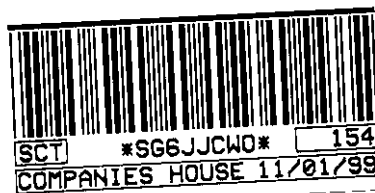


EDINBURGH TEA AND COFFEE COMPANY LTD
ABBREVIATED FINANCIAL STATEMENTS
31ST MARCH 1998

I D SUTHERLAND FCCA
Certified Accountant & Registered Auditor
8 Old Mill Lane
Edinburgh
EH16 5TZ



EDINBURGH TEA AND COFFEE COMPANY LTD
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

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EDINBURGH TEA AND COFFEE COMPANY LTD**AUDITOR'S REPORT TO THE COMPANY****PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

I have examined the abbreviated accounts on pages 3 to 6, together with the financial statements of the company for the year ended 31st March 1998 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITOR

The director is responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is my responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

I have carried out the procedures I consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of my work for the purpose of this report did not include examining or dealing with events after the date of my report on the financial statements.

OPINION


In my opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 3 to 6 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On ~~24/7/1998~~ 24/7/1998 I reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 1998, and the full text of my audit report is reproduced on page 2 of these financial statements.

8 Old Mill Lane
Edinburgh
EH16 5TZ

24/7/1998


I D SUTHERLAND FCCA
Certified Accountant
& Registered Auditor

EDINBURGH TEA AND COFFEE COMPANY LTD

AUDITOR'S REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST MARCH 1998

I have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITOR

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

BASIS OF OPINION

I conducted my 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 director 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.


I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the company's state of affairs as at 31st March 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

8 Old Mill Lane
Edinburgh
EH16 5TZ

24/7/1998


I D SUTHERLAND FCCA
Certified Accountant
& Registered Auditor

EDINBURGH TEA AND COFFEE COMPANY LTD

ABBREVIATED BALANCE SHEET

31ST MARCH 1998

	Note	1998 £	1997 £
FIXED ASSETS	2		
Tangible assets		33,912	28,863
CURRENT ASSETS			
Stocks		40,509	62,117
Debtors		80,124	68,492
Cash at bank and in hand		29,196	16,409
		<u>149,829</u>	<u>147,018</u>
CREDITORS: Amounts falling due within one year	3	<u>(132,756)</u>	<u>(110,714)</u>
NET CURRENT ASSETS		17,073	36,304
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,985</u>	<u>65,167</u>
CREDITORS: Amounts falling due after more than one year	4	<u>(17,500)</u>	<u>(32,167)</u>
		<u>33,485</u>	<u>33,000</u>
CAPITAL AND RESERVES			
Called-up equity share capital	5	30,000	30,000
Profit and loss account		3,485	3,000
SHAREHOLDERS' FUNDS		<u>33,485</u>	<u>33,000</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director on 24/7/1998.


D C GREIG

EDINBURGH TEA AND COFFEE COMPANY LTD
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 10.0% Straight line
Fixtures & Fittings	- 33.3% Straight line
Motor Vehicles	- 25.0% Straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

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

EDINBURGH TEA AND COFFEE COMPANY LTD
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

2. FIXED ASSETS

	Tangible Fixed Assets £
COST	
At 1st April 1997	56,714
Additions	18,142
Disposals	<u>(9,495)</u>
At 31st March 1998	<u>65,361</u>
DEPRECIATION	
At 1st April 1997	27,851
Charge for year	9,376
On disposals	<u>(5,778)</u>
At 31st March 1998	<u>31,449</u>
NET BOOK VALUE	
At 31st March 1998	<u>33,912</u>
At 31st March 1997	<u>28,863</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1998 £	1997 £
Bank loans and overdrafts	<u>14,667</u>	<u>18,000</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1998 £	1997 £
Bank loans and overdrafts	<u>17,500</u>	<u>32,167</u>

EDINBURGH TEA AND COFFEE COMPANY LTD
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

5. SHARE CAPITAL

Authorised share capital:

	1998	1997
	£	£
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

Allotted, called up and fully paid:

	1998	1997
	£	£
Ordinary share capital	<u>30,000</u>	<u>30,000</u>