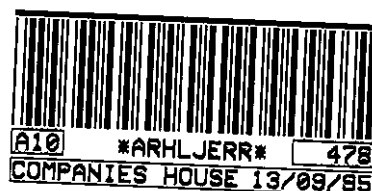


HUDSON & HILL LIMITED
(Registered Number: 178832)

REPORT AND ACCOUNTS

YEAR ENDED 31 JANUARY 1995



HUDSON & HILL LIMITED

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31 January 1995.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was that of wine and spirit wholesalers.

TRADING RESULTS

The profit before taxation for the year ended 31 January 1995 was £1,073,000 (1994 - £2,195,000).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 January 1995 (1994 - £nil).

DIRECTORS

The Directors of the Company as at 31 January 1995 were as follows:

R McLaren
AL Monnickendam
AM Morgan
GFL Proctor

DA Main resigned as a Director of the Company on 31 December 1994.

DIRECTORS' INTERESTS

None of the Directors has a direct interest in the issued share capital of the Company.

The beneficial interests of the Directors in the issued share capital of Forte Plc were as follows:

| | <u>At 31 January 1995</u> | <u>At 1 February 1994</u> |
|------------------|---------------------------|---------------------------|
| R McLaren | - | - |
| A L Monnickendam | 22,553 | 52,557 |
| AM Morgan | - | - |

The following Directors held share options under the Forte Plc Executive and Savings-Related Share Option Schemes:

| | <u>At 31 January 1995</u> | <u>At 1 February 1994</u> | <u>Granted</u> | <u>Exercised</u> |
|-----------------|---------------------------|---------------------------|----------------|------------------|
| R McLaren | 105,562 | 101,645 | 3,917 | - |
| AL Monnickendam | 237,045 | 233,365 | 3,680 | - |
| AM Morgan | 65,916 | 64,274 | 1,642 | - |

GFL Proctor is also a Director of Forte Plc and, as such, his interests are shown in the Report and Accounts of that company.

HUDSON & HILL LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of 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 as at the end of the financial year and of the profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 4 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

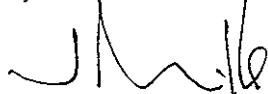
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ELECTIVE RESOLUTIONS

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.

By Order of the Board



J M MILLS
Secretary

14 July 1995

Registered office:
166 High Holborn
London
WC1V 6TT

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF HUDSON & HILL LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention, as modified by the revaluation of certain investments, and the accounting policies set out on page 6.

Respective responsibilities of Directors and auditors

As described on page 2 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 31 January 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

14 July 1995

HUDSON & HILL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 1995

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|---|----------------------|----------------------|
| TURNOVER | <u>71,583</u> | <u>69,938</u> |
| Change in stocks of finished goods | (140) | (134) |
| Raw materials and consumables | (45,689) | (42,360) |
| Other external charges | (13,374) | (13,577) |
| Staff costs: | | |
| Wages and salaries | (4,805) | (5,022) |
| Social Security costs | (396) | (427) |
| Other pension costs | (246) | (207) |
| Depreciation and other amounts written off tangible fixed assets | (233) | (254) |
| Other operating charges | (5,656) | (5,797) |
| | <u>(70,539)</u> | <u>(67,778)</u> |
| OPERATING PROFIT | <u>1,044</u> | <u>2,160</u> |
| Net interest receivable (Note 3) | 29 | 35 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2) | <u>1,073</u> | <u>2,195</u> |
| Tax on profit on ordinary activities (Note 7) | (384) | (737) |
| RETAINED PROFIT (Note 14) | <u>689</u> | <u>1,458</u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JANUARY 1995

The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

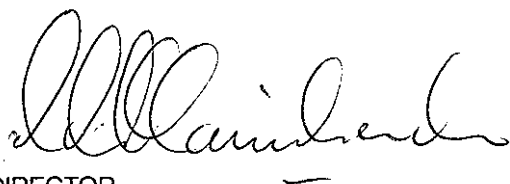
NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 JANUARY 1995

There is no difference between the reported profits for the year and those that would be reported under the historical cost convention.

HUDSON & HILL LIMITED**BALANCE SHEET AS AT 31 JANUARY 1995**

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|--|----------------------|----------------------|
| FIXED ASSETS | | |
| Tangible assets (Note 9) | 1,188 | 1,211 |
| Investments (Note 10) | <u>1,570</u> | <u>1,570</u> |
| | 2,758 | 2,781 |
| | <u> </u> | <u> </u> |
| CURRENT ASSETS | | |
| Stocks for resale | 6,944 | 7,084 |
| Debtors (Note 11) | 25,264 | 19,583 |
| Cash at bank and in hand | <u>355</u> | <u>815</u> |
| | 32,563 | 27,482 |
| CREDITORS (amounts falling due within one year) (Note 12) | <u>(24,045)</u> | <u>(19,650)</u> |
| NET CURRENT ASSETS | <u>8,518</u> | <u>7,832</u> |
| | <u> </u> | <u> </u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>11,276</u> | <u>10,613</u> |
| | <u> </u> | <u> </u> |
| CAPITAL AND RESERVES | | |
| Called up share capital (Note 13) | 108 | 108 |
| Share premium account (Note 14) | 17 | 17 |
| Revaluation reserve (Note 14) | 1 | 1 |
| Profit and loss reserve (Note 14) | <u>11,150</u> | <u>10,487</u> |
| | 11,276 | 10,613 |
| | <u> </u> | <u> </u> |

APPROVED BY THE BOARD ON 14 JULY 1995



DIRECTOR

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts have been prepared under the historical cost convention as modified by revaluation of certain investments and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and applicable Accounting Standards.

(2) Turnover

Turnover represents the amount receivable for goods sold in the United Kingdom excluding value added taxation. There are no material sales outside of the United Kingdom.

(3) Tangible fixed assets and depreciation

Tangible fixed assets are depreciated over their estimated useful lives at the following rates:

| | |
|-------------------|-----------------------|
| Freehold property | 2% of cost |
| Short leasehold | 5% of cost |
| Plant | 8.33% - 12.5% of cost |
| Computer | 20% of cost |
| Alarm System | 5% of cost |
| Vehicles | 20% of cost |

(4) Stocks

Stocks are stated at the lower of cost adjusted for finance charges, and net realisable value.

(5) Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that the liability is expected to be payable in the foreseeable future.

(6) Leases

The rentals on operating leases are charged to the profit and loss account as incurred.

(7) Pensions

Contributions to the Forte group pension schemes are assessed by a qualified actuary based on the cost of provisioning pension across all participating Forte group companies, rather than on an individual company basis. Employers contributions are charged to the profit and loss account in the period in which they become payable.

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|---|----------------------|----------------------|
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Operating lease charges - Land and Buildings | 641 | 649 |
| Operating lease charges - other | 437 | 360 |
| Profit on disposal of fixed assets | (15) | (22) |
| Directors' emoluments (Note 4) | 213 | 160 |
| Auditors' remuneration - audit fees | 33 | 32 |
| - other | 8 | - |
| Management charges | <u>29</u> | <u>22</u> |

3 NET INTEREST (RECEIVABLE)/PAYABLE

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|--|----------------------|----------------------|
| Interest payable on loans wholly repayable within five years | - | 19 |
| External interest receivable | <u>(29)</u> | <u>(54)</u> |
| | <u>(29)</u> | <u>(35)</u> |

4 DIRECTORS' EMOLUMENTS

Particulars of Directors' emoluments, excluding pension contributions:

| | <u>1995</u> £ | <u>1994</u> £ |
|-----------------------|------------------|------------------|
| Chairman | <u>Nil</u> | <u>Nil</u> |
| Highest paid Director | <u>106,418</u> | <u>81,312</u> |

Emoluments excluding pension contributions for the Directors were distributed as follows:

| | | Number of Directors <u>1995</u> | <u>1994</u> |
|----------|------------|------------------------------------|-------------|
| Nil | - £5,000 | 3 | 3 |
| £60,001 | - £65,000 | - | 1 |
| £70,001 | - £75,000 | 1 | - |
| £80,001 | - £85,000 | - | 1 |
| £105,001 | - £110,000 | <u>1</u> | <u>-</u> |

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

5 EMPLOYEES

The average number employed by the Company during the year was:

| | <u>1995</u> <u>Number</u> | <u>1994</u> <u>Number</u> |
|----------------------------|------------------------------|------------------------------|
| United Kingdom - full time | 312 | 319 |
| - part time | <u>8</u> | <u>6</u> |
| | 320 | 325 |
| | <u> </u> | <u> </u> |

6 PENSION COMMITMENTS

The Company participates in the Forte Plc Pension and Life Assurance Fund. This scheme is of the defined benefit type providing benefits to certain employees within the Forte group and the assets are held separately from the group's assets.

The latest actuarial valuation of the main group scheme, the Forte Plc Pension and Life Assurance Fund, was carried out as at 5 April 1994. Details of this valuation are contained in the report and accounts of Forte Plc.

The total pension cost for the Company was £246,000 (1994 : £207,000).

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-------------------------------------|-----------------------------|-----------------------------|
| Corporation tax at 33% (1994 - 33%) | 384 | 760 |
| Prior year adjustment | <u>-</u> | <u>(23)</u> |
| | 384 | 737 |
| | <u> </u> | <u> </u> |

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

8 GOODWILL ON ACQUISITIONS WRITTEN OFF

During the year the company purchased the wholesaling business of Chennell & Armstrong.

The assets acquired were as follows:

| | £'000 |
|--------------------------------|--------------|
| Fixed assets | 45 |
| Stock | <u>100</u> |
| | <u>145</u> |
| Consideration | 171 |
| Fair value of assets acquired | <u>(145)</u> |
| Goodwill written off (Note 14) | <u>26</u> |

9 FIXED ASSETS - TANGIBLE ASSETS

| | Freehold property £'000 | Short leasehold property £'000 | Plant and equipment £'000 | Total £'000 |
|---------------------------------|-------------------------------|---|---------------------------------|----------------|
| <u>Cost</u> | | | | |
| At 31 January 1994 | 195 | 628 | 1,175 | 1,998 |
| Additions | - | 25 | 197 | 222 |
| Disposals | <u>-</u> | <u>-</u> | <u>(192)</u> | <u>(192)</u> |
| At 31 January 1995 | <u>195</u> | <u>653</u> | <u>1,180</u> | <u>2,028</u> |
| <u>Accumulated depreciation</u> | | | | |
| At 31 January 1994 | 4 | 154 | 629 | 787 |
| Charge for the year | 4 | 30 | 199 | 233 |
| Disposals | <u>-</u> | <u>-</u> | <u>(180)</u> | <u>(180)</u> |
| At 31 January 1995 | <u>8</u> | <u>184</u> | <u>648</u> | <u>840</u> |
| <u>Net book amounts</u> | | | | |
| At 31 January 1995 | <u>187</u> | <u>469</u> | <u>532</u> | <u>1,188</u> |
| At 31 January 1994 | <u>191</u> | <u>474</u> | <u>546</u> | <u>1,211</u> |

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

10 FIXED ASSETS - INVESTMENTS

Subsidiary undertakings
£'000

Shares at cost or valuation

At 31 January 1994 and 1995 1,570

The subsidiary undertakings of the Company which are wholly owned and registered in England are as follows:

Grierson - Blumenthal Ltd
Italian Wine Agencies Ltd
Geoffrey Roberts Agencies Ltd
City Vintagers Ltd
R B Smith & Son Ltd
Hispanic Wine Agencies Ltd
French Wine Agencies Ltd
German Wine Agencies Ltd
Christopher & Co Ltd

The subsidiary undertakings, which are all unlisted, did not trade during the year.

Investments in subsidiary undertakings are valued on the basis of the Company's share of the subsidiary undertakings net assets at 31 January 1995.

Group accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of Forte Plc. In the opinion of the Directors, the value of the Company's investments is not less than the amount at which they are stated in the balance sheet.

11 DEBTORS (Amounts falling due within one year)

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|--|----------------------|----------------------|
| Trade debtors | 9,429 | 8,489 |
| Amounts owed by ultimate parent undertaking | 15,297 | 10,838 |
| Amounts owed by other group undertakings | 232 | - |
| Amounts owed by undertakings in which the group has a participating interest | - | 34 |
| Prepayments and accrued income | <u>306</u> | <u>222</u> |
| | <u>25,264</u> | <u>19,583</u> |

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

12 CREDITORS (Amounts falling due within one year)

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|-------------------------------------|----------------------|----------------------|
| Trade creditors | 14,128 | 11,236 |
| Amounts owed to group undertakings | 7,921 | 5,921 |
| Corporation tax | 384 | 841 |
| Other taxation and social security | 988 | 1,135 |
| Provision for re-organisation costs | 7 | 120 |
| Other creditors | 144 | 34 |
| Accruals | <u>473</u> | <u>363</u> |
| | 24,045 | 19,650 |
| | <u> </u> | <u> </u> |

13 CALLED UP SHARE CAPITAL

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|------------------------------------|----------------------|----------------------|
| Authorised: | | |
| 100,000 ordinary shares of £1 each | 100 | 100 |
| 200,000 ordinary shares of 5p each | <u>10</u> | <u>10</u> |
| | 110 | 110 |
| | <u> </u> | <u> </u> |
| Issued, allotted and fully paid: | | |
| 99,023 ordinary shares of £1 each | 99 | 99 |
| 196,539 ordinary shares of 5p each | <u>9</u> | <u>9</u> |
| | 108 | 108 |
| | <u> </u> | <u> </u> |

14 RESERVES

| | <u>Share premium account</u> £'000 | <u>Revaluation reserve</u> £'000 | <u>Profit and loss reserve</u> £'000 |
|--|---|---|---|
| At 31 January 1994 | 17 | 1 | 10,487 |
| Profit for the year | - | - | 689 |
| Goodwill on acquisition written off (Note 8) | <u>-</u> | <u>-</u> | <u>(26)</u> |
| At 31 January 1995 | 17 | 1 | 11,150 |
| | <u> </u> | <u> </u> | <u> </u> |

HUDSON & HILL LIMITED

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|--|----------------------|----------------------|
| Opening shareholders' funds | 10,613 | 9,156 |
| Profit for financial year | 689 | 1,457 |
| Goodwill on acquisition written off (Note 8) | <u>(26)</u> | <u>-</u> |
| Closing shareholders' funds | <u>11,276</u> | <u>10,613</u> |

16 OPERATING LEASE RENTAL COMMITMENTS

| | 1995 | | 1994 | |
|---|-----------------------|--|-----------------------|--|
| | <u>Other</u> £'000 | <u>Land and buildings</u> £'000 | <u>Other</u> £'000 | <u>Land and buildings</u> £'000 |
| Annual commitments under non-cancellable operating leases: | | | | |
| Expiring within one year | 9 | 36 | 43 | 35 |
| Expiring in two to five years | 362 | 46 | 204 | 47 |
| Expiring in more than five years | <u>-</u> | <u>591</u> | <u>-</u> | <u>557</u> |
| | <u>371</u> | <u>673</u> | <u>247</u> | <u>639</u> |

17 COMMITMENTS FOR CAPITAL EXPENDITURE

| | <u>1995</u> £'000 | <u>1994</u> £'000 |
|-------------------------------|----------------------|----------------------|
| Authorised but not contracted | 135 | 43 |
| Authorised and contracted | <u>-</u> | <u>-</u> |

18 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Forte Plc, a company incorporated in England.

Copies of the group accounts may be obtained at the following address: 166 High Holborn, London WC1V 6TT.