

# **Garbuio Limited**

Company No: 3205926

## **Annual Report and Financial Statements**

Year ended 31 October 2008

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# **Garbuio Limited**

## **Director's Report**

The Directors present their annual report and the company's audited financial statements for the year ended 31 October 2008.

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

As noted in last year's report, during the first few months of this accounting period the business was transferred to the sister company Dickinson Legg Ltd. The company finally exited the premises in Andover in January 2008. The company's remaining source of income is a distributor fee from Dickinson Legg Ltd based upon the sales of spare and wear parts now sold by Dickinson Legg Ltd.

The results for the year are set out on page 4.

### **Directors**

The following directors have held office since 1 November 2007:

Mr. A S Westlake

Mr. M Favaro

European Tobacco Development S.A. is the ultimate parent undertaking and as such is interested beneficially in all the issued share capital of the Company.

### **Director's interests**

Neither of the directors had any interest in the shares of the company during the year.

The Company Secretary is Mr G Szentesi.

### **Taxation status**

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution to reappoint Ernst and Young LLP will be put to the members at the annual general meeting.

# Garbuio Limited

## Director's Report (continued)

### Statement of Director's responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 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 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.

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. He is 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.

The directors confirm that the requirements listed above have been met.

The directors' report has been prepared within the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the board on 31 March 2009 and signed on its behalf by



G Szentesi  
Company Secretary

Registered office: Moorside Road, Winchester, Hampshire, SO23 7SS

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARBUIO LIMITED

We have audited the company's financial statements for the year ended 31 October 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable 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 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

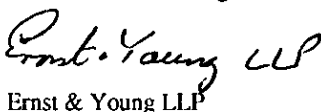
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2008 and of its profit 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.

  
Ernst & Young LLP

Registered auditor  
Southampton  
31 March 2009

# Garbuio Limited

## Profit and loss account for the year ended 31 October 2008

	Note	2008 £	2007 £
Turnover	2	1,305,027	3,004,244
Cost of Sales		(1,171,250)	(2,512,286)
Gross profit		<u>133,777</u>	<u>491,958</u>
Other operating expenses	3	(113,741)	(617,607)
Operating profit / (loss)	5	<u>20,036</u>	<u>(125,649)</u>
Interest payable	4	(3,312)	(1,232)
<b>Profit / (loss) on ordinary activities before taxation</b>		<u>16,724</u>	<u>(126,881)</u>
Tax on profit / (loss) on ordinary activities	7	-	(41,197)
<b>Profit / (loss) on ordinary activities after taxation</b>		<u>16,724</u>	<u>(168,078)</u>

There were no recognised gains or losses in the year other than those disclosed above, which relate entirely to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 6 to 10 form part of these financial statements.

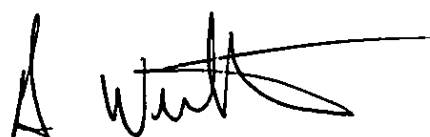
# Garbuio Limited

## Balance sheet as at 31 October 2008

	Notes	£	2008 £	£	2007 £
<b>Fixed Assets</b>					
Tangible assets	8		-		4,187
<b>Current Assets</b>					
Stock and work in progress		-		1,089,838	
Debtors	9	1,453,588		942,191	
Cash at bank and in hand		4,641		-	
		<u>1,458,229</u>		<u>2,032,029</u>	
<b>Creditors -amounts falling due within one :</b>	10	-		(594,711)	
				<u></u>	
<b>Net current assets</b>			1,458,229		1,437,318
<b>Total assets less current liabilities</b>			<u>1,458,229</u>		<u>1,441,505</u>
			<u>1,458,229</u>		<u>1,441,505</u>
<b>Capital and reserves</b>					
Called up share capital	11		1,723,097		1,723,097
Profit and loss account	12		(264,868)		(281,592)
<b>Shareholders' funds - equity</b>	12		<u>1,458,229</u>		<u>1,441,505</u>

The notes on page 6 to 10 form part of these financial statements.

Approved by the board on 31 March 2009 and signed on its behalf by



A S Westlake  
Director

# Garbuio Limited

## Notes to the financial statements

### 1. Statement of accounting policies

#### Accounting basis and standards

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 1985 and applicable UK accounting standards.

The financial statements of Garbuio Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

#### Tangible Fixed Assets

Fixed assets are stated at historical cost less depreciation charged at the following annual rates:

Plant & machinery	20% and 33.3%
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#### Stock and Work in Progress

Stock, work in progress and finished goods are stated at the lower of cost, including production overheads, and net realisable value. Provisions are made for losses incurred or expected to be incurred on contracts not yet completed at the year-end. Provisions are also made for obsolete and slow moving stock items.

#### Deferred tax

Deferred tax is provided in full on an undiscounted basis on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements. A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted. Deferred tax is not provided for on unremitted overseas earnings, as it is the intention that these earnings are permanently invested.

#### Foreign currency

Assets and liabilities expressed in currencies other than sterling are translated at year end exchange rates. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, or where forward foreign exchange contracts have been arranged, at the contracted rates. Any exchange differences (including those arising from the normal course of trading) are dealt with through the profit and loss account.

#### Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

# Garbuio Limited

## Notes to the financial statements

2.	Turnover	2008	2007
	Percentage of Turnover relating to non-UK markets	66%	96%

3.	Other operating expenses	2008	2007
		£	£
	Distribution costs	3,078	68,931
	Administrative expenses	110,663	548,676
		<u>113,741</u>	<u>617,607</u>

4.	Interest payable	2008	2007
		£	£
	Bank interest	(3,312)	(1,232)

5.	Operating profit / (loss)	2008	2007
		£	£
	Operating profit / (loss) is stated after charging / (crediting):		
	Depreciation of tangible assets	17	18,614
	Operating lease rentals: Land & buildings	25,584	91,403
	Loss on foreign exchange transactions	70,639	18,846
	Auditors remuneration	5,000	7,875

## 6. Employee information & Directors' remuneration

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2008	2007
	Number	Number
Production	1	5
Design & administration	1	8
	<u>2</u>	<u>13</u>

The total remuneration of the Company's employees (including executive directors) during the year was:

	2008	2007
	£	£
Wages & salaries	72,568	507,410
Social security costs	11,256	48,364
	<u>83,824</u>	<u>555,774</u>

Directors' remuneration	2008	2007
	£	£
Amounts paid to directors	<u>68,558</u>	<u>66,240</u>

Of the amounts paid to directors £28,842 was paid by the fellow group company Dickinson Legg Limited.



# Garbuio Limited

## Notes to the financial statements

7. Taxation	2008 £	2007 £
Current tax charge	-	-
Deferred tax		
Deferred tax charge current year	<u>-</u>	<u>41,197</u>

### Factors affecting the tax charge for the period

The tax assessed is lower than the standard rate of corporation tax in the UK (29%).

The differences are explained below:

	2008 £	2007 £
Profit /(loss) on ordinary activities before tax	<u>16,724</u>	<u>(126,881)</u>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 29%	4,850	(38,064)
Effects of:		
Disallowable income/expenses	-	8
Depreciation	-	5,585
Capital allowances	-	(2,685)
Tax loss not recognised on balance sheet	-	35,156
Tax losses utilised	(4,850)	-
Current year tax charge	<u>-</u>	<u>-</u>

The company has losses of £237,789 (2007:£254,513) available for carry forward against future trading profits.

# Garbuio Limited

## Notes to the financial statements (continued)

### 8. Tangible fixed assets

	<b>Plant &amp; Machinery £</b>
<b>Cost</b>	
As at 1 November 2007	131,533
Disposals	(131,533)
<b>As at 31 October 2007</b>	<u>-</u>
<b>Depreciation</b>	
As at 1 November 2007	127,346
Disposals	(127,346)
<b>As at 31 October 2007</b>	<u>-</u>
<b>Net book value as at 31 October 2008</b>	<u>-</u>
Net book value as at 31 October 2007	<u>4,187</u>

### 9. Debtors

	<b>2008 £</b>	<b>2007 £</b>
Trade debtors	1,175	170,813
Amounts due from group undertakings	1,445,210	742,370
Other debtors	7,203	29,008
	<u>1,453,588</u>	<u>942,191</u>

### 10. Creditors - amounts falling due within one year

	<b>2008 £</b>	<b>2007 £</b>
Bank loans and overdrafts	-	89,307
Trade creditors	-	328,155
Amounts due to group undertakings	-	1,867
Taxes and social security costs	-	38,940
Other creditors and accruals	-	136,442
	<u>-</u>	<u>594,711</u>

# Garbuio Limited

## Notes to the financial statements (continued)

### 11. Share capital

	2008 £	2007 £
Authorised 2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid 1,723,097 Ordinary shares of £1 each	<u>1,723,097</u>	<u>1,723,097</u>

### 12. Reserves & reconciliation of movement in shareholders' funds

Reserves	Share capital £'000	Profit & loss account £'000	Total £'000
As at 1 November 2007	1,723,097	(281,592)	1,441,505
Profit for the year	-	16,724	16,724
As at 31 October 2008	<u>1,723,097</u>	<u>(264,868)</u>	<u>1,458,229</u>

### Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Profit / (loss) for the year	16,724	(168,078)
Opening shareholders' funds	1,441,505	1,609,583
Closing shareholders' funds	<u>1,458,228</u>	<u>1,441,505</u>

### 13. Commitments under operating leases

	2008 £	2007 £
Land & buildings		
Expiring in less than one year	-	23,000
Expiring within two to five years	-	-
	<u>-</u>	<u>23,000</u>

### 14. Ultimate parent undertaking

The ultimate and immediate parent undertaking is European Tobacco Development S.A, which is registered in Luxembourg.

Group accounts which include the Company, for European Tobacco Development S.A, are publicly available, on payment of the appropriate fee, from European Tobacco Development S.A., 17 Rue Beaumont, L1219 Luxembourg.

### 15. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No.8 from the requirement to make disclosures concerning related parties.