

COSi (SA) Limited
Annual report
for the period ended 25 March 2006

Registered Number 4271851



COSi (SA) Limited

Annual report and accounts

for the period ended 25 March 2006

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COSi (SA) Limited

Directors and advisors for the period ended 25 March 2006

Directors

Bobby Tolan

Stuart Meldrum

Secretary

Wendy Thirlwell

Registered office

12 Plumtree Court

London

EC4A 4HT

United Kingdom

Registered Auditors

Grant Thornton UK LLP

The Explorer Building

Fleming Way

Crawley

RH10 9GT

Registered number

4271851

COSi (SA) Limited

Directors' report for the period ended 25 March 2006

The directors present their report and the audited financial statements of the company for the period ended 25 March 2006.

Principal activities

The principal activity of the company is that of an international intermediate holding company.

Review of business and future developments

During the period the company has provided £1,642,000 against its investment in Creative Outsourcing Solutions International (Proprietary) Limited. The company does not expect to incur any activity in the foreseeable future.

Results and dividends

The company's loss for the period is £1,642,000 (2005: £nil). The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who held office during the period (and subsequently) are given below:

Bobby Tolan

Stuart Meldrum (appointed 31 May 2006)

Ian McNally (resigned 31 December 2005)

Andrew Lashbrooke (resigned 31 December 2005)

Alison Henriksen (resigned 31 May 2006)

No director who held office during the period had any beneficial interests in the ordinary share capital of the company. Their interest in the ordinary share capital of the ultimate parent company is disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

COSi (SA) Limited

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Registered Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

On behalf of the Board



B Tolán
Director

24 August 2006

COSi (SA) Limited

Independent auditors' report to the members of COSi (SA) Limited

We have audited the financial statements of COSi (SA) Limited for the period ended 25 March 2006 which comprises the profit and loss account, the balance sheet and notes 1 to 10. 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 Directors' Report and the financial statements in accordance with United Kingdom law and 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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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.

COSi (SA) Limited

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 company's affairs as at 25 March 2006 and of its loss for the period 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 for the period ended 25 March 2006.

Grant Thornton UK LLP

Grant Thornton UK LLP

Registered Auditors

Chartered Accountants

Gatwick

24 August 2006

COSi (SA) Limited

Profit and loss account for the period ended 25 March 2006

	Note	2006 £'000	2005 £'000
Exceptional provision for impairment in investment in subsidiary	4	(1,642)	-
Loss on ordinary activities before interest and taxation		(1,642)	-
Loss on ordinary activities before taxation		(1,642)	-
Tax on loss on ordinary activities		-	-
Loss for the financial period	7	(1,642)	-

The results above all relate to continuing operations. There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

There were no recognised gains or losses other than the result for the financial period.

COSi (SA) Limited

Balance sheet as at 25 March 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Investments	4	-	1,642
Debtors: amounts due after more than one year	5	1	1
Net assets		1	1,643
Capital and reserves			
Called up share capital	6	1,643	1,643
Profit and loss account	7	(1,642)	-
Equity shareholders' funds	8	1	1,643

The financial statements were approved by the board of directors on 24 August 2006 and were signed on its behalf by:



B Tolan
Director

COSi (SA) Limited

Notes to the financial statements for the period ended 25 March 2006

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

The principal accounting policies of the company are set out below and remain unchanged from the previous year from the prior year except that the company have fully adopted the requirements of FRS 21 "Events after the balance sheet date" and FRS 25 "Financial Instruments: Disclosure and Presentation." The changes in accounting policies and their effect on company results are more fully explained below.

The financial statements have been prepared on the going concern basis which assumes that the company and its subsidiaries will continue in operational existence for the foreseeable future. The directors, having received confirmation from the directors of COSi Group Limited that sufficient finance will be made available to the company, believe that it is appropriate for the financial statements to be prepared on the going concern basis.

The company is exempt from preparing consolidated financial statements on the grounds that it qualifies as an intermediate holding company under section 228 of the Company's Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary and the cash flows of the company are included in the consolidated group cash flow statement of COSi Group Limited, which are publicly available. The company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from presenting a cash flow statement. The company has exercised the exemption under Financial Reporting Standard No 8 'Related Party Transactions' and has not disclosed related party transactions between group companies.

Taxation

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient undertakings.

Full provision is made for the tax liability on all timing differences in accordance with FRS 19 – deferred taxation.

New Accounting Standards

Post Balance Sheet Events

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date. This standard has not resulted in any change to the reported results and therefore no prior period adjustment is required.

COSi (SA) Limited

Financial Instruments

The adoption of FRS 25 (presentation only) has resulted in a change in accounting policy in respect of share capital classification. The share capital of COSi Wales Limited does not meet the definition of a financial liability, and so is classed as an equity instrument, with the dividends paid relating to such shares being debited directly to equity. There has been no effect on the reported results for the year

2 Operating Loss

Audit fees have been borne by a fellow subsidiary.

3 Directors' and employees

None of the directors received emoluments in respect of their services to the company during the period.

The company had no employees during the period.

4 Fixed asset investments

	Shares in Subsidiary Under- Takings £'000
Cost	
At 1 April 2005	1,642
Provision for impairment in the period	(1,642)
At 25 March 2006	-

Subsidiary name	Country of Incorporation	Principal activity	Proportion of nominal Value of issued ordinary Shares held %
Creative Outsourcing Solutions International (Proprietary) Limited	South Africa	Holding company	100

At 10 November 2005 the group entered into an agreement to sell its South African trading operations for a consideration of £1,985,000. The transaction was completed 15 December 2005. The group has recognised a profit on disposal of these operations of £169,000. As a result the company has fully provided against its investment in Creative Outsourcing Solutions International (Proprietary) Limited.

COSi (SA) Limited

5 Debtors: amounts due after more than one year

	2006 £'000	2005 £'000
Amounts owed by parent companies	1	1
	1	1

6 Called up share capital

	2006 £'000	2005 £'000
Authorised		
2,000,000 ordinary shares of £1 each	2,000	2,000
Allotted and fully paid		
1,643,464 ordinary shares of £1 each	1,643	1,643

7 Reserves

	Profit and loss account £'000
At 1 April 2005	-
Loss for the period	(1,642)
At 25 March 2006	(1,642)

8 Reconciliation of movements in shareholders' funds

	2006 £'000
At 1 April 2005	1,643
Loss for the period	(1,642)
At 25 March 2006	1

COSi (SA) Limited

9 Contingent liabilities

The company is contingently liable, together with other non-South African group companies for a joint and several guarantee in respect of a financing facility provided to certain group companies. The guarantee is secured by a debenture over the company's present and future assets. The amounts outstanding in respect thereof at 25 March 2006 was £4,737,000 (2005: £11,893,000) stated net of unamortised issue costs of £136,000 (2005: £265,000)).

10 Ultimate parent undertaking

The company's ultimate parent undertaking is COSi Group Limited. COSi Group Limited is a company owned and controlled by the directors group and members of the management team by virtue of the combined majority of their shareholding.

Copies of the consolidated financial statements of COSi Group Limited can be obtained from the Company Secretary at 12 Plumptre Court, London EC4A 4HT.