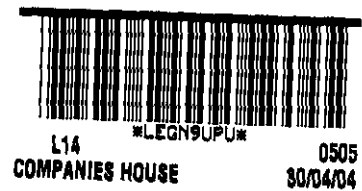


Company Registration No. 785125 (England and Wales)

**ALFANO BROTHERS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2003**



**Chartered Accountants**

# ALFANO BROTHERS LIMITED

## DIRECTORS AND ADVISERS

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### Directors

Salvatore Alfano  
Calogero Alfano  
Antonio Alfano  
Carmelo Alfano  
Gaetano Alfano  
Gaetano S. Alfano  
Giovanni Alfano  
Giuseppe Alfano  
Paul E. Alfano  
Rose Alfano-Rogers  
Paul Anthony  
David Gregory

### Secretary

David Gregory

### Company number

785125

### Registered office

74 Long Drive  
Greenford  
Middlesex  
UB6 8XH

### Registered auditors

Booth Anderson Chester LLP  
1 Peterborough Road  
Harrow  
Middlesex  
HA1 2AX

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# ALFANO BROTHERS LIMITED

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# ALFANO BROTHERS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

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The directors present their report and financial statements for the year ended 30 June 2003.

### Principal activities and review of the business

The principal activity of the company continued to be that of holding company for a group of companies whose principal activity is the supply of alcoholic and non alcoholic beverages and grocery foods.

Despite the difficult economic trading conditions, sales growth has been maintained and margins have held firm. This year has seen a concentration on costs and a review of company assets that has led to the disinvestment of non trading sites in the group. The impact of the strengthening Euro against the Pound has had an adverse effect on group performance as the majority of our products come from the Eurozone.

The final result before tax comprises:

|                                   | 2003      | 2002      | Movement  | %         |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Result before currency provisions | 335,436   | (70,714)  | 406,150   | 574.36%   |
| Currency provisions               | (618,478) | (191,635) | (426,843) | (222.74%) |
| Net Loss before tax               | (283,042) | (262,349) | (20,693)  | (7.89)%   |

### Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

The directors do not recommend payment of an ordinary dividend.

### Fixed assets

The significant changes in fixed assets during the year are explained in notes 8, 9, 10 and 11 to the financial statements.

### Market value of land and buildings

In the opinion of the Directors the market value of land and buildings exceeds the current net book value.

### Group research and development activities

The Directors continue to invest in research and development to identify new sources of supply and markets in line with their intention to provide a broad portfolio of high quality alcoholic and non-alcoholic beverages to all sectors of the trade.

### Future developments

The Group intends to build on its long established business with the aim of increasing its market share.

### Directors

The following directors have held office since 1 July 2002:

Salvatore Alfano  
Calogero Alfano  
Antonio Alfano  
Carmelo Alfano  
Gaetano Alfano  
Gaetano S Alfano  
Giovanni Alfano  
Giuseppe Alfano  
Paul E Alfano  
Rose Alfano-Rogers  
Paul Anthony  
David Gregory

# ALFANO BROTHERS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

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### Directors' interests

The directors' interests in the shares of the parent company were as stated below:

|                    | Ordinary 'A' shares of £1 each |             |
|--------------------|--------------------------------|-------------|
|                    | 30 June 2003                   | 1 July 2002 |
| Salvatore Alfano   | 13                             | 13          |
| Calogero Alfano    | 13                             | 13          |
| Antonio Alfano     | -                              | -           |
| Carmelo Alfano     | 13                             | 13          |
| Gaetano Alfano     | -                              | -           |
| Gaetano S Alfano   | -                              | -           |
| Giovanni Alfano    | 13                             | 13          |
| Giuseppe Alfano    | 13                             | 13          |
| Paul E Alfano      | -                              | -           |
| Rose Alfano-Rogers | -                              | -           |
| Paul Anthony       | -                              | -           |
| David Gregory      | -                              | -           |

|                    | Ordinary 'B' shares of £1 each |             |
|--------------------|--------------------------------|-------------|
|                    | 30 June 2003                   | 1 July 2002 |
| Salvatore Alfano   | 3                              | 3           |
| Calogero Alfano    | 3                              | 3           |
| Antonio Alfano     | -                              | -           |
| Carmelo Alfano     | 3                              | 3           |
| Gaetano Alfano     | -                              | -           |
| Gaetano S Alfano   | -                              | -           |
| Giovanni Alfano    | 3                              | 3           |
| Giuseppe Alfano    | 3                              | 3           |
| Paul E Alfano      | -                              | -           |
| Rose Alfano-Rogers | -                              | -           |
| Paul Anthony       | -                              | -           |
| David Gregory      | -                              | -           |

# ALFANO BROTHERS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### Charitable donations

2003  
£

2002  
£

During the year the group made the following payments:  
Charitable donations

-

320

### Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 66 (2002: 122) days' purchases.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Booth Anderson Chester LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

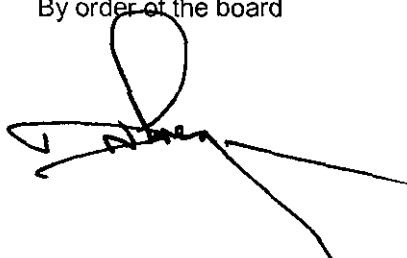
### Directors' responsibilities

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 Group and of the profit or loss of the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



David Gregory  
Secretary

20.1.2004.

# ALFANO BROTHERS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALFANO BROTHERS LIMITED

We have audited the financial statements of ALFANO BROTHERS LIMITED on pages 5 to 29 for the year ended 30 June 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 auditor's 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

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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 and the group'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 and the group's affairs as at 30 June 2003 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

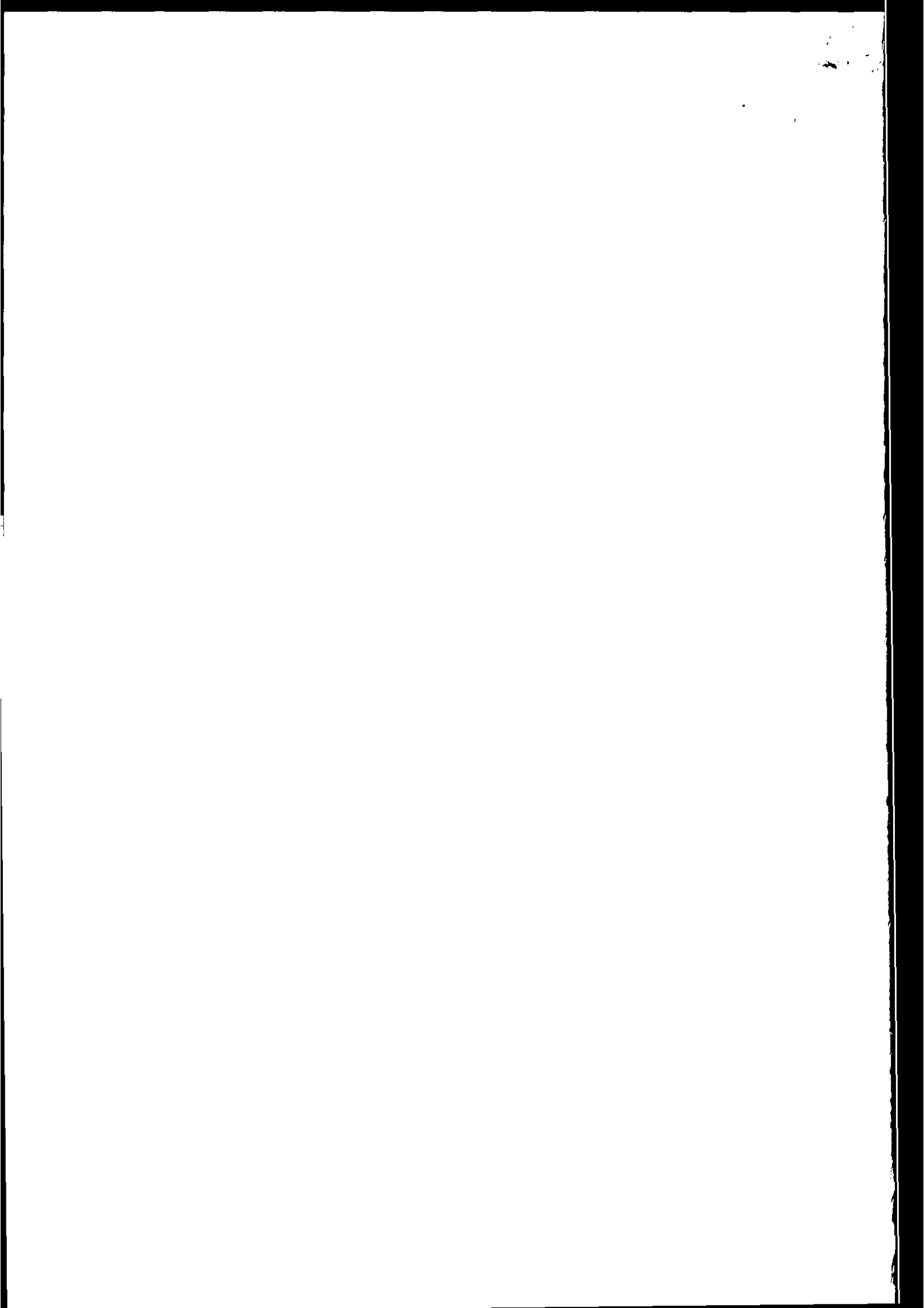
*Booth Anderson Chester LLP*

Booth Anderson Chester LLP

*21st January 2004*

Chartered Accountants  
Registered Auditor

1 Peterborough Road  
Harrow  
Middlesex  
HA1 2AX



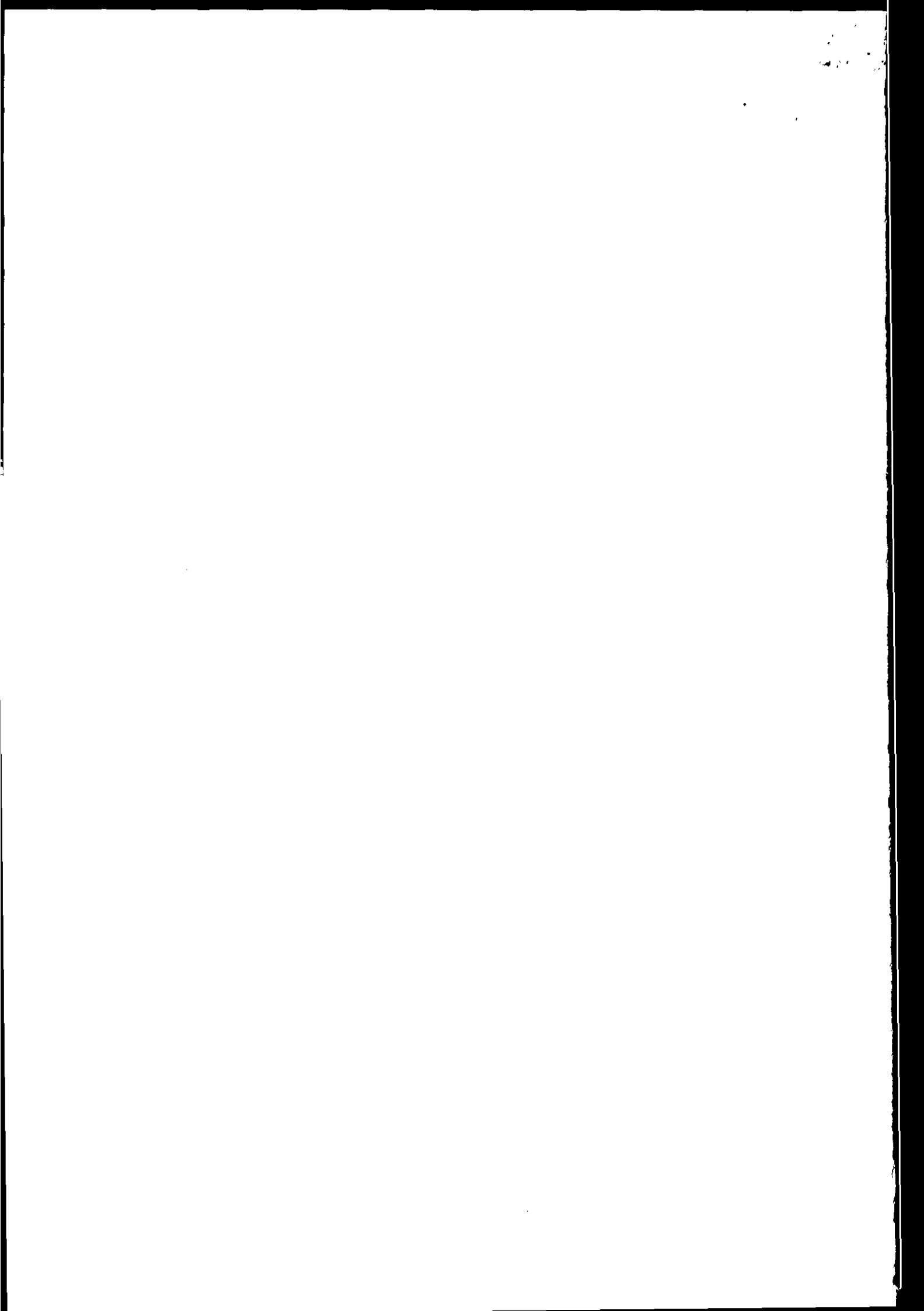


# ALFANO BROTHERS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

|  | Notes    | 2003<br>£        | 2002<br>£        |
|--|----------|------------------|------------------|
| Turnover   | 2        | 21,481,048       | 21,132,351       |
| Cost of sales  |          | (15,643,274)     | (15,356,733)     |
| <b>Gross profit</b>                                  |          | <b>5,837,774</b> | <b>5,775,618</b> |
| Distribution costs                                   |          | (2,223,731)      | (2,056,841)      |
| Administrative expenses                              |          | (4,017,976)      | (3,483,564)      |
| Other operating income                               |          | 263,724          | 31,424           |
| <b>Operating (loss)/profit</b>                       | <b>3</b> | <b>(140,209)</b> | <b>266,637</b>   |
| Profit on disposal of properties                     | 3        | 466,165          | -                |
| <b>Profit on ordinary activities before interest</b> |          | <b>325,956</b>   | <b>266,637</b>   |
| Other interest receivable and similar income         |          | 21,830           | 1,676            |
| Amounts written off investments                      | 4        | (73,161)         | -                |
| Interest payable and similar charges                 | 5        | (557,667)        | (530,662)        |
| <b>Loss on ordinary activities before taxation</b>   |          | <b>(283,042)</b> | <b>(262,349)</b> |
| Tax on loss on ordinary activities                   | 6        | (30,625)         | -                |
| <b>Loss on ordinary activities after taxation</b>    |          | <b>(313,667)</b> | <b>(262,349)</b> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.



# ALFANO BROTHERS LIMITED

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2003

|  | 2003<br>£        | 2002<br>£        |
|--|------------------|------------------|
| Loss for the financial year                            | (313,667)        | (262,349)        |
| Unrealised surplus on revaluation of properties        | 41,000           | -                |
| Total recognised gains and losses relating to the year | <u>(272,667)</u> | <u>(262,349)</u> |

## Note of historical cost profits and losses

|  | 2003<br>£        | 2002<br>£        |
|--|------------------|------------------|
| Reported loss on ordinary activities before taxation   | (283,042)        | (262,349)        |
| Realisation of property revaluation gains of previous years  | 41,000           | -                |
| Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 30,876           | 30,571           |
| Historical cost loss on ordinary activities before taxation  | <u>(211,166)</u> | <u>(231,778)</u> |
| Historical cost loss for the year retained after taxation, extraordinary items and dividends   | <u>(241,791)</u> | <u>(231,778)</u> |

# ALFANO BROTHERS LIMITED

## BALANCE SHEETS AS AT 30 JUNE 2003

|  | Notes    | Group<br>2003<br>£  | 2002<br>£          | Company<br>2003<br>£ | 2002<br>£          |
|--|----------|---------------------|--------------------|----------------------|--------------------|
| <b>Fixed assets</b>  |          |                     |                    |                      |                    |
| Intangible assets  | 8        | 21,962              | 26,561             | -                    | -                  |
| Tangible assets  | 9 and 10 | 9,786,870           | 10,708,469         | 72,345               | 453,578            |
| Investments  | 11       | 6,067               | 79,228             | 86,458               | 86,458             |
|  |          | <u>9,814,899</u>    | <u>10,814,258</u>  | <u>158,803</u>       | <u>540,036</u>     |
| <b>Current assets</b>  |          |                     |                    |                      |                    |
| Stocks   | 12       | 2,802,669           | 2,677,125          | -                    | -                  |
| Debtors  | 13       | 5,603,368           | 4,059,399          | 4,131,170            | 3,969,159          |
| Cash at bank and in hand                                       |          | 12,540              | 4,131              | -                    | -                  |
|  |          | <u>8,418,577</u>    | <u>6,740,655</u>   | <u>4,131,170</u>     | <u>3,969,159</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 14       | <u>(10,879,646)</u> | <u>(9,532,374)</u> | <u>(486,436)</u>     | <u>(492,195)</u>   |
| <b>Net current liabilities</b>                                 |          | <u>(2,461,069)</u>  | <u>(2,791,719)</u> | <u>3,644,734</u>     | <u>3,476,964</u>   |
| <b>Total assets less current liabilities</b>                   |          | <u>7,353,830</u>    | <u>8,022,539</u>   | <u>3,803,537</u>     | <u>4,017,000</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 15       | <u>(4,077,051)</u>  | <u>(4,386,763)</u> | <u>(3,303,000)</u>   | <u>(3,715,000)</u> |
| <b>Accruals and deferred income</b>                            | 16       | <u>-</u>            | <u>(45,330)</u>    | <u>-</u>             | <u>-</u>           |
|  |          | <u>3,276,779</u>    | <u>3,590,446</u>   | <u>500,537</u>       | <u>302,000</u>     |
| <b>Capital and reserves</b>                                    |          |                     |                    |                      |                    |
| Called up share capital  | 18       | 112                 | 112                | 112                  | 112                |
| Revaluation reserve  | 19       | 2,210,255           | 2,251,255          | -                    | 41,000             |
| Other reserves   | 19       | 1,602,080           | 1,602,080          | -                    | -                  |
| Profit and loss account  | 19       | <u>(535,668)</u>    | <u>(263,001)</u>   | <u>500,425</u>       | <u>260,888</u>     |
| <b>Shareholders' funds - equity interests</b>                  | 20       | <u>3,276,779</u>    | <u>3,590,446</u>   | <u>500,537</u>       | <u>302,000</u>     |

The financial statements were approved by the board on 29.1.2004

David Gregory  
Director

Calogero Alfano  
Director

# ALFANO BROTHERS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

|  | 2003        |   | 2002      |   |
|--|-------------|---|-----------|---|
|  | £           | £ | £         | £ |
| Net cash (outflow)/inflow from operating activities                  | (942,678)   |   | 31,835    |   |
| Returns on investments and servicing of finance                      |             |   |           |   |
| Interest received  | 21,830      |   | 1,676     |   |
| Interest paid  | (505,322)   |   | (493,598) |   |
| Net cash outflow for returns on investments and servicing of finance | (483,492)   |   | (491,922) |   |
| Taxation   | 6,349       |   | -         |   |
| Capital expenditure  |             |   |           |   |
| Payments to acquire tangible assets                                  | (183,528)   |   | (403,682) |   |
| Receipts from sales of tangible assets                               | 115,029     |   | 29,112    |   |
| Net cash outflow for capital expenditure                             | (68,499)    |   | (374,570) |   |
| Net cash outflow before management of liquid resources and financing | (1,488,320) |   | (834,657) |   |
| Financing  |             |   |           |   |
| Bank and other loans (paid)/received                                 | (434,113)   |   | 2,297,926 |   |
| Government grant received  | 150,000     |   | -         |   |
| Capital element of hire purchase contracts                           | (423,953)   |   | (474,796) |   |
| Net cash (outflow)/inflow from financing                             | (708,066)   |   | 1,823,130 |   |
| (Decrease)/increase in cash in the year                              | (2,196,386) |   | 988,473   |   |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

| 1 | Reconciliation of operating (loss)/profit to net cash inflow from operating activities | 2003             | 2002          |
|---|--|------------------|---------------|
|   |  | £                | £             |
|   | Operating (loss)/profit  | (140,209)        | 266,637       |
|   | Depreciation of tangible assets  | 523,503          | 554,651       |
|   | Amortisation of intangible assets  | 4,599            | 5,035         |
|   | Profit/(loss) on disposal of tangible assets   | (69,687)         | 17,972        |
|   | Increase in stocks   | (125,544)        | (123,848)     |
|   | (Increase)/decrease in debtors   | (1,591,612)      | 266,616       |
|   | Decrease in creditors within one year  | 660,098          | (916,766)     |
|   | Net effect of foreign exchange differences   | (8,498)          | (21,462)      |
|   | Movement on grant provision  | (195,330)        | (17,000)      |
|   | <b>Net cash (outflow)/ inflow from operating activities</b>                            | <b>(942,678)</b> | <b>31,835</b> |

| 2 | Analysis of net debt              | 1 July 2002        | Cash flow        | Other non-cash changes | 30 June 2003       |
|---|-----------------------------------|--------------------|------------------|------------------------|--------------------|
|   |                                   | £                  | £                | £                      | £                  |
|   | Net cash:                         |                    |                  |                        |                    |
|   | Cash at bank and in hand          | 4,131              | 8,409            | -                      | 12,540             |
|   | Bank overdrafts                   | (2,500,333)        | (2,204,795)      | (8,498)                | (4,713,626)        |
|   |                                   | (2,496,202)        | (2,196,386)      | (8,498)                | (4,701,086)        |
|   | Finance leases                    | (667,967)          | 423,953          | (778,398)              | (1,022,412)        |
|   | Debts falling due within one year | (784,782)          | 286,689          | -                      | (498,093)          |
|   | Debts falling due after one year  | (4,046,266)        | 568,507          | -                      | (3,477,759)        |
|   |                                   | (5,499,015)        | 1,279,149        | (778,398)              | (4,998,264)        |
|   | <b>Net debt</b>                   | <b>(7,995,217)</b> | <b>(917,237)</b> | <b>(786,896)</b>       | <b>(9,699,350)</b> |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 3 | Reconciliation of net cash flow to movement in net debt | 2003<br>£          | 2002<br>£          |
|---|---|--------------------|--------------------|
|   | (Decrease)/increase in cash in the year                 | (2,196,386)        | 988,473            |
|   | Cash outflow/(inflow) from decrease/(increase) in debt  | 1,279,149          | (1,529,053)        |
|   | Change in net debt resulting from cash flows            | (917,237)          | (540,580)          |
|   | Net effect of foreign exchange differences              | (8,498)            | (29,960)           |
|   | New finance lease                                       | (778,398)          | (267,617)          |
|   | <b>Movement in net debt in the year</b>                 | <b>(1,704,133)</b> | <b>(829,659)</b>   |
|   | Opening net debt  | (7,995,217)        | (7,165,558)        |
|   | <b>Closing net debt</b>                                 | <b>(9,699,350)</b> | <b>(7,995,217)</b> |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable standards in the United Kingdom.

The financial statements have been prepared on the going concern basis and the directors confirm their belief in the company's ability to continue as a going concern for the period of at least 12 months from the date of approval of these financial statements. The accounts have been prepared on the basis that the current banking facilities will continue for the foreseeable future.

#### 1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2003. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.3 Turnover

Turnover represents amounts receivable for the supply of grocery goods, alcoholic and non-alcoholic beverages together with the manufacturing and distribution of soft drinks and natural spring water. Sales are net of VAT and trade discounts.

#### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over 20 years. In the opinion of the directors, this rate of amortisation is reasonable.

#### 1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit. Amortisation commenced in the year the system was brought into line at 15% per annum on reducing balance basis.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

|                                |  |
|--------------------------------|--|
| Land and buildings Freehold    | 2% on revalued amounts less the estimated residual value |
| Land and buildings Leasehold   | 2% straight line over the life of the lease              |
| Plant and machinery            | 15-25% on written down value                             |
| Fixtures, fittings & equipment | 12.5% on cost and 10-25% on written down value           |
| Motor vehicles                 | 25% on written down value and 20% on cost                |



# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

---

### 1 Accounting policies

(continued)

#### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### 1.10 Pensions

The Group operates two pension schemes, one defined contribution for the directors and the other an employee Group Personal Pension Scheme for eligible employees.

The contributions in respect of the defined contribution scheme are charged to the profit and loss account in the year in which payment is made.

Further details of this pension scheme are given in note 17.

#### 1.11 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences 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 foreseeable future.

#### 1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.13 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1.14 Finance costs

Finance costs relating to building construction work have been capitalised in accordance with FRS 15, (see note 8 for further details), and are depreciated at a rate of 2% per annum.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 3 | Operating (loss)/profit                               | 2003<br>£ | 2002<br>£ |
|---|---|-----------|-----------|
|   | Operating (loss)/profit is stated after charging:     |           |           |
|   | Depreciation of intangible assets                     | 4,599     | 5,035     |
|   | Depreciation of tangible assets                       | 523,503   | 554,651   |
|   | Loss on disposal of tangible assets                   | 26,975    | 17,972    |
|   | Loss on foreign exchange transactions                 | 618,478   | 191,635   |
|   | Operating lease rentals                               |           |           |
|   | - Plant and machinery                                 | 7,276     | 8,493     |
|   | - Other assets  | 147,620   | 143,400   |
|   | Auditors' remuneration (company £4,000; 2002: £7,200) | 36,600    | 42,800    |
|   | and after crediting:                                  |           |           |
|   | Rents receivable                                      | 18,394    | 14,424    |
|   | Government grants                                     | 195,330   | 17,000    |
|   | Profit on disposal of tangible assets                 | (96,662)  | -         |

Included in loss on foreign exchange transactions of £618,478 is a provision for unrealised exchange profits of £92,154 reflecting the exchange rates ruling at the balance sheet date and their effect on foreign currency creditors.

Included in exceptional items after operating loss is an amount relating to the disposal of the group's six freehold investment properties and one leasehold investment property.

| 4 | Amounts written off investments              | 2003<br>£ | 2002<br>£ |
|---|--|-----------|-----------|
|   | Amounts written off fixed asset investments: |           |           |
|   | - permanent diminution in value              | 73,161    | -         |

| 5 | Interest payable                               | 2003<br>£ | 2002<br>£ |
|---|--|-----------|-----------|
|   | On bank loans and overdrafts                   | 446,678   | 361,743   |
|   | On other loans wholly repayable within 5 years | 23,721    | 63,374    |
|   | On loans repayable after 5 years               | 14,500    | 20,880    |
|   | Lease finance charges                          | 72,506    | 82,264    |
|   | On overdue tax                                 | 262       | 2,401     |
|   |  | 557,667   | 530,662   |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 6 Taxation

|  | £               | £               |
|--|-----------------|-----------------|
| <b>Domestic current year tax</b>   |                 |                 |
| U.K. corporation tax   | 30,625          | -               |
| <b>Current tax charge</b>  | <u>30,625</u>   | <u>-</u>        |
| <b>Factors affecting the tax charge for the year</b>   |                 |                 |
| Loss on ordinary activities before taxation  | (283,042)       | (262,349)       |
| Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 15.50% (2002: 22.38%) | <u>(43,872)</u> | <u>(58,714)</u> |
| <b>Effects of:</b>   |                 |                 |
| Non deductible expenses  | 49,204          | 20,013          |
| Depreciation   | 87,755          | 96,452          |
| Capital allowances   | (108,999)       | (85,124)        |
| Tax losses utilised  | (87,586)        | (11,965)        |
| Foreign tax adjustments  | 30,625          | -               |
| Chargeable disposals   | 100,666         | -               |
| Other tax adjustments  | 2,832           | 39,338          |
|  | <u>74,497</u>   | <u>58,714</u>   |
| <b>Current tax charge</b>  | <u>30,625</u>   | <u>-</u>        |

The group has estimated losses of £ 1,769,000 (2002: £ 1,982,673) available for carry forward against future trading profits.

No provision for corporation tax has been made on the basis of losses carried forward.

Deferred tax arising from accelerated capital allowances amounting to £121,000 has not been recognised in the accounts because the group have accumulated losses carried forward which may not reverse within twelve months from the balance sheet date.

### 7 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

|   | 2003<br>£      | 2002<br>£     |
|---|----------------|---------------|
| Holding company's profit for the financial year | <u>198,537</u> | <u>19,673</u> |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 8 Intangible fixed assets Group

|                                  | Goodwill | Development<br>Costs | Total  |
|----------------------------------|----------|----------------------|--------|
|                                  | £        | £                    | £      |
| <b>Cost</b>                      |          |                      |        |
| At 1 July 2002 & at 30 June 2003 | 42,410   | 31,600               | 74,010 |
| <b>Amortisation</b>              |          |                      |        |
| At 1 July 2002                   | 32,347   | 15,102               | 47,449 |
| Charge for the year              | 2,124    | 2,475                | 4,599  |
| At 30 June 2003                  | 34,471   | 17,577               | 52,048 |
| <b>Net book value</b>            |          |                      |        |
| At 30 June 2003                  | 7,939    | 14,023               | 21,962 |
| At 30 June 2002                  | 10,063   | 16,498               | 26,561 |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 9 Tangible fixed assets

#### Group

|                          | Land and<br>buildings<br>Freehold<br>£ | Land and<br>buildings<br>Leasehold<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|--------------------------|--|---|-----------------------------|---|------------------------|------------|
| <b>Cost or valuation</b> |  |   |                             |   |                        |            |
| At 1 July 2002           | 8,680,760                              | 110,465                                 | 1,782,577                   | 1,121,791                                 | 1,468,574              | 13,164,167 |
| Additions                | 30,905                                 | 5,060                                   | 273,268                     | 111,378                                   | 533,189                | 953,800    |
| Disposals                | (448,820)                              | -                                       | -                           | -   | (238,149)              | (686,969)  |
| At 30 June 2003          | 8,262,845                              | 115,525                                 | 2,055,845                   | 1,233,169                                 | 1,763,614              | 13,430,998 |
| <b>Depreciation</b>      |  |   |                             |   |                        |            |
| At 1 July 2002           | 519,536                                | 15,088                                  | 1,191,067                   | 769,816                                   | 807,028                | 3,302,535  |
| On disposals             | (5,477)                                | -                                       | -                           | -   | (176,432)              | (181,909)  |
| Charge for the year      | 94,971                                 | 11,068                                  | 120,068                     | 81,274                                    | 216,121                | 523,502    |
| At 30 June 2003          | 609,030                                | 26,156                                  | 1,311,135                   | 851,090                                   | 846,717                | 3,644,128  |
| <b>Net book value</b>    |  |   |                             |   |                        |            |
| At 30 June 2003          | 7,653,815                              | 89,369                                  | 744,710                     | 382,079                                   | 916,897                | 9,786,870  |
| At 30 June 2002          | 8,161,224                              | 95,377                                  | 591,510                     | 351,975                                   | 661,546                | 9,861,632  |

#### Comparable historical cost for the land and buildings included at valuation:

|                                   | £         |
|-----------------------------------|-----------|
| <b>Cost</b>                       |           |
| At 1 July 2002                    | 6,763,170 |
| Additions                         | 16,434    |
| At 30 June 2003                   | 6,779,604 |
| <b>Depreciation based on cost</b> |           |
| At 1 July 2002                    | 160,674   |
| Charge for the year               | 62,018    |
| At 30 June 2003                   | 222,692   |
| <b>Net book value</b>             |           |
| At 30 June 2003                   | 6,556,912 |
| At 30 June 2002                   | 6,602,496 |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 9 Tangible fixed assets

(continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

|   | Land and<br>buildings | Plant and<br>machinery | Fixtures,<br>fittings &<br>equipment | Motor<br>vehicles | Total     |
|---|-----------------------|------------------------|--------------------------------------|-------------------|-----------|
|   | £                     | £                      | £                                    | £                 | £         |
| <b>Net book values</b>                  |                       |                        |                                      |                   |           |
| At 30 June 2003                         | 142,701               | 312,290                | 168,271                              | 739,558           | 1,392,057 |
| At 30 June 2002                         | 171,938               | 294,675                | 146,839                              | 482,305           | 1,099,316 |
| <b>Depreciation charge for the year</b> |                       |                        |                                      |                   |           |
| 30 June 2003                            | 5,237                 | 35,304                 | 29,596                               | 152,733           | 221,192   |
| 30 June 2002                            | 3,559                 | 30,551                 | 18,172                               | 119,610           | 170,836   |

A substantial part of the Group's freehold land and buildings were valued by external valuers and the directors on the basis of an open market valuation for existing use on 30th June 2001. The market value of the Group's freehold land and buildings is substantially in excess of the book value.

Finance costs of £70,000 were capitalised during the previous year as part of freehold land and buildings additions in accordance with FRS 15.

The historical cost of freehold land and buildings including all additions to date included above at a valuation of £8,262,845 was £6,779,604 (2002: £6,763,170) and the aggregate depreciation thereon would have been £222,692 (2002: £160,674).

### Company

|                                  | Land and<br>buildings<br>Freehold | Fixtures,<br>fittings &<br>equipment | Total  |
|----------------------------------|-----------------------------------|--------------------------------------|--------|
|                                  | £                                 | £                                    | £      |
| <b>Cost</b>                      |                                   |                                      |        |
| At 1 July 2002 & at 30 June 2003 | 87,500                            | 1,183                                | 88,683 |
| <b>Depreciation</b>              |                                   |                                      |        |
| At 1 July 2002                   | 14,000                            | 440                                  | 14,440 |
| Charge for the year              | 1,754                             | 144                                  | 1,898  |
| At 30 June 2003                  | 15,754                            | 584                                  | 16,338 |
| <b>Net book value</b>            |                                   |                                      |        |
| At 30 June 2003                  | 71,746                            | 599                                  | 72,345 |
| At 30 June 2002                  | 73,500                            | 743                                  | 74,243 |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

|                                  |              |                |  |
|----------------------------------|--------------|----------------|--|
| <b>10 Tangible fixed assets</b>  |              |                |  |
| <b>Investment properties</b>     |              |                |  |
|                                  | <b>Group</b> | <b>Company</b> |  |
|                                  | <b>£</b>     | <b>£</b>       |  |
| <b>Cost or valuation</b>         |              |                |  |
| At 1 July 2002                   | 846,837      | 379,335        |  |
| Additions                        | 3,135        | -              |  |
| Disposals                        | (849,972)    | (379,335)      |  |
|                                  | <hr/>        | <hr/>          |  |
| At 30 June 2003                  | -            | -              |  |
|                                  | <hr/>        | <hr/>          |  |
| <b>Depreciation</b>              |              |                |  |
| At 1 July 2002 & at 30 June 2003 | -            | -              |  |
|                                  | <hr/>        | <hr/>          |  |
| <b>Net book value</b>            |              |                |  |
| At 30 June 2003                  | -            | -              |  |
|                                  | <hr/>        | <hr/>          |  |
| At 30 June 2002                  | 846,837      | 379,335        |  |
|                                  | <hr/>        | <hr/>          |  |

During the year the group's investment properties were disposed of for a gain of £287,178.

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 11 Fixed asset investments Group

|   | Unlisted<br>investments<br>£ | Total<br>£ |
|---|------------------------------|------------|
| <b>Cost or valuation</b>                  |                              |            |
| At 1 July 2002 & at 30 June 2003          | 79,228                       | 79,228     |
| <b>Provisions for diminution in value</b> |                              |            |
| At 1 July 2002                            | -                            | -          |
| Charge for the year                       | 73,161                       | 73,161     |
| At 30 June 2003                           | 73,161                       | 73,161     |
| <b>Net book value</b>                     |                              |            |
| At 30 June 2003                           | 6,067                        | 6,067      |
| At 30 June 2002                           | 79,228                       | 79,228     |

### 11 Fixed asset investments Company

|   | Shares in<br>subsidiary<br>undertakings<br>£ |
|---|--|
| <b>Cost</b>                               |  |
| At 1 July 2002 & at 30 June 2003          | 151,458                                      |
| <b>Provisions for diminution in value</b> |  |
| At 1 July 2002 & at 30 June 2003          | 65,000                                       |
| <b>Net book value</b>                     |  |
| At 30 June 2003                           | 86,458                                       |
| At 30 June 2002                           | 86,458                                       |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company                            | Country of registration or<br>incorporation | Class    | Shares held<br>% |
|------------------------------------|---|----------|------------------|
| <b>Subsidiary undertakings</b>     |   |          |                  |
| Ciborio Limited                    | England and Wales                           | Ordinary | 100              |
| Hunter & Currie (Scotland) Limited | Scotland                                    | Ordinary | 100              |



# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

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|    |                                      |                   |          |             |
|----|--------------------------------------|-------------------|----------|-------------|
| 11 | Fixed asset investments              |                   |          | (continued) |
|    | The Five Alfanos Limited             | England and Wales | Ordinary | 100         |
|    | Struthers (Lochwinnoch) Limited      | Scotland          | Ordinary | 100         |
|    | Krystal Klear Draught Drinks Limited | England and Wales | Ordinary | 100         |
|    | Alfano Brothers France SC            | France            | Ordinary | 100         |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 11 Fixed asset investments

(continued)

The principal activity of these undertakings for the last relevant financial year was as follows:

#### Principal activity

|                                      |   |
|--------------------------------------|---|
| Ciborio Limited                      | Wholesale supply of grocery goods and wines |
| Hunter & Currie (Scotland) Limited   | Wholesale supply of grocery goods and wines |
| The Five Alfanos Limited             | Dormant intermediate holding company        |
| Struthers (Lochwinnoch) Limited      | Manufacture and distribution of soft drinks |
| Krystal Klear Draught Drinks Limited | Non-trading company                         |
| Alfano Brothers France SC            | Investment company                          |

The accounting reference date of Alfano Brothers France SC is 31 December, as stipulated under French accounting regulations, and interim accounts have been prepared to the parent's financial year end.

### 12 Stocks

|                                     | Group     |           | Company |      |
|-------------------------------------|-----------|-----------|---------|------|
|                                     | 2003      | 2002      | 2003    | 2002 |
|                                     | £         | £         | £       | £    |
| Finished goods and goods for resale | 2,802,669 | 2,677,125 | -       | -    |

### 13 Debtors

|                                    | Group     |           | Company   |           |
|------------------------------------|-----------|-----------|-----------|-----------|
|                                    | 2003      | 2002      | 2003      | 2002      |
|                                    | £         | £         | £         | £         |
| Trade debtors                      | 3,558,270 | 3,496,486 | -         | -         |
| Amounts owed by group undertakings | -         | -         | 3,532,151 | 3,959,576 |
| Corporation tax                    | 5,620     | 5,620     | 4,695     | 4,695     |
| Other debtors                      | 1,860,667 | 373,259   | 594,324   | 4,888     |
| Prepayments and accrued income     | 178,811   | 184,034   | -         | -         |
|                                    | 5,603,368 | 4,059,399 | 4,131,170 | 3,969,159 |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 14 Creditors : amounts falling due within one year

|  | Group<br>2003<br>£ | 2002<br>£        | Company<br>2003<br>£ | 2002<br>£      |
|--|--------------------|------------------|----------------------|----------------|
| Bank loans and overdrafts  | 5,145,966          | 2,933,360        | 412,000              | 430,593        |
| Net obligations under finance lease and hire<br>purchase contracts | 423,110            | 327,470          | -                    | -              |
| Trade creditors  | 4,508,723          | 5,114,534        | -                    | -              |
| Amounts owed to group undertakings                                 | -                  | -                | 44,021               | 44,021         |
| Corporation tax  | 30,625             | -                | -                    | -              |
| Taxes and social security costs                                    | 508,770            | 489,346          | -                    | -              |
| Directors current accounts   | -                  | 2,595            | -                    | 2,595          |
| Other creditors  | 80,276             | 377,259          | 5,105                | 5,105          |
| Accruals and deferred income                                       | 182,176            | 287,810          | 25,310               | 9,881          |
|  | <u>10,879,646</u>  | <u>9,532,374</u> | <u>486,436</u>       | <u>492,195</u> |

The bank loan and overdrafts totalling £5,144,732 (2002: £2,933,360) are secured by a first fixed charge on the Group's properties and a floating charge on its undertaking and all its properties.

Included in other creditors is a loan due to the pension fund which is secured by floating charges over a subsidiary's assets and undertaking, subject to a deed of priority in favour of the subsidiary's bankers. The total loan amounted to £65,000 at the year end (2002: £300,000 - of which £150,000 was due within one year).

The directors consider any further disclosure regarding these loans to be prejudicial to the interest of the Group.

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 15 Creditors : amounts falling due after more than one year

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2003             | 2002             | 2003             | 2002             |
|   | £                | £                | £                | £                |
| Amounts due to subsidiary undertaking                             | -                | -                | 110,000          | 110,000          |
| Bank loans  | 3,477,759        | 3,896,266        | 3,193,000        | 3,605,000        |
| Other loans   | -                | 150,000          | -                | -                |
| Net obligations under finance leases and hire purchase agreements | 599,292          | 340,497          | -                | -                |
|   | <u>4,077,051</u> | <u>4,386,763</u> | <u>3,303,000</u> | <u>3,715,000</u> |
| <b>Analysis of loans</b>  |                  |                  |                  |                  |
| Not wholly repayable within five years other than by instalments: | -                | 2,165,258        | 1,655,000        | 2,067,000        |
| Wholly repayable within five years                                | 3,975,890        | 2,665,790        | 2,060,000        | 2,060,000        |
|   | <u>3,975,890</u> | <u>4,831,048</u> | <u>3,715,000</u> | <u>4,127,000</u> |
| Included in current liabilities                                   | (498,131)        | (784,782)        | (412,000)        | (412,000)        |
|   | <u>3,477,759</u> | <u>4,046,266</u> | <u>3,303,000</u> | <u>3,715,000</u> |
| <b>Loan maturity analysis</b>                                     |                  |                  |                  |                  |
| In more than one year but not more than two years                 | 432,340          | 581,106          | 412,000          | 412,000          |
| In more than two years but not more than five years               | 1,317,360        | 1,299,902        | 1,236,000        | 1,236,000        |
| In more than five years   | 1,728,059        | 2,165,258        | 1,655,000        | 2,067,000        |
|   | <u>3,477,759</u> | <u>4,046,266</u> | <u>3,303,000</u> | <u>3,715,000</u> |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 15 Creditors : amounts falling due after more than one year (continued)

#### Net obligations under finance leases and hire purchase contracts

|   |                  |                |          |          |
|---|------------------|----------------|----------|----------|
| Repayable within one year   | 438,666          | 380,186        | -        | -        |
| Repayable between one and five years                                | 809,861          | 417,021        | -        | -        |
|   | <u>1,248,527</u> | <u>797,207</u> | <u>-</u> | <u>-</u> |
| Finance charges and interest allocated to future accounting periods | (226,125)        | (129,240)      | -        | -        |
|   | <u>1,022,402</u> | <u>667,967</u> | <u>-</u> | <u>-</u> |
| Included in liabilities falling due within one year                 | (423,110)        | (327,470)      | -        | -        |
|   | <u>599,292</u>   | <u>340,497</u> | <u>-</u> | <u>-</u> |

Included in amounts due after more than five years is part of a term loan of £4,120,000, of which £3,605,000 is repayable in quarterly instalments of £103,000 by March 2012. Interest is charged on a monthly basis at 2% above base rate.

The remaining mortgage of £305,099 in respect of Alfano Brothers France SC is repayable by May 2014 and interest charged is at an average rate of 5% per annum.

### 16 Accruals and deferred income

| Group                               | Government grants<br>£ |
|-------------------------------------|------------------------|
| Balance at 1 July 2002              | 45,330                 |
| Released to profit and loss account | (195,330)              |
| Grants received during the year     | 150,000                |
|                                     | <u>-</u>               |
| Balance at 30 June 2003             | <u>-</u>               |

### 17 Pension costs

#### Defined contribution

|   | 2003<br>£      | 2002<br>£      |
|---|----------------|----------------|
| Contributions payable by the company for the year | <u>166,116</u> | <u>132,760</u> |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 18 Share capital                          | 2003<br>£  | 2002<br>£  |
|---|------------|------------|
| <b>Authorised</b>                         |            |            |
| 160 Ordinary 'A' shares of £1 each        | 160        | 160        |
| 40 Ordinary 'B' shares of £1 each         | 40         | 40         |
|   | <u>200</u> | <u>200</u> |
| <b>Allotted, called up and fully paid</b> |            |            |
| 91 Ordinary 'A' shares of £1 each         | 91         | 91         |
| 21 Ordinary 'B' shares of £1 each         | 21         | 21         |
|   | <u>112</u> | <u>112</u> |

### 19 Statement of movements on reserves Group

|  | Revaluation<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss account<br>£ |
|--|-----------------------------|------------------------|---------------------------------|
| Balance at 1 July 2002                                       | 2,251,255                   | 1,602,080              | (263,001)                       |
| Retained loss for the year                                   | -                           | -                      | (313,667)                       |
| Transfer from revaluation reserve to profit and loss account | (41,000)                    | -                      | 41,000                          |
|  | <u>2,210,255</u>            | <u>1,602,080</u>       | <u>(535,668)</u>                |

### Company

|  | Revaluation<br>reserve<br>£ | Profit and<br>loss account<br>£ |
|--|-----------------------------|---------------------------------|
| Balance at 1 July 2002                                       | 41,000                      | 260,888                         |
| Retained profit for the year                                 | -                           | 198,537                         |
| Transfer from revaluation reserve to profit and loss account | (41,000)                    | 41,000                          |
|  | <u>-</u>                    | <u>500,425</u>                  |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 20 | Reconciliation of movements in shareholders' funds | 2003      | 2002      |
|----|--|-----------|-----------|
|    |  | £         | £         |
|    | <b>Group</b>                                       |           |           |
|    | Loss for the financial year                        | (313,667) | (262,349) |
|    | Opening shareholders' funds                        | 3,590,446 | 3,852,795 |
|    | Closing shareholders' funds                        | 3,276,779 | 3,590,446 |
|    |  |           |           |
|    | <b>Company</b>                                     |           |           |
|    | Profit for the financial year                      | 198,537   | 19,673    |
|    | Opening shareholders' funds                        | 302,000   | 282,327   |
|    | Closing shareholders' funds                        | 500,537   | 302,000   |

### 21 Financial commitments

At 30 June 2003 the group had annual commitments under non-cancellable operating leases as follows:

|                            | Land and buildings |         | Other |      |
|----------------------------|--------------------|---------|-------|------|
|                            | 2003               | 2002    | 2003  | 2002 |
|                            | £                  | £       | £     | £    |
| Expiry date:               |                    |         |       |      |
| Between two and five years | -                  | -       | 6,272 | -    |
| In over five years         | 144,860            | 144,860 | -     | -    |
|                            | 144,860            | 144,860 | 6,272 | -    |

### 22 Capital commitments

|   | Group  |      | Company |      |
|---|--------|------|---------|------|
|   | 2003   | 2002 | 2003    | 2002 |
|   | £      | £    | £       | £    |
| Contracted for but not provided in the financial statements | 45,200 | -    | -       | -    |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 23 | Directors' emoluments              | 2003<br>£ | 2002<br>£ |
|----|------------------------------------|-----------|-----------|
|    | Emoluments for qualifying services | 493,539   | 354,668   |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 9 (2002- 9).

Emoluments disclosed above include the following amounts paid to the highest paid director:

|   |        |        |
|---|--------|--------|
| Emoluments for qualifying services                      | 97,320 | 82,500 |
| Company pension contributions to money purchase schemes | 7,500  | 6,750  |

### 24 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

|                 | Amount outstanding |        | Maximum |
|-----------------|--------------------|--------|---------|
|                 | 2003               | 2002   | in year |
|                 | £                  | £      | £       |
| Calogero Alfano | 38,199             | 69,416 | 174,967 |
| David Gregory   | 3,044              | 13,594 | 13,594  |

The directors intend to repay their overdrawn loan accounts within nine months of the year end.



# ALFANO.BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 25 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                                   | 2003<br>Number | 2002<br>Number |
|-----------------------------------|----------------|----------------|
| Office and management             | 43             | 51             |
| Warehouse, distribution and sales | 131            | 135            |
|                                   | <u>174</u>     | <u>186</u>     |

#### Employment costs

|                       | £                | £                |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,594,288        | 3,641,779        |
| Social security costs | 359,715          | 297,295          |
| Other pension costs   | 166,116          | 132,760          |
|                       | <u>4,120,119</u> | <u>4,071,834</u> |

# ALFANO BROTHERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 27 Related party transactions

#### Company

The company's transactions during the period under review included the following:

| <u>Name of Related Party</u>         | <u>Nature of<br/>Related Party</u> | <u>Transaction<br/>Type</u>  | <u>Transaction<br/>Value</u> | <u>Debtor/(Creditor)<br/>balance as at<br/>30 June 2003</u> |
|--------------------------------------|------------------------------------|------------------------------|------------------------------|---|
| Ciborio Limited                      | Subsidiary<br>Undertaking          | Management fee<br>receivable | 27,500                       |   |
|                                      |                                    | Interest<br>recharged        | 228,362                      |   |
|                                      |                                    | Intercompany<br>balance      |                              | 3,272,966   |
| Hunter & Currie (Scotland) Limited   |                                    | Interest<br>recharged        | 66,200                       |   |
|                                      |                                    | Intercompany<br>balance      |                              | 222,790   |
| Struthers (Lochwinnoch) Limited      | Subsidiary<br>Undertaking          | Intercompany<br>balance      |                              | (44,021)  |
| Krystal Klear Draught Drinks Limited | Subsidiary<br>Undertaking          | Intercompany<br>balance      |                              | 34,000  |
| Alfano Brothers France Limited       | Subsidiary<br>Undertaking          | Intercompany<br>balance      |                              | 2,395   |
| Dimetrend Limited                    | Common<br>directorship             | Sale of properties           | 369,950                      |   |
|                                      |                                    | Other debtors                |                              | 369,950   |
| SCI AF 03                            | Common<br>directorship             | Sale of properties           | 220,000                      |   |
|                                      |                                    | Other debtors                |                              | 220,000   |

#### Group

During the year, the group sold six of its seven investment properties to two companies with common directorship for amounts totalling £1,557,950. The remaining property was sold to a third party for the sum of £220,000.