

**PRIVATE LIQUOR BRANDS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 1997**



Company no 1655729

**PRIVATE LIQUOR BRANDS LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 August 1997

---

Company registration number: 1655729

Registered office: 33-35 Cantelupe Road  
East Grinstead  
West Sussex  
RH19 3BE

Directors: J M Fredericks  
Mrs J Fredericks  
S K Fredericks  
R C Harris  
D J McCord  
J E D Smith

Secretary: S K Fredericks

Bankers: Barclays Bank plc  
Crawley Business Centre  
90-92 High Street  
Crawley  
West Sussex  
RH10 1BP

Solicitors: Kingsford Stacey  
Lincoln House  
34b High Street  
Harpenden  
Herts  
AL5 2SX

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
London

# PRIVATE LIQUOR BRANDS LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 August 1997

---

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 17

# PRIVATE LIQUOR BRANDS LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 August 1997.

### Principal activities

The company's principal activity is the importing of wines from Spain, Portugal, France, Australia and South America; and beer from Spain, Portugal, Czech Republic and the USA. + 41.5%

### Business review

The directors are pleased to report another substantial increase in turnover and profit on ordinary activities before taxation. The company has built on the success achieved in the previous year and is now able to show shareholders funds in excess of £1.7m which is in line with the company's strategy of improving its financial strength.

The turnover of £46m is the highest achieved by the company and reflects the continuing hard work of the directors and staff. The area of highest growth continues to be in New World wines where there has again been a substantial increase in sales of wines from Australia and Chile. The company has continued to develop its core business in Europe. Sales from Spain and France in particular have shown improvement as a result of the company broadening its range of wines.

The directors are also pleased to report a healthy start to the financial year 1997/98 and are confident that this will be maintained. The Board are determined to build on the success achieved in previous years and ensure the long term financial stability of the company.

There was a profit for the year after taxation amounting to £880,377. The directors recommend payment of dividends of £175,000.

### Directors

The directors during the year and their interest in the share capital of the company were as follows:

	£1 Ordinary shares		£1 Participating preference shares	
	31 August 1997	1 September 1996	31 August 1997	1 September 1996
J M Fredericks (Chairman)	30,000	100,000	100,000	-
Mrs J Fredericks	-	-	-	-
S K Fredericks	-	-	-	-
R C Harris	-	-	-	-
D J McCord	-	-	-	-
J E D Smith	-	-	-	-

J M Fredericks and Mrs J Fredericks were interested as trustees of a further 70,000 £1 ordinary shares of the company.

Messrs E A Dipple and J A Crosson resigned on 21 February 1997.

### Donations

Donations to charitable organisations during the year amounted to £7,840 (1996:£8,897).

# PRIVATE LIQUOR BRANDS LIMITED

## REPORT OF THE DIRECTORS

---

### Directors' responsibilities for the financial statements

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



6/11/97

S K Fredericks  
Secretary  
5 November 1997

## **REPORT OF THE AUDITORS TO THE MEMBERS OF PRIVATE LIQUOR BRANDS LIMITED**

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 4 to 5.

### **Respective responsibilities of directors and auditors**

As described on pages 1 to 2 the company's directors are responsible for the preparation of the 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.

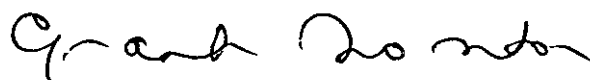
### **Basis of opinion**

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 August 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LONDON  
5 November 1997**

# **PRIVATE LIQUOR BRANDS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **BASIS OF PREPARATION**

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

The principal accounting policies of the company have been applied consistently throughout the year and remain unchanged from the previous year.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT, together with net commissions receivable.

In the case of long-term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs.

### **CONSOLIDATION**

Group accounts have not been prepared as the subsidiary undertaking is dormant and the directors do not consider that it is material to the financial statements of the company.

The information presented in these financial statements is that of a single company and not a group.

### **DEPRECIATION**

Depreciation is calculated to write down the cost or valuation less estimated residual value of tangible fixed assets over their expected useful lives. The rates generally applicable are:

Leasehold buildings	10% on cost
Motor vehicles	20% on cost
Fixtures, fittings and equipment	15% on cost

Depreciation is not provided on freehold property where the directors are of the opinion that the buildings are sufficiently well maintained to ensure the residual value of such property is not less than cost or valuation and accordingly annual depreciation would not be material to the financial statements. Provision for permanent diminution in the value of a property to below its carrying value is charged to the profit and loss account.

### **INVESTMENTS**

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

# **PRIVATE LIQUOR BRANDS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **VALUATION OF STOCKS AND STOCK-IN-TRANSIT**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Stock-in-transit is valued at cost and becomes the liability of the company when it is shipped "Free on Board."

### **DEFERRED TAXATION**

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

### **CONTRIBUTIONS TO PENSION FUNDS**

The company operates a defined pension scheme and the pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.



**PRIVATE LIQUOR BRANDS LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 August 1997

	Note	1997 £	1996 £
Turnover	1	46,313,916	40,277,586
Cost of sales		(41,526,195)	(36,542,224)
Gross profit		4,787,721	3,735,362
Administrative expenses		(3,287,773)	(2,510,525)
Operating profit		1,499,948	1,224,837
Other interest receivable and similar income		50,315	53,446
Amounts written off investments	7	(17,434)	(1,834)
Interest payable and similar charges	2	(83,791)	(138,378)
Profit on ordinary activities before taxation	1	1,449,038	1,138,071
Tax on profit on ordinary activities	4	(568,661)	(239,764)
Profit for the financial year	17	880,377	898,307
Dividends	5		
Equity		(175,000)	-
Profit transferred to reserves	16	705,377	898,307

There were no recognised gains or losses other than the profit for the financial year.

# PRIVATE LIQUOR BRANDS LIMITED

## BALANCE SHEET AT 31 AUGUST 1997

	Note	1997 £	1997 £	1996 £	1996 £
<b>Fixed assets</b>					
Tangible assets	6		477,775		283,795
Investments	7		27,160		129,877
			<u>504,935</u>		<u>413,672</u>
<b>Current assets</b>					
Stocks	8	1,639,853		2,077,732	
Debtors	9	10,417,647		9,480,314	
Cash at bank and in hand		4,866		530,262	
		<u>12,062,366</u>		<u>12,088,308</u>	
<b>Creditors: amounts falling due within one year</b>	10	(10,777,568)		(11,467,133)	
<b>Net current assets</b>			<u>1,284,798</u>		<u>621,175</u>
<b>Total assets less current liabilities</b>			<u>1,789,733</u>		<u>1,034,847</u>
<b>Creditors: amounts falling due after more than one year</b>	11		(49,508)		-
			<u>1,740,225</u>		<u>1,034,847</u>
<b>Capital and reserves</b>					
Called up share capital	15		200,000		100,000
Profit and loss account	16		1,540,225		934,847
<b>Shareholders' funds</b>	17		<u>1,740,225</u>		<u>1,034,847</u>

The financial statements were approved by the Board of Directors on 5 November 1997.

D J McCord

J E D Smith

*[Signature]* 5/11/97  
*[Signature]* 5/11/97

The accompanying accounting policies and notes form an integral part of these financial statements.

# PRIVATE LIQUOR BRANDS LIMITED

## CASH FLOW STATEMENT

For the year ended 31 August 1997

	Note	1997 £	1996 £
Net cash inflow from operating activities	12	110,330	(119,187)
Returns on investments and servicing of finance			
Interest received		50,315	53,446
Interest paid		(83,791)	(138,378)
Net cash outflow from returns on investments and servicing of finance		(33,476)	(84,932)
Taxation		(280,272)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(203,426)	(18,422)
Sale of tangible fixed assets		-	177,225
Loans repaid by other entities		93,000	-
Net cash outflow from capital expenditure and financial investment		(110,426)	158,803
Acquisitions and disposals			
Purchase of investments		(7,260)	-
Sale of investments		(34,543)	-
Net cash outflow from acquisitions and disposals		(41,803)	-
Equity dividends paid		(175,000)	-
Financing			
Capital element of finance lease rentals		(14,266)	-
Net cash outflow from financing		(14,266)	-
Decrease in cash	13	(544,913)	(45,316)

The accompanying accounting policies and notes form an integral part of these financial statements.

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	1997 £	1996 £
Auditors' remuneration	19,250	19,250
Depreciation and amortisation:		
Tangible fixed assets, owned	77,799	73,919
Tangible fixed assets, held under finance leases and hire purchase contracts	11,141	-
Write-downs of fixed asset investments	17,434	1,834
Other operating lease rentals	99,196	128,381

### 2 INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
On bank loans and overdrafts	79,168	56,698
Other interest payable and similar charges	4,623	81,680
	83,791	138,378

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	1997 £	1996 £
Wages and salaries	1,641,625	1,340,010
Social security costs	158,511	144,793
Other pension costs	82,547	82,465
	1,882,683	1,567,268

The average number of employees of the company during the year were as follows:

	1997 Number	1996 Number
Selling and distribution	9	8
Office and management	21	22
	30	30

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

Remuneration in respect of directors was as follows:

	1997 £	1996 £
Emoluments	963,949	768,219
Pension contributions to money purchase pension schemes	44,283	44,066
	<u>1,008,232</u>	<u>812,285</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	1997 £	1996 £
Emoluments	499,978	254,624
Pension contributions to money purchase pension schemes	12,000	12,000

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1997 £	1996 £
UK Corporation tax at 32.2% (1996: 33%)	447,532	219,734
Adjustments in respect of prior periods: Underprovision of tax in previous years	121,129	20,030
	<u>568,661</u>	<u>239,764</u>

### 5 DIVIDENDS

	1997 £	1996 £
Ordinary shares - interim dividend of 175p per share	<u>175,000</u>	<u>-</u>

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 September 1996	-	181,084	70,313	362,734	614,131
Additions	141,000	-	124,690	17,230	282,920
At 31 August 1997	141,000	181,084	195,003	379,964	897,051
Depreciation					
At 1 September 1996	-	57,608	60,920	211,808	330,336
Provided in the year	-	18,108	23,837	46,995	88,940
At 31 August 1997	-	75,716	84,757	258,803	419,276
Net book amount at 31 August 1997	141,000	105,368	110,246	121,161	477,775
Net book amount at 31 August 1996	-	123,476	9,393	150,926	283,795

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Motor vehicles £
Net book amount at 31 August 1997	68,353
Net book amount at 31 August 1996	-
Depreciation provided during year	11,141

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 7 FIXED ASSETS INVESTMENTS

	Loans to group undertakings £	Shares in group undertakings £	Other investments £	Total £
Cost or valuation				
At 1 September 1996	93,000	51,977	19,900	164,877
Additions	-	100	7,160	7,260
Disposals	(93,000)	(51,977)	-	(144,977)
At 31 August 1997	-	100	27,060	27,160
Net book amount at 31 August 1997	-	100	27,060	27,160
Net book amount at 31 August 1996	93,000	51,977	19,900	164,877

At 1 September 1996, the company owned 100% of the issued share capital of Rocksure Associates Ltd, an unlisted company registered in Gibraltar. This company was struck off in the period, with the loss on winding up taken to the profit and loss account in the year.

The company owns 100% of the issued share capital of French Wine Farmers (UK) Ltd, an unlisted company registered in England and Wales. This company was formed in the period. The company is dormant and its accumulated capital and reserves as at 31 August 1997 were £100.

Its results have not been consolidated into the financial statements of the company because its inclusion would not have a material effect and its exclusion is permitted under section 229(2) of the Companies Act 1985.

Other investments consist of land at cost of £19,900 (1996: £19,900). During the year the company acquired a share in Sotogrande Golf Club, at a cost of £7,160. In the directors opinion the current market value of this share is in excess of original cost.

### 8 STOCKS

	1997 £	1996 £
Stock in transit	1,160,768	1,331,928
Finished goods and goods for resale	479,085	745,804
	<u>1,639,853</u>	<u>2,077,732</u>

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 9 DEBTORS

	1997 £	1996 £
Trade debtors	9,084,908	8,666,452
Other debtors	52,848	175,897
Taxation recoverable	-	984
Prepayments and accrued income	1,279,891	636,981
	<u>10,417,647</u>	<u>9,480,314</u>

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank loans and overdrafts	19,517	-
Trade creditors	7,994,932	9,827,522
Corporation tax	394,422	107,017
Social security and other taxes	883,663	731,597
Other creditors	1,469,314	800,997
Amounts due under finance leases	15,720	-
	<u>10,777,568</u>	<u>11,467,133</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

### 11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Amounts due under finance leases	<u>49,508</u>	<u>-</u>
Borrowings are repayable as follows:		
	1997 £	1996 £
Within one year		
Bank and other borrowings	19,517	-
Finance leases	15,720	-
After one and within five years		
Finance leases	49,508	-
	<u>84,745</u>	<u>-</u>



# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 12 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	1,499,948	1,224,837
Depreciation	88,940	73,919
Loss on sale of tangible fixed assets	-	18,150
Decrease in stocks	437,879	(1,540,159)
Increase in debtors	(851,797)	(1,212,641)
Decrease in creditors	(1,064,640)	1,318,541
Net book value of assets transferred	-	(1,834)
Net cash inflow from continuing operating activities	<u>110,330</u>	<u>(119,187)</u>

### 13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1997 £	1996 £
Decrease in cash in the year	(544,913)	(45,316)
Cash outflow from finance leases in the year	14,266	-
Change in net debt resulting from cashflows	(530,647)	(45,316)
Inception of finance leases	(79,494)	-
Movement in net debt in the year	(610,141)	(45,316)
Net funds at 1 September 1996	530,262	575,578
Net debt at 31 August 1997	<u>(79,879)</u>	<u>530,262</u>

### 14 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 1996 £	Cash flow £	Non - cash items £	At 31 August 1997 £
Cash in hand, at bank	530,262	(525,396)	-	4,866
Overdrafts	-	(19,517)	-	(19,517)
Finance leases	-	14,266	(79,494)	(65,228)
	<u>530,262</u>	<u>(530,647)</u>	<u>(79,494)</u>	<u>(79,879)</u>

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 15 SHARE CAPITAL

	1997 £	1996 £
Authorised		
300,000 ordinary shares of £1 each	200,000	300,000
100,000 participating preference shares of £1 each	100,000	-
	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000
100,000 participating preference shares of £1 each	100,000	-
	<u>200,000</u>	<u>100,000</u>

#### Participating preference shares

During the year the company issued £100,000 participating preference shares at par out of distributable reserves.

The participating preference shares carry an annual entitlement to the greater of a fixed cumulative preferential net cash dividend at the rate of £1 (net) per share per annum or a cumulative net cash dividend of a sum on each share equal to 0.0001% of the net profit, where net profit shall mean the net profit before taxation of the company calculated on the historical cost accounting basis and shown in the audited profit and loss account of the company, adjusted by disregarding any amortisation of goodwill.

Holders of preference shares have one vote for every one share held, but only on a resolution for the winding-up of the company, or at the date of the notice or requisition of the meeting the payments due on the participating preference shares are in arrears for more than six months, or when the meeting is convened for the purpose of considering the purchase by the company of its own shares or a reduction of capital of the company, or on a resolution affecting the rights attached to the shares.

Participating preference share shareholders have the right on a winding-up to receive, in priority to any other class of shares, the sum of £1 per share together with any arrears of dividends. Second, in returning to the holders of the ordinary shares the capital paid up on them. Third, any balance of such assets shall be divided between the holders of the participating preference shares and ordinary shares *pari passu* as one class.

### 16 RESERVES

	Profit and loss account £
At 1 September 1996	934,848
Retained profit for the year	705,377
Capitalisation of reserves	(100,000)
	<u>1,540,225</u>
At 31 August 1997	

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

### 17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	880,377	898,307
Dividends	(175,000)	-
Net increase in shareholders' funds	705,377	898,307
Shareholders' funds at 1 September 1996	1,034,848	136,540
Shareholders' funds at 31 August 1997	1,740,225	1,034,847

### 18 CAPITAL COMMITMENTS

The company had no capital commitments at 31 August 1997 or 31 August 1996.

### 19 CONTINGENT LIABILITIES

Guarantees in existence at the year end were issued by the company for:

	1997 £	1996 £
Customs and Excise:		
- General Removal Bond and Duty Deferment	550,000	550,000
Adeja Co-op de Benfica	50,618	-
Intervention Board for Agricultural Produce	3,000	3,000
	603,618	553,000

### 20 LEASING COMMITMENTS

Operating lease payments amounting to £85,376 (1996: £162,911) are due within one year. The leases to which these amounts relate expire as follows:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	4,293	-	16,526
Between one and five years	23,500	57,583	55,500	90,885
	23,500	61,876	55,500	107,411

# PRIVATE LIQUOR BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1997

---

### 21 TRANSACTIONS WITH DIRECTORS

Amounts due in respect of loans, quasi-loans and credit transactions by directors were as follows:

Name of director and connected person	Amount outstanding		Maximum liability	Interest due
	1997	1996	during year	not paid
	£	£	£	£
JM Fredericks	12,309	84,773	159,239	N/A

There are no interest provisions attached to this loan.

### 22 RELATED PARTY TRANSACTIONS

During the year, a share in Sotogrande Golf club was transferred at cost (£7,160) to the company from its subsidiary wound up in the year, Rocksure Associates Limited.

The lease on the company's premises is owned by the Private Liquor Brands Limited Directors Retirement Benefit Scheme. Rent payments for the year amounted to £23,500.

### 23 CONTROLLING RELATED PARTY

JM Fredericks is this company's controlling related party by virtue of his personal shareholding and by being a Trustee of a further 70,000 £1 ordinary shares of the company.