

91/202

REGISTRAR

The Merchant Vintners Company Limited

Report and Accounts

31 March 2000

 **ERNST & YOUNG**



The Merchant Vintners Company Limited

Registered No. 911202

DIRECTORS

J E Townend (Chairman)

J L R Frazier

I G M Urquhart

A W Trease

G H Dickinson

J J Eustace

J J Tanner (Appointed 8 October 1999)

SECRETARY

R C Balls

AUDITORS

Ernst & Young

PO Box 3

Lowgate House

Lowgate

Hull HU1 1JJ

BANKERS

Barclays Bank Plc

PO Box 206

10 Market Place

Hull HU1 1RN

SOLICITORS

Andrew M Jackson & Co

PO Box 47

Essex House

Manor Street

Hull

HU1 1XH

REGISTERED OFFICE

Bacchus House

313 Cambridge Heath Road

London E2 9LQ

 **ERNST & YOUNG**

The Merchant Vintners Company Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company's principal activities during the year consisted of the importation and bulk buying of wines and spirits. The turnover of the company arises wholly from sales to its members. The company has 22 members at the year end. The directors of the company are also directors of some of the member companies to whom sales are made. The interests of the directors in the shares of the company are disclosed below.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

There have been no events subsequent to the balance sheet date which could have a material effect on the accounts for the year ended 31 March 2000.

The directors consider that the company will continue to attract new members and benefit from its bulk purchasing position.

YEAR 2000

No disruption to the company's business operations occurred nor is any expected to occur as a result of the date change.

RESULTS AND DIVIDENDS

The profit for the year attributable to the members amounts to £19,608 and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the company during the year were those listed on page 1.

Mr J L R Frazier and Mr A W Trease are the directors retiring by rotation under Article 13. Being eligible, they both offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, the direct and indirect beneficial interests of the directors in the share capital and loan stock of the company were as follows:

	<i>Ordinary shares of £1 each</i>		<i>Convertible loan stock</i>	
	<i>31 March 2000</i>	<i>1 April 1999</i>	<i>31 March 2000</i>	<i>1 April 1999</i>
J E Townend	2,000	2,000	15,000	15,000
J L R Frazier	2,000	2,000	15,000	15,000
I G M Urquhart	2,000	2,000	15,000	15,000
A W Trease	2,000	2,000	-	-
G H Dickinson	2,000	2,000	-	-
J J Eustace	2,000	2,000	-	-
J J Tanner	2,000	-	15,000	-

No director had an interest in the shares of any subsidiary during the year.

CLOSE COMPANY PROVISIONS

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

The Merchant Vintners Company Limited

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



R C Balls
Secretary

31 October 2000

REPORT OF THE AUDITORS**to the members of The Merchant Vintners Company Limited**

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

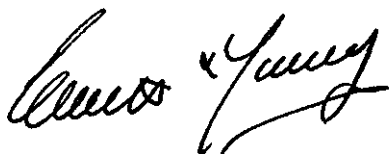
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Hull

31 October 2000

The Merchant Vintners Company Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2000

	Notes	2000 £	1999 £
TURNOVER	2	5,814,796	5,559,562
Cost of sales		5,677,911	5,434,178
GROSS PROFIT		136,885	125,384
Administrative expenses		87,087	91,445
OPERATING PROFIT	3	49,798	33,939
Other income	6	33,623	33,698
		83,421	67,637
Interest payable and similar charges	7	58,421	65,448
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		25,000	2,189
Taxation	8	5,392	522
PROFIT FOR THE FINANCIAL YEAR		19,608	1,667

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2000

There are no recognised gains or losses other than the profit for the year of £19,608 (1999 - £1,667) as stated above.

The Merchant Vintners Company Limited

BALANCE SHEET

at 31 March 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	2,785	4,126
Investments	11	102	114
		<u>2,887</u>	<u>4,240</u>
CURRENT ASSETS			
Stocks	12	1,089,026	1,140,376
Debtors	13	539,282	570,875
Cash at bank and in hand		17	38
		<u>1,628,325</u>	<u>1,711,289</u>
CREDITORS: amounts falling due within one year			
Bank overdraft	14	395,349	621,027
Trade and other creditors	15	641,924	519,171
		<u>1,037,273</u>	<u>1,140,198</u>
NET CURRENT ASSETS		<u>591,052</u>	<u>571,091</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>593,939</u>	<u>575,331</u>
CREDITORS: amounts falling due after more than one year			
6% Convertible loans	16	255,000	255,000
Other loans	16	67,901	67,901
		<u>271,038</u>	<u>252,430</u>
CAPITAL AND RESERVES			
Called up share capital	17	44,000	46,000
Capital redemption reserve fund	18	10,000	8,000
Profit and loss account	18	217,038	198,430
EQUITY SHAREHOLDERS' FUNDS		<u>271,038</u>	<u>252,430</u>

Approved by the Board of Directors on 31 October 2000.

J E Townend

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Directors

A W Trease

The Merchant Vintners Company Limited

STATEMENT OF CASH FLOWS for the year ended 31 March 2000

	Notes	2000 £	1999 £
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(b)	287,796	(98,731)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(59,132)	(65,620)
Interest received		298	698
		<u>(58,834)</u>	<u>(64,922)</u>
TAXATION			
UK corporation tax paid		(922)	(5,781)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(2,058)	-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>225,982</u>	<u>(169,434)</u>
FINANCING			
Repayment of borrowings		-	(5,000)
Proceeds from issue of shares		-	2,000
Expenditure on repurchase of shares		(1,000)	-
		<u>(1,000)</u>	<u>(3,000)</u>
INCREASE/(DECREASE) IN CASH		<u>224,982</u>	<u>(172,434)</u>

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT for the year ended 31 March 2000

	Notes	2000 £	1999 £
Increase/(decrease) in cash in the year	14	224,982	(172,434)
Cash outflow from decrease in debt	14	-	5,000
Translation difference		675	-
INCREASE/(DECREASE) IN NET CASH IN THE YEAR		<u>225,657</u>	<u>(167,434)</u>
NET DEBT AT 1 APRIL 1999		<u>(943,890)</u>	<u>(776,456)</u>
NET DEBT AT 31 MARCH 2000	14	<u>(718,233)</u>	<u>(943,890)</u>

The Merchant Vintners Company Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group accounts

The company has not prepared group accounts because it is entitled to claim the medium-sized group exemption conferred by S248 of the Companies Act 1985. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Depreciation

Depreciation is provided on tangible fixed assets, at the following rate, which is estimated to write the assets off over their expected useful lives.

Office equipment - 5 years

Stocks

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

Deferred taxation

Provision is made, when required, for deferred taxation using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates. All differences are taken to the profit and loss account.

Pensions

The company makes contributions into the personal pension plans of one of its employees. The contributions are charged to the profit and loss account when they are paid.

2. TURNOVER

Turnover represents the net amount of invoices to members, excluding VAT, and is wholly derived from the one continuing principal activity carried on within the United Kingdom.

The Merchant Vintners Company Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

3. OPERATING PROFIT

a) This is stated after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets	3,399	3,041
Auditors' remuneration	3,850	3,850
Staff costs - wages and salaries	39,702	44,199
- social security costs	3,386	4,086
- pension costs	3,986	2,984

b) Reconciliation of operating profit to net cash inflow from operating activities:

	2000 £	1999 £
Operating profit	49,800	33,939
Depreciation	3,399	3,041
Subscriptions	33,325	33,000
(Increase)/decrease in debtors	31,593	(71,127)
(Increase)/decrease in stocks	51,350	(123,631)
Increase/(decrease) in creditors	118,994	26,047
Exchange gain on cash, liquid resources and loans	(675)	-
Provision against fixed asset investment	10	-
Net cash inflow/(outflow) from operating activities	287,796	(98,731)

4. EMOLUMENTS OF DIRECTORS

No remuneration was paid to any director during the year.

5. STAFF NUMBERS

The average number of persons employed by the company during the year was as follows:

	2000 No.	1999 No.
Office and management	2	2

6. OTHER INCOME

	2000 £	1999 £
Subscriptions	33,325	33,000
Bank interest	298	698
	33,623	33,698

The Merchant Vintners Company Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank overdraft	38,107	43,852
Loan stock interest	15,300	15,300
Interest on unsecured shareholder advances	5,014	6,296
	<u>58,421</u>	<u>65,448</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
UK Corporation tax	5,392	922
Adjustments relating to prior years	-	(400)
	<u>5,392</u>	<u>522</u>

No provision for deferred taxation is required because, in the opinion of the directors, it is unlikely that any liability will arise in the foreseeable future.

9. INTANGIBLE ASSETS

	£
Cost of trademarks:	
At 1 April 1999 and 31 March 2000	<u>1,415</u>
Amortisation:	
At 1 April 1999 and 31 March 2000	<u>1,415</u>
Net book amounts:	
At 1 April 1999 and 31 March 2000	<u>-</u>

10. TANGIBLE FIXED ASSETS

	Office equipment £
Cost:	
At 1 April 1999	15,207
Additions	2,058
	<u>17,265</u>
At 31 March 2000	
Depreciation:	
At 1 April 1999	11,081
Charge for the year	3,399
	<u>14,480</u>
At 31 March 2000	
Net book amounts:	
At 31 March 2000	<u>2,785</u>
At 1 April 1999	<u>4,126</u>

The Merchant Vintners Company Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

11. FIXED ASSET INVESTMENTS

	<i>Investments in subsidiary companies</i>	<i>Other investments (unlisted)</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 1999	104	10	114
Disposal	(2)	-	(2)
Provision	-	(10)	(10)
At 31 March 2000	<u>102</u>	<u>-</u>	<u>102</u>

Investments in subsidiary companies comprise:

	<i>Holding</i>	<i>Percentage of issued capital held</i>
Baronoff Vodka Company Limited Ordinary shares of £1 each	100	100%
MV Kruger and Company Limited Ordinary shares of £1 each	2	100%

The subsidiary undertakings are registered in England and Wales and are dormant.

During the year, Clipper Cash and Carry Limited, a dormant subsidiary, was dissolved and the cost of the investment has been fully written off.

In the opinion of the directors, the value of the investment in each subsidiary company is not less than the amount at which it is stated in the accounts.

12. STOCKS

	<i>2000</i>	<i>1999</i>
	£	£
Goods for resale	<u>1,089,026</u>	<u>1,140,376</u>

There was no significant difference between the replacement cost and the historical cost of stocks at 31 March 2000 or 31 March 1999.

13. DEBTORS

	<i>2000</i>	<i>1999</i>
	£	£
Trade debtors	530,340	561,640
Prepayments	1,052	3,531
Other debtors	7,890	5,704
	<u>539,282</u>	<u>570,875</u>

The Merchant Vintners Company Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

14. BANK OVERDRAFT

The bank overdraft is secured by a mortgage and general charge over the assets of the company.

Analysis of net debt:

	<i>At 1 April 1999</i> £	<i>Cash flow</i> £	<i>Exchange movement</i> £	<i>At 31 March 2000</i> £
Cash at bank	38	(696)	675	17
Bank overdraft	(621,027)	225,678	-	(395,349)
	(620,989)	224,982	675	(395,332)
Loans	(322,901)	-	-	(322,901)
Net debt	(943,890)	224,982	675	(718,233)

	<i>At 1 April 1998</i> £	<i>Cash flow</i> £	<i>At 31 March 1999</i> £
Cash at bank	889	(851)	38
Bank overdraft	(449,444)	(171,583)	(621,027)
	(448,555)	(172,434)	(620,989)
Loans	(327,901)	5,000	(322,901)
Net debt	(776,456)	(167,434)	(943,890)

15. TRADE AND OTHER CREDITORS

	<i>2000</i> £	<i>1999</i> £
Trade creditors	504,396	457,974
Corporation tax	5,392	922
Taxation and social security	963	1,245
Accruals	117,034	52,832
Other creditors	14,139	6,198
	641,924	519,171

The Merchant Vintners Company Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

16. CREDITORS: amounts falling due after more than one year

	2000 £	1999 £
6% Convertible loan stock	255,000	255,000
Shareholders' unsecured loans	67,901	67,901
	<u>322,901</u>	<u>322,901</u>

On 30 September 2025 the loan stock is redeemable for cash at par or, at the bond holders' discretion, convertible into fully paid £1 ordinary shares on the basis of one ordinary share for each £1 of loan stock.

17. SHARE CAPITAL

	2000 No.	Authorised 1999 No.	2000 £	Allotted, called up and fully paid 1999 £
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>44,000</u>	<u>46,000</u>

During the year 2000 ordinary shares were repurchased for cash at 50p per share.

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
As at 31 March 1998	44,000	8,000	196,763	248,763
Profit for the year	-	-	1,667	1,667
Proceeds from issue of shares	2,000	-	-	2,000
As at 31 March 1999	<u>46,000</u>	<u>8,000</u>	<u>198,430</u>	<u>252,430</u>
Profit for the year	-	-	19,608	19,608
Repurchase of shares	(2,000)	2,000	(1,000)	(1,000)
As at 31 March 2000	<u>44,000</u>	<u>10,000</u>	<u>217,038</u>	<u>271,038</u>

19. OTHER FINANCIAL COMMITMENTS

At 31 March 2000 the company had outstanding forward foreign exchange contracts amounting to £345,620 (1999 - £733,530).

20. TRANSACTIONS WITH DIRECTORS

The turnover of the company arises wholly from sales to its members. The directors of the company are also directors of some of the member companies to whom sales are made. The sales are made on normal commercial terms.