

**FINAGRA (UK) LIMITED****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 SEPTEMBER 1999**

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# **FINAGRA (UK) LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	L. D. Aitken B. Law G. P. Black P. G. Munden D. Margulies A. Margulies
<b>Secretary</b>	L. D. Aitken
<b>Company Number</b>	2754740
<b>Registered Office</b>	New Loom House 101 Back Church Lane London E1 1LU
<b>Auditors</b>	Wilder Coe Chartered Accountants and Registered Auditors 233 - 237 Old Marylebone Road London NW1 5QT

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1999**

The directors present their report and the audited financial statements for the year ended 30 September 1999.

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

**Results and dividends**

The profit for the year after taxation, amounted to £36,752 (1998 - £(212,485)).

The directors do not recommend that a dividend be paid.

**Principal activities and review of business**

The company's principal activity continues to be that of commodity merchants and traders.

The directors are satisfied with the performance of the company during the year, and no significant developments are anticipated in the coming year.

**Directors**

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	1999	1998
L. D. Aitken	-	-
B. Law	-	-
G. P. Black	-	-
P. G. Munden	-	-
D. Margulies	-	-
A. Margulies	-	-

The directors had no interests in or contracts with the company during the year.

**Insurance**

The company maintains insurance to cover directors' liabilities arising from the performance of their duties as permitted by section 3 of the Companies Act 1985.

**Year 2000 Issue and the Introduction of the Euro.**

The company has so far not encountered any problems relating to the year 2000 issue, however, other key dates could potentially lead to system failures. As part of the company's year 2000 action plan, which included reviewing the company's business, operations and its relationship with customers, suppliers and other relevant bodies, all key dates were considered and the board believes that it is unlikely that the company will encounter any problems. However, due to the complexity of the problem it is not possible for any organisation to guarantee that no problems will occur. The total costs of the year 2000 compliance work undertaken by the company are not deemed to be material, and no further costs are anticipated.

The directors have assessed the impact of the introduction of a single European currency and do not consider its effects on the company to be material. Any related expenditure is charged to the profit and loss account as incurred.

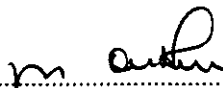
FINAGRA (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1999

**Auditors**

The auditors, Wilder Coe, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 22<sup>nd</sup> March 2000 and signed on its behalf.

  
.....  
L. D. Aitken  
Director

**AUDITORS' REPORT TO THE SHAREHOLDERS OF FINAGRA (UK) LIMITED**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

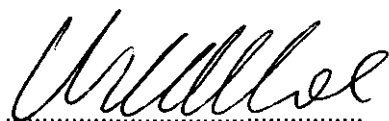
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Wilder Coe**

Chartered Accountants and Registered Auditors  
233 - 237 Old Marylebone Road  
London  
NW1 5QT

Date: 29 March 2000

**FINAGRA (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

	<b>Note</b>	<b>1999 £</b>	<b>1998 £</b>
<b>TURNOVER</b>	1,2	<b>32,011,423</b>	<b>28,693,891</b>
Cost of sales		<b>(30,847,517)</b>	<b>(27,724,944)</b>
<b>GROSS PROFIT</b>		<b>1,163,906</b>	<b>968,947</b>
Administrative expenses		<b>(799,014)</b>	<b>(774,380)</b>
Other operating income		<b>36,432</b>	<b>-</b>
<b>OPERATING PROFIT</b>	3	<b>401,324</b>	<b>194,567</b>
Interest receivable	6	<b>21,152</b>	<b>46,757</b>
Interest payable	7	<b>(361,724)</b>	<b>(503,809)</b>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>60,752</b>	<b>(262,485)</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	8	<b>(24,000)</b>	<b>50,000</b>
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		<b>36,752</b>	<b>(212,485)</b>
<b>(LOSS)/RETAINED PROFIT BROUGHT FORWARD</b>		<b>(147,724)</b>	<b>64,761</b>
<b>LOSS CARRIED FORWARD</b>		<b>£ (110,972)</b>	<b>£ (147,724)</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

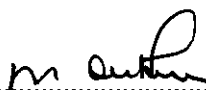
**FINAGRA (UK) LIMITED**

**BALANCE SHEET  
AS AT 30 SEPTEMBER 1999**

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		15,026		25,433
<b>CURRENT ASSETS</b>					
Stocks	11	2,284,158		4,114,353	
Debtors	12	1,904,892		1,573,387	
Cash at bank and in hand		85,809		3,609	
			<u>4,274,859</u>	<u>5,691,349</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(3,276,857)</u>		<u>(4,764,506)</u>	
<b>NET CURRENT ASSETS</b>			<u>998,002</u>		<u>926,843</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,013,028</u>		<u>952,276</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		<u>(24,000)</u>		<u>-</u>
<b>NET ASSETS</b>			<u>£ 989,028</u>		<u>£ 952,276</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		1,100,000		1,100,000
Profit and loss account			<u>(110,972)</u>		<u>(147,724)</u>
<b>SHAREHOLDERS' FUNDS</b>	16		<u>£ 989,028</u>		<u>£ 952,276</u>

Shareholders' Funds include non-equity interests.

The financial statements were approved by the board on 22<sup>nd</sup> March 2000 and signed on its behalf

  
.....  
L. D. Aitken

Director

The notes on pages 8 to 15 form part of these financial statements.

# FINAGRA (UK) LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Note	£	1999 £	£	1998 £
Net cash inflow/(outflow) from operating activities (Page 7)			3,016,944		(201,567)
Returns on investments and servicing of finance	17		(340,572)		(457,052)
Capital expenditure and financial investment	17		(7,403)		(24,312)
Increase/(decrease) in cash in the period			<u>£ 2,668,969</u>		<u>£ (682,931)</u>

The notes on pages 8 to 15 form part of these financial statements.



FINAGRA (UK) LIMITED

CASH FLOW STATEMENT INFORMATION  
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Note	1999 £	1998 £
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>			
Operating profit		401,324	194,567
Depreciation of tangible fixed assets		17,810	16,430
(Increase)/decrease in debtors		(331,505)	473,637
Decrease/(increase) in stocks		1,830,195	(403,050)
Increase/(decrease) in creditors		1,099,120	(483,151)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>£ 3,016,944</b>	<b>£ (201,567)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
	18		
<b>Increase/(decrease) in cash in the period</b>		<b>2,668,969</b>	<b>(682,931)</b>
Change in net debt resulting from cash flows		2,668,969	(682,931)
<b>Net debt at 1 October 1998</b>		<b>(4,203,344)</b>	<b>(3,520,413)</b>
<b>Net debt at 30 September 1999</b>		<b>£ (1,534,375)</b>	<b>£ (4,203,344)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report, all of which are continuing.

**1.2 Turnover**

Turnover represents the value of physical cocoa and coffee sales made during the year.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	25% & 33% Straight line
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**1.4 Stocks and work in progress**

Stocks represent physical positions in cocoa and coffee or warrants of entitlement and are stated in the balance sheet at cost.

Stock positions and open forward and futures contracts are revalued at market prices which reflect trading conditions prevailing at the year end. The net profit or loss arising from this revaluation forms part of the trading results for the year and is included in the balance sheet under debtors or creditors as appropriate.

**1.5 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.6 Deferred taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**1.7 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999

2. **TURNOVER**

The whole of the turnover is attributable to the one principal activity of the company being commodity merchants and traders.

A geographical analysis of turnover is as follows:

	1999 £	1998 £
United Kingdom	9,423,322	8,337,256
Rest of Europe	15,616,861	12,872,654
Rest of world	6,971,240	7,483,981
	<u>£ 32,011,423</u>	<u>£ 28,693,891</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	1999 £	1998 £
Depreciation of tangible fixed assets - owned by the company	17,810	16,430
Audit fees	15,438	12,000
Auditors' remuneration - non-audit services	7,824	-
Foreign exchange differences	(16,243)	8,494
	<u></u>	<u></u>

4. **STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	1999 £	1998 £
Wages and salaries	363,182	338,388
Social security costs	40,499	38,823
Other pension costs	13,760	13,548
	<u>£ 417,441</u>	<u>£ 390,759</u>

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

	1999	1998
Office and management	<u>9</u>	<u>9</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

**5. DIRECTORS' REMUNERATION**

	1999 £	1998 £
Remuneration for management services	£ 256,414	£ 198,299
<i>Included in the above are emoluments, excluding pension contributions, paid to:</i>		
Highest paid director	£ 91,100	£ 87,500

**6. INTEREST RECEIVABLE**

	1999 £	1998 £
Other interest receivable	£ 21,152	£ 46,757

**7. INTEREST PAYABLE**

	1999 £	1998 £
On bank loans and overdrafts	£ 361,724	£ 503,809

**8. TAXATION**

	1999 £	1998 £
<b>Current year taxation</b>		
Transfer to/(from) deferred taxation	24,000	(50,000)
	£ 24,000	£ (50,000)

**9. DIVIDENDS**

The parent company, Fin Agra Limited, has agreed to waive its right to preference dividends for the years up to and including 1999. Therefore, no preference dividend has been declared this year, and there are no outstanding arrears.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

**10. TANGIBLE ASSETS**

	<b>Office Equipment £</b>
<b>Cost</b>	
At 1 October 1998	70,783
Additions	7,403
Disposals	(29,135)
	<hr/>
At 30 September 1999	49,051
	<hr/>
<b>Depreciation</b>	
At 1 October 1998	45,350
Charge for year	17,810
On disposals	(29,135)
	<hr/>
At 30 September 1999	34,025
	<hr/>
<b>Net Book Value</b>	
At 30 September 1999	<b>£ 15,026</b>
	<hr/>
 <i>At 30 September 1998</i>	 <i>£ 25,433</i>
	<hr/>

**11. STOCKS**

	<b>1999 £</b>	<b>1998 £</b>
Cocoa stocks held	1,960,767	3,567,482
Coffee stocks held	323,391	546,871
	<hr/>	<hr/>
	<b>£ 2,284,158</b>	<b>£ 4,114,353</b>
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

**12. DEBTORS**

	1999 £	1998 £
<b>Due within one year</b>		
Trade debtors	722,234	1,131,943
Amounts owed by group undertakings	587,358	10,183
Unrealised forward profits	405,410	125,565
Other debtors	160,385	173,982
Advance corporation tax	12,411	12,411
Corporation tax recoverable	-	109,826
Prepayments and accrued income	17,094	9,477
	<u>£ 1,904,892</u>	<u>£ 1,573,387</u>

**13. CREDITORS:  
Amounts falling due within one year**

	1999 £	1998 £
Bank loans and overdrafts (secured)	1,620,184	4,206,953
Trade creditors	71,910	100,504
Amounts due to brokers	56,110	221,419
Amounts owed to group undertakings	1,304,716	-
Social security and other taxes	7,495	11,602
Other creditors	90,827	31,569
Accruals and deferred income	125,615	192,459
	<u>£ 3,276,857</u>	<u>£ 4,764,506</u>

The bank loans are charged upon bills of lading, warehouse warrants and goods in warehouses.

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	1999 £	1998 £
<b>Deferred Tax</b>		
At 1 October 1998	-	50,000
Charge/(credit) for the year	24,000	(50,000)
	<u>£ 24,000</u>	<u>£ -</u>
At 30 September 1999		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

The additional potential liability/asset for deferred taxation not provided was as follows:

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Unrealised trading profits	-	38,925
Accelerated capital allowances	-	(5,321)
Other timing differences	-	3,072
Relief for losses	-	(30,338)
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Potential deferred tax asset/(liability)	<b>£ -</b>	<b>£ 6,338</b>
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The exact amount of tax losses available have not yet been agreed with the Inspector of Taxes.

**15. CALLED UP SHARE CAPITAL**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
300,000 Ordinary shares of £1 each	<b>300,000</b>	300,000
800,000 Preference shares of £1 each	<b>800,000</b>	800,000
	<hr/>	<hr/>
	<b>£ 1,100,000</b>	<b>£ 1,100,000</b>
	<hr/>	<hr/>
<b>Authorised, allotted, called up and fully paid</b>		
300,000 Ordinary shares of £1 each	<b>300,000</b>	300,000
800,000 Preference shares of £1 each	<b>800,000</b>	800,000
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	<b>£ 1,100,000</b>	<b>£ 1,100,000</b>
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All preference shares are 9% Redeemable Cumulative.

The preference shares became partly or fully redeemable, at the company's option, on 31 December 1998 or anytime thereafter.

No premium on redemption is payable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

**16. SHAREHOLDERS' FUNDS****Reconciliation of movements on shareholders' funds**

	1999 £	1998 £
Profit/(loss) for the year	36,752	(212,485)
Opening shareholders' funds	952,276	1,164,761
Closing shareholders' funds	<u>£ 989,028</u>	<u>£ 952,276</u>

**Analysis of shareholders' funds**

	1999 £	1998 £
Non-equity interests	800,000	800,000
Equity interests	189,028	152,276
	<u>£ 989,028</u>	<u>£ 952,276</u>

**17. ANALYSIS OF CASH FLOWS FOR HEADINGS  
NETTED IN THE CASH FLOW STATEMENT**

	1999 £	1998 £
<b>Returns on investments and servicing of finance</b>		
Interest received	21,152	46,757
Interest paid	(361,724)	(503,809)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>£ (340,572)</u>	<u>£ (457,052)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(7,403)	(24,312)
<b>Net cash outflow for capital expenditure</b>	<u>£ (7,403)</u>	<u>£ (24,312)</u>

**18. ANALYSIS OF NET DEBT**

	At 1 Oct 1998 £	Cash flow £	Other changes £	At 30 Sep 1999 £
<b>Net cash:</b>				
Cash at bank and in hand	3,609	82,200	-	85,809
Bank overdrafts	(4,206,953)	2,586,769	-	(1,620,184)
<b>Net debt</b>	<u>£ (4,203,344)</u>	<u>£ 2,668,969</u>	<u>£ -</u>	<u>£ (1,534,375)</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1999

19. CONTINGENT LIABILITIES

Letters of Credit issued at the year end total £240,070 (1998: Nil) with validation dates of 15 October 1999 and 10 November 1999, relating to the purchase of coffee.

20. OTHER COMMITMENTS

At 30 September 1999 the company had annual commitments under operating leases as follows:

	<b>Land and buildings</b>	
	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Between 2 and 5 years	<b>16,538</b>	<b>16,538</b>

21. RELATED PARTIES

The movement on the amount due by Group undertakings includes the following balances and transactions:-

An amount of £576,588 (1998 - £163,536) is due from Arriba Commodities Ltd a fellow subsidiary. Finagra (UK) Ltd purchases cocoa and coffee from Arriba Commodities Ltd, and the amount outstanding represents the surplus of cash paid over goods received, together with management charges of £36,432.

An amount of £1,304,716 (1998 - £305,937) is due to Finagra USA Inc a fellow subsidiary. This represents the net of sales and purchases of cocoa and coffee between Finagra (UK) Ltd and Finagra USA Inc and cash transfers during the period. Sales of £2,533,594 were made during the year to Finagra USA Inc, and commission of £31,426 was charged by Finagra USA Inc to Finagra (UK) Ltd.

An amount of £10,771 (1998 - £152,584) is due from the parent company, Fin Agra Ltd.

22. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The ultimate parent company is Fin Agra Limited, a company incorporated in Guernsey. The ultimate controlling party is Banque Belge Trust Company Limited, as trustees of a discretionary settlement established under the laws of Guernsey.