADVISERS

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### Directors

Calogero Alfano  
Antonio Alfano  
Gaetano Alfano  
Gaetano S. Alfano  
Giovanni Alfano  
Giuseppe Alfano  
Paul E. Alfano  
Rose Alfano-Rogers  
Massimo Alfano  
Paul Anthony

### Secretary

Paul E. Alfano

### Company number

785125

### Registered office

74 Long Drive  
Greenford  
Middlesex  
UB6 8XH

### Registered auditors

HLB Vantis Audit plc  
55 Station Road  
Beaconsfield  
Bucks  
HP9 1QL

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# **ALFANO BROTHERS LIMITED**

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# **ALFANO BROTHERS LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 JUNE 2008***

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The directors present their report and financial statements for the year ended 30 June 2008.

### **Directors**

The following directors have held office since 1 July 2007:

Calogero Alfano  
Antonio Alfano  
Gaetano Alfano  
Gaetano S. Alfano  
Giovanni Alfano  
Giuseppe Alfano  
Paul E. Alfano  
Rose Alfano-Rogers  
Massimo Alfano  
Paul Anthony

### **Principal activities and review of the business**

The principal activity of the company continued to be that of a holding company for a group of companies whose principal activity is the supply of alcoholic and non-alcoholic beverages and grocery foods.

Over the previous few years the group has seen its sales steadily increase as it successfully expanded its customer base through various marketing strategies and financial incentives to customers. The current year saw a period of consolidation, where turnover dropped slightly to £21,384,560 from £21,930,679. Gross profit margin remained constant at 27.0% (2007: 27.5%). Operating profit reduced significantly in the current year from £552,641 to a loss of £201,682. This was in part due to decreased trading levels, but also to significant losses on foreign currency transactions in the year and some higher than expected unrecoverable trade debtors. The directors are exploring measures to mitigate the foreign exchange risks (see below) and continue to operate strict credit control procedures in an effort to mitigate the credit control risk.

The final group loss for the year of £851,903 (2007: profit of £37,229) is explained by the factors covered above, as well as the exceptional loss on disposal of plant and machinery in Struthers (Lochwinnoch) Limited, as the group has ceased its manufacturing operation to concentrate on core business.

The main risks and uncertainties facing the group relate to foreign exchange risk and bank interest rate risk. Foreign exchange risk was previously mitigated by forward purchasing of currency, but since refinancing the group has been prohibited from forward purchasing by their funders, and the directors are looking into other methods of mitigating their risk. By financing its trade debtors the group has mitigated its interest rate risk by reducing its overdraft and exposure to interest rate risk as a result.

At the end of the financial year the directors consider the group to be in a stable position despite the loss made in the year. Although still showing net current liabilities these have reduced dramatically due to the refinancing in the year. Cashflow management has improved and the factoring of debts has helped the group's fluidity. Although the year to 30 June 2009 looks to be a difficult one given the global economic downturn, recession in the United Kingdom and the knock on effect on the restaurant trade, the directors are confident the group will be able to progress during this period.



# ALFANO BROTHERS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

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### Analysis of key performance indicators:

Gross profit margin on core activities has remained constant this year.

Operating profit has decreased due to the slight decrease in trading activity and foreign exchange and bad debt losses.

Trade debtor days have decreased from 69 days in 2007 to 67 days in the current year. Ageing of debts has also improved.

### Results and dividends

The consolidated profit and loss account for the year is set out on pages 6 to 7.

### Future developments

The Group intends to build on its long established business with the aim of increasing its market share.

	2008 £	2007 £
During the year the group made the following payments:		
Charitable donations	1,291	1,930

During the year the group made donations to local charities to enhance the group's good image.

### Auditors

The auditors, HLB Vantis Audit plc, are deemed to be reappointed under section 487(2) of the Companies Act 2006.



# **ALFANO BROTHERS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2008**

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### **Directors' responsibilities**

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

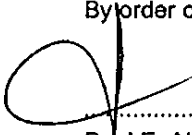
### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

### **Qualifying 3rd party Indemnity provisions**

At the approval of the report, qualifying third party indemnity provisions are in place for all the directors.

By order of the board



.....  
Paul E. Alfano  
Secretary  
30/4/09  
.....

# **ALFANO BROTHERS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF ALFANO BROTHERS LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Alfano Brothers Limited for the year ended 30 June 2008 set out on pages 6 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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.

# ALFANO BROTHERS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF ALFANO BROTHERS LIMITED

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#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 30 June 2008 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*HLB Vantis Audit plc*

HLB Vantis Audit plc

*30th June 2009*  
.....

Chartered Accountants

Registered Auditor



55 Station Road  
Beaconsfield  
Bucks  
HP9 1QL



# ALFANO BROTHERS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 £	2007 £
<b>Turnover</b>	<b>2</b>		
Continuing operations		21,384,560	21,930,047
Discontinued activities		-	632
		<u>21,384,560</u>	<u>21,930,679</u>
<b>Cost of sales</b>		(15,601,638)	(15,891,930)
		<u>5,782,922</u>	<u>6,038,749</u>
<b>Gross profit</b>			
Distribution costs		(2,535,970)	(2,490,158)
Administrative expenses		(3,469,939)	(3,018,195)
Other operating income		21,305	22,025
		<u>Operating (loss)/profit</u>	<u>Operating (loss)/profit</u>
	<b>4</b>		
Continuing operations		(149,045)	676,030
Discontinued activities		(52,637)	(123,609)
		<u>(201,682)</u>	<u>552,421</u>
<b>Loss on disposal of fixed assets</b>		(192,937)	-
		<u>(394,619)</u>	<u>552,421</u>
<b>(Loss)/profit on ordinary activities before interest</b>			
Other interest receivable and similar income		190	68,450
Interest payable and similar charges	<b>5</b>	(449,444)	(583,642)
		<u>(843,873)</u>	<u>37,229</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>4</b>		
Tax on (loss)/profit on ordinary activities	<b>6</b>	(8,030)	-
		<u>(851,903)</u>	<u>37,229</u>
<b>(Loss)/profit on ordinary activities after taxation</b>			

There are no recognised gains and losses other than those passing through the profit and loss account.



# ALFANO BROTHERS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

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### Note of historical cost profits and losses

	2008 £	2007 £
Reported (loss)/profit on ordinary activities before taxation	(843,873)	37,229
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>30,000</u>	<u>30,000</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(813,873)</u>	<u>67,229</u>
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	<u>(821,903)</u>	<u>67,229</u>



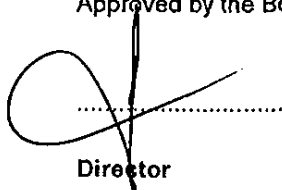
# ALFANO BROTHERS LIMITED

## BALANCE SHEETS

AS AT 30 JUNE 2008

	Notes	Group 2008 £	2007 £	Company 2008 £	2007 £
<b>Fixed assets</b>					
Tangible assets	9	7,584,014	8,103,670	-	-
Investments	10	6,067	6,067	2,189	2,189
		<u>7,590,081</u>	<u>8,109,737</u>	<u>2,189</u>	<u>2,189</u>
<b>Current assets</b>					
Stocks	11	2,400,305	2,101,649	-	-
Debtors	12	4,945,146	5,265,442	398,263	1,916,647
Cash at bank and in hand		9,190	5,714	2	-
		<u>7,354,641</u>	<u>7,372,805</u>	<u>398,265</u>	<u>1,916,647</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(9,416,631)</u>	<u>(11,518,753)</u>	<u>(21,742)</u>	<u>(555,576)</u>
<b>Net current liabilities</b>		<u>(2,061,990)</u>	<u>(4,145,948)</u>	<u>376,523</u>	<u>1,361,071</u>
<b>Total assets less current liabilities</b>		<u>5,528,091</u>	<u>3,963,789</u>	<u>378,712</u>	<u>1,363,260</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(3,391,144)</u>	<u>(974,939)</u>	<u>(110,000)</u>	<u>(921,077)</u>
		<u>2,136,947</u>	<u>2,988,850</u>	<u>268,712</u>	<u>442,183</u>
<b>Capital and reserves</b>					
Called up share capital	15	112	112	112	112
Revaluation reserve	16	1,595,218	1,625,218	-	-
Other reserves	16	1,602,080	1,602,080	-	-
Profit and loss account	16	<u>(1,060,463)</u>	<u>(238,560)</u>	<u>268,600</u>	<u>442,071</u>
<b>Shareholders' funds</b>	17	<u>2,136,947</u>	<u>2,988,850</u>	<u>268,712</u>	<u>442,183</u>

Approved by the Board and authorised for issue on 30/4/09

  
Director



# ALFANO BROTHERS LIMITED

## BALANCE SHEETS

AS AT 30 JUNE 2008

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<b>Fixed assets</b>					
Tangible assets	9	7,584,014	8,103,670	-	-
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Approved by the Board and authorised for issue on .....

Director

# ALFANO BROTHERS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	£	2008 £	£	2007 £
Net cash inflow from operating activities		482,968		2,547,778
Returns on investments and servicing of finance				
Interest received	190		68,450	
Interest paid	(449,444)		(583,642)	
Net cash outflow for returns on investments and servicing of finance		(449,254)		(515,192)
Taxation		-		11,025
Capital expenditure				
Payments to acquire tangible assets	(64,689)		(208,242)	
Receipts from sales of tangible assets	96,776		151,017	
Net cash inflow/(outflow) for capital expenditure		32,087		(57,225)
Net cash inflow before management of liquid resources and financing		65,801		1,986,386
Financing				
New long term bank loan	3,222,015		-	
Other new short term loans	3,379,509		-	
Repayment of long term bank loan	(811,077)		(2,483,819)	
Repayment of other short term loans	(391,139)		(45,000)	
Capital element of hire purchase contracts	(241,498)		(283,964)	
Net cash inflow/(outflow) from financing		5,157,810		(2,812,783)
Increase/(decrease) in cash in the year		5,223,611		(826,397)

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2008	2007
		£	£
	Operating (loss)/profit	(201,682)	552,421
	Depreciation of tangible assets	435,497	443,677
	Amortisation of intangible assets	-	10,175
	Loss on disposal of tangible assets	3,627	15,747
	(Increase)/decrease in stocks	(298,656)	372,520
	Decrease in debtors	360,696	1,577,348
	Increase/(decrease) in creditors within one year	183,486	(424,110)
	Net cash inflow from operating activities	482,968	2,547,778

2	Analysis of net debt	1 July 2007	Cash flow	Other non-cash changes	30 June 2008
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	5,714	3,476	-	9,190
	Bank overdrafts	(5,685,281)	5,220,135	-	(465,146)
		(5,679,567)	5,223,611	-	(455,956)
	Finance leases	(397,624)	97,006	-	(300,618)
	Debts falling due within one year	(391,139)	(2,988,370)	-	(3,379,509)
	Debts falling due after one year	(811,077)	(2,410,938)	-	(3,222,015)
		(1,599,840)	(5,302,302)	-	(6,902,142)
	Net debt	(7,279,407)	(78,691)	-	(7,358,098)

3	Reconciliation of net cash flow to movement in net debt	2008	2007
		£	£
	Increase/(decrease) in cash in the year	5,223,611	(826,397)
	Cash (inflow)/outflow from (increase)/decrease in debt	(5,302,302)	2,555,351
	Movement in net debt in the year	(78,691)	1,728,954
	Opening net debt	(7,279,407)	(9,008,361)
	Closing net debt	(7,358,098)	(7,279,407)

4	Liquid resources
	Liquid resources constitute cash at bank and in hand.



# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The financial statements have been prepared on the going concern basis and the directors confirm their belief in the company's ability to continue as a going concern for the period of at least 12 months from the date of approval of these financial statements. This belief assumes the continued support of suppliers and financiers. The directors have received assurances from their principle supplier Ciborio Italia that they will continue to support the company for at least the next 12 months from the date of approval of these financial statements. Furthermore, the company has no reason to believe that finance facilities will not continue for at least 12 months from the date of approval of these financial statements.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2008. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable for the supply of grocery goods, alcoholic and non-alcoholic beverages. Sales are net of VAT and trade discounts. Income is recognised on despatch of goods.

#### 1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over 20 years. In the opinion of the directors, this rate of amortisation is reasonable.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% on revalued building cost less the estimated residual value
Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	15-25% on written down value
Fixtures, fittings & equipment	12.5% on cost and 10-25% on written down value
Motor vehicles	25% on written down value and 20% on cost

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 1 Accounting policies

(continued)

#### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### 1.10 Pensions

The group operates two pension schemes, one defined contribution for the directors and the other an employee Group Personal Pension Scheme for eligible employees.

The contributions in respect of the defined contribution schemes are charged to the profit and loss account in the year in which payment is made.

Further details of this pension scheme are given in note 15.

#### 1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

In accordance with FRS 19 Deferred Tax, no provision is made for deferred tax on revalued, non-monetary assets unless there is a binding agreement to sell the asset at the balance sheet date. Deferred tax assets with regard to carried forward tax losses are only recognised in the financial statements when there is sufficient certainty over future suitable accounting profits.

#### 1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.13 Finance costs

Finance costs relating to building construction work have been capitalised in accordance with FRS 15 and are depreciated at a rate of 2% per annum.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 3 Cost of sales and net operating expenses

	2008			2007		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	15,601,638	-	15,601,638	15,852,395	39,535	15,891,930
Distribution costs	2,535,970	-	2,535,970	2,490,158	-	2,490,158
Administrative expenses	3,417,302	52,637	3,469,939	2,933,489	84,706	3,018,195
Other operating income	(21,305)	-	(21,305)	(22,025)	-	(22,025)
	<u>21,533,605</u>	<u>52,637</u>	<u>21,586,242</u>	<u>21,254,017</u>	<u>124,241</u>	<u>21,378,258</u>

### 4 Operating (loss)/profit

	2008	2007
	£	£
Operating (loss)/profit is stated after charging:		
Amortisation of intangible assets	-	10,175
Depreciation of tangible assets	435,497	443,677
Loss on disposal of tangible assets	3,627	15,747
Loss on foreign exchange transactions	217,893	-
Operating lease rentals		
- Plant and machinery		
- Other assets	91,400	91,400
and after crediting:		
Profit on foreign exchange transactions	-	(26,071)

### Auditors' remuneration

Fees payable to the group's auditor for the audit of the group's annual accounts (company £10,500; 2007: £4,104)	47,700	39,004
Non audit remuneration paid to an associate of the auditors:		
Consultancy	31,869	13,283
Corporation tax	10,140	10,000
Business review	20,139	-
Other	251	-
	<u>110,099</u>	<u>62,287</u>

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

5	Interest payable	2008 £	2007 £
	On bank loans and overdrafts	375,147	532,756
	On other loans wholly repayable within five years	-	1,137
	Hire purchase interest	40,598	49,749
	On overdue tax	33,699	-
		<u>449,444</u>	<u>583,642</u>
6	Taxation	2008 £	2007 £
	Domestic current year tax		
	Adjustment for prior years	8,030	-
	Current tax charge	<u>8,030</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(843,873)</u>	<u>37,229</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2007 - 20.00%)	<u>(168,775)</u>	<u>7,446</u>
	Effects of:		
	Non deductible expenses	14,240	60,869
	Depreciation add back	74,151	89,024
	Capital allowances	(69,449)	(92,352)
	Tax losses utilised	-	(44,311)
	Adjustments to previous periods	8,003	-
	Chargeable disposals	725	(120)
	Tax losses carried forward	149,135	-
	Other tax adjustments	-	(20,556)
		<u>176,805</u>	<u>(7,446)</u>
	Current tax charge	<u>8,030</u>	<u>-</u>

On the basis of these financial statements no provision has been made for corporation tax.

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2008

#### 7 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2008	2007
	£	£
Holding company's loss for the financial year	(173,471)	(7,927)

#### 8 Intangible fixed assets Group

	Goodwill	Development Costs	Total
	£	£	£
<b>Cost</b>			
At 1 July 2007 & at 30 June 2008	42,410	31,600	74,010
<b>Amortisation</b>			
At 1 July 2007 & at 30 June 2008	42,410	31,600	74,010
<b>Net book value</b>			
At 30 June 2008	-	-	-
At 30 June 2007	-	-	-



# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 9 Tangible fixed assets Group

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 July 2007	7,576,640	132,824	2,110,811	1,416,493	1,582,225	12,818,993
Additions	-	-	35,412	76,010	146,189	257,611
Disposals	-	-	(1,527,187)	(267,505)	(143,353)	(1,938,045)
At 30 June 2008	7,576,640	132,824	619,036	1,224,998	1,585,061	11,138,559
<b>Depreciation</b>						
At 1 July 2007	894,847	100,824	1,651,885	1,154,647	913,120	4,715,323
On disposals	-	-	(1,279,919)	(219,075)	(97,281)	(1,596,275)
Charge for the year	88,961	8,004	98,595	68,164	171,773	435,497
At 30 June 2008	983,808	108,828	470,561	1,003,736	987,612	3,554,545
<b>Net book value</b>						
At 30 June 2008	6,592,832	23,996	148,475	221,262	597,449	7,584,014
At 30 June 2007	6,681,793	32,000	458,926	261,846	669,105	8,103,670

A policy of revaluation has not been adopted under Financial Reporting Standard number 15, but the carrying amount of freehold land and buildings reflects previous revaluations and those amounts are retained in accordance with the transitional rules of FRS15. The last revaluation was accounted for on 30 June 1991 and since this date no further revaluations have been made.

Finance costs of £70,000 were capitalised in previous years as part of freehold land and buildings additions in accordance with FRS 15.

#### Comparable historical cost for the land and buildings included at valuation:

	£
<b>Cost</b>	
At 1 July 2007 & at 30 June 2008	5,445,717
<b>Depreciation based on cost</b>	
At 1 July 2007	406,947
Charge for the year	58,961
At 30 June 2008	465,908
<b>Net book value</b>	
At 30 June 2008	4,979,809
At 30 June 2007	5,038,770



# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2008

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Net book values</b>				
At 30 June 2008	31,265	1,104	409,536	441,905
At 30 June 2007	143,528	18,987	494,217	656,732
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation charge for the year</b>				
30 June 2008	9,151	331	107,208	116,690
30 June 2007	40,516	5,305	106,905	152,726
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Tangible fixed assets (continued) Company

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 July 2007 & at 30 June 2008	1,183
	<u>          </u>
<b>Depreciation</b>	
At 1 July 2007 & at 30 June 2008	1,183
	<u>          </u>
<b>Net book value</b>	
At 30 June 2008	-
	<u>          </u>
At 30 June 2007	-
	<u>          </u>

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 10 Fixed asset investments

#### Group

	Unlisted Investments £	Total £
<b>Cost or valuation</b>		
At 1 July 2007 & at 30 June 2008	79,228	79,228
<b>Provisions for diminution in value</b>		
At 1 July 2007 & at 30 June 2008	73,161	73,161
<b>Net book value</b>		
At 30 June 2008	6,067	6,067
At 30 June 2007	6,067	6,067

#### Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2007 & at 30 June 2008	151,458
<b>Provisions for diminution in value</b>	
At 1 July 2007 & at 30 June 2008	149,269
<b>Net book value</b>	
At 30 June 2008	2,189
At 30 June 2007	2,189

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Ciborio Limited	England and Wales	Ordinary	100
Struthers (Lochwinnoch) Limited	Scotland	Ordinary	100
The Five Alfanos Limited	England and Wales	Ordinary	100

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 10 Fixed asset Investments (continued)

Alfano Draught Drinks Limited	England and Wales	Ordinary	100
Alfano Brothers France SC	France	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Ciborio Limited	Wholesale supply of grocery goods and wines
Struthers (Lochwinnoch) Limited	Let of premises and facilities
The Five Alfanos Limited	Dormant intermediate holding company
Alfano Draught Drinks Limited	Non-trading company
Alfano Brothers France SC	Investment company

The accounting reference date of Alfano Brothers France SC is 31 December, as stipulated under French accounting regulations and interim accounts have been prepared to the parent's financial year end.

The consolidated accounts include the results of Hunter & Currie (Scotland) Limited (a company incorporated in Scotland and a wholly owned subsidiary of The Five Alfanos Limited). Two group companies, Ciborio Direct Limited (a wholly owned subsidiary of Alfano Brothers Limited) and Acquaviva Limited (a wholly owned subsidiary of Struthers (Lochwinnoch) Limited) have not been included in the consolidation as both are dormant companies that have not traded since incorporation and are immaterial to the consolidated accounts.

The company has taken exemption under Financial Reporting Standard 8 from the requirement to disclose related party transactions with group companies.

### 11 Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Finished goods and goods for resale	2,400,305	2,101,649	-	-

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 12 Debtors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	3,935,676	4,315,070	-	-
Amounts owed by group undertakings	-	-	386,516	1,784,580
Corporation tax	-	4,695	-	4,695
Other debtors	832,557	732,292	11,747	123,916
Prepayments and accrued income	176,913	213,385	-	3,456
	<u>4,945,146</u>	<u>5,265,442</u>	<u>398,263</u>	<u>1,916,647</u>

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	3,844,655	6,076,420	-	477,555
Net obligations under finance lease and hire purchase contracts	131,489	233,762	-	-
Trade creditors	4,837,378	4,520,203	-	-
Amounts owed to group undertakings	-	-	-	48,942
Taxes and social security costs	467,389	530,250	-	-
Other creditors	19,119	20,173	13,392	13,392
Accruals and deferred income	116,601	137,945	8,350	15,687
	<u>9,416,631</u>	<u>11,518,753</u>	<u>21,742</u>	<u>555,576</u>

Included in bank loans and overdrafts are loans totalling £3,379,488 on which the lender holds a legal charge dated 8 November 2007 over the group's freehold property and a debenture dated 8 November 2007 over all the assets of the group. The assets financed under hire purchase contracts are held as security by the lenders.

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 14 Creditors : amounts falling due after more than one year

	Group 2008 £	2007 £	Company 2008 £	2007 £
Bank loans	3,222,015	811,077	-	811,077
Net obligations under finance leases and hire purchase agreements	169,129	163,862	-	-
Amounts owed to group undertakings	-	-	110,000	110,000
	<u>3,391,144</u>	<u>974,939</u>	<u>110,000</u>	<u>921,077</u>
<b>Analysis of loans</b>				
Wholly repayable within five years	6,601,524	1,202,216	-	1,202,216
Included in current liabilities	(3,379,509)	(391,139)	-	(391,139)
	<u>3,222,015</u>	<u>811,077</u>	<u>-</u>	<u>811,077</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	176,420	391,139	-	391,139
In more than two years but not more than five years	3,045,595	419,938	-	419,938

The bank loan is secured by a legal charge dated 8 November 2007 on the group's freehold property and a debenture dated 8 November 2007 over all the assets of the group. The assets financed under hire purchase contracts are held as security by the lenders.

#### Net obligations under finance leases and hire purchase contracts

Repayable within one year	154,274	266,654	-	-
Repayable between one and five years	205,576	192,534	-	-
	<u>359,850</u>	<u>459,188</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(59,232)	(61,564)	-	-
	<u>300,618</u>	<u>397,624</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(131,489)	(233,762)	-	-
	<u>169,129</u>	<u>163,862</u>	<u>-</u>	<u>-</u>

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

15 Share capital	2008 £	2007 £
<b>Authorised</b>		
160 Ordinary 'A' shares of £1 each	160	160
40 Ordinary 'B' shares of £1 each	40	40
	<u>200</u>	<u>200</u>
 <b>Allotted, called up and fully paid</b>		
91 Ordinary 'A' shares of £1 each	91	91
21 Ordinary 'B' shares of £1 each	21	21
	<u>112</u>	<u>112</u>

## 16 Statement of movements on reserves Group

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2007	1,625,218	1,602,080	(238,560)
Loss for the year	-	-	(851,903)
Transfer from revaluation reserve to profit and loss account	(30,000)	-	30,000
Balance at 30 June 2008	<u>1,595,218</u>	<u>1,602,080</u>	<u>(1,060,463)</u>

### Other reserves

Reserves provided for by the Articles of Association

Balance at 1 July 2007 & at 30 June 2008

1,602,080

### Company

	Profit and loss account £
Balance at 1 July 2007	442,071
Loss for the year	(173,471)
Balance at 30 June 2008	<u>268,600</u>

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

17 Reconciliation of movements in shareholders' funds	2008	2007
Group	£	£
(Loss)/Profit for the financial year	(851,903)	37,229
Opening shareholders' funds	2,988,850	2,951,621
Closing shareholders' funds	2,136,947	2,988,850
	2008	2007
Company	£	£
Loss for the financial year	(173,471)	(7,927)
Opening shareholders' funds	442,183	450,110
Closing shareholders' funds	268,712	442,183

### 18 Financial commitments

At 30 June 2008 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008	2007
	£	£
Expiry date:		
In over five years	91,400	91,400

19 Directors' emoluments	2008	2007
	£	£
Emoluments for qualifying services	493,571	372,410
	493,571	372,410

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 7 (2007- 6).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	89,017	70,750
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# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 20 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2008	2007	in year
	£	£	£
Antonio Alfano	49,132	40,943	49,132
Gaetano S. Alfano	3,469	-	3,469
Massimo Alfano	-	35,797	35,797
Paul E. Alfano	18,478	-	18,478
Rose Alfano Rogers	20,209	-	20,209
Gaetano Alfano	36,189	-	36,990

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2008	2007
	Number	Number
Office and management	33	32
Warehouse, distribution and sales	92	96
Directors	10	10
	<u>135</u>	<u>138</u>

#### Employment costs

	2008	2007
	£	£
Wages and salaries	3,252,390	3,243,586
Social security costs	345,427	342,075
Other pension costs	109,224	120,775
	<u>3,707,041</u>	<u>3,706,436</u>

### 22 Control

The company is owned and controlled by the shareholders in the both the current and preceding year.

# ALFANO BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

### 22 Related party transactions

The group has taken advantage of the exemption under Financial Reporting Standard 8 from the requirement to disclose related party transactions within the group as these consolidated accounts are publically available.

The company had the following transactions with other related parties during the year under review:

Name of related party	Nature of Related party	Transaction Type	Transaction Value £	Debtor/(Creditor) balance as at 30 June 2008 £
(i) Alfano Brothers Pension Scheme	Common control	Rents payable	191,396	
		Intercompany balance		34,915
(ii) Ciborio Italia srl	Common directorship	Purchases	4,965,860	
		Trade creditor		(1,961,120)
		Supplier payments recharged	815,000	
		Sales and marketing fees receivable	219,994	
(iii) Dimetrend Limited	Common directorship	Rents payable	23,700	
		Intercompany balance		281,619

