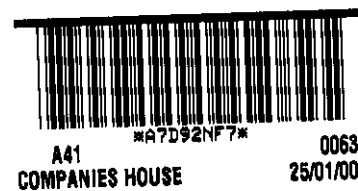


**PRIVATE LIQUOR BRANDS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 1999



Company no 1655729

PRIVATE LIQUOR BRANDS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 August 1999

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
J M Hooton

Secretary: S K Fredericks

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

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

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
London

PRIVATE LIQUOR BRANDS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 August 1999

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PRIVATE LIQUOR BRANDS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 August 1999.

Principal activities

The company's principal activity is the importing of wines and spirits from Spain, Portugal, France, Australia, South America, United States of America and South Africa; and beer from France, Spain, Portugal, Argentina and the Czech Republic.

Business review

The directors are pleased to report on the continued success and improved financial strength of the company. Turnover has increased by 13% which has been achieved through an increase in its core business sales and by developing business with new suppliers and in new areas.

There was a profit for the year after taxation amounting to £776,566 (1998: profit £765,673). The directors recommend payment of dividends of £123,116 (1998: £150,000).

The directors are pleased to report a healthy start to the financial year 1999/2000 and with the build up to the millennium celebrations, sales are extremely good. The board will continue to build on the success achieved through the company's strategy of continued sales growth whilst maintaining a tight control of costs.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 August 1999 and 1 September 1998, were as follows:

	£1 ordinary shares		£1 participating preference shares	
	31 August 1999	1 September 1998	31 August 1999	1 September 1998
J M Fredericks (Chairman)	30,000	30,000	100,000	100,000
Mrs J Fredericks	-	-	-	-
S K Fredericks	-	-	-	-
R C Harris	-	-	-	-
D J McCord	-	-	-	-
J E D Smith	-	-	-	-
J M Hooton	-	-	-	-

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

Donations

Donations to charitable organisations during the year amounted to £49,553 (1998: £8,421).

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.

Year 2000 Compliance

The company has reviewed its computer systems for the impact of the Year 2000 date change. The company prepared an action plan to address the issue which has now been completed. All essential systems have been tested and upgraded where necessary so that the systems are compliant.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. All businesses are dependant on the compliance of their major customers, suppliers and other trading partners and so the state of readiness of their systems will affect the company's business to a greater or lesser extent.

Auditors

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

BY ORDER OF THE BOARD



S K Fredericks
Secretary

Date 17/01/00

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

We have audited the financial statements on pages 4 to 18 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 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 1999 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**

17 January 2000

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 set out below 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.

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 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
Computer equipment	25% 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 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.

INTANGIBLE FIXED ASSETS

Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life.

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 is recognised when the risks and rewards of ownership pass to the company.

DEFERRED TAXATION

Deferred tax is provided for 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

Defined contribution scheme

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 1999

	Note	1999 £	1998 £
Turnover	1	49,227,320	43,534,737
Cost of sales		(43,739,216)	(39,187,638)
Gross profit		5,488,104	4,347,099
Administrative expenses		(4,487,939)	(3,196,643)
Other operating income		206,149	34,618
Operating profit		1,206,314	1,185,074
Other interest receivable and similar income		101,325	56,989
Interest payable and similar charges	2	(86,474)	(90,093)
Profit on ordinary activities before taxation	1	1,221,165	1,151,970
Tax on profit on ordinary activities	4	(444,599)	(386,297)
Profit for the financial year	15	776,566	765,673
Equity dividends	5	(123,116)	(150,000)
Profit transferred to reserves	14	653,450	615,673

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

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

PRIVATE LIQUOR BRANDS LIMITED

BALANCE SHEET AT 31 AUGUST 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		450,260		543,689
Investments	8		20,000		27,160
			<u>470,260</u>		<u>570,849</u>
Current assets					
Stocks	9	3,588,950		2,116,366	
Debtors	10	10,459,332		9,430,139	
Cash at bank and in hand		3,555,485		2,456,673	
		<u>17,603,767</u>		<u>14,003,178</u>	
Creditors: amounts falling due within one year	11	(14,997,508)		(12,167,494)	
Net current assets			<u>2,606,259</u>		<u>1,835,684</u>
Total assets less current liabilities			<u>3,076,519</u>		<u>2,406,533</u>
Creditors: amounts falling due after more than one year	12		(67,171)		(50,635)
			<u>3,009,348</u>		<u>2,355,898</u>
Capital and reserves					
Called up share capital	13		200,000		200,000
Profit and loss account	14		2,809,348		2,155,898
Shareholders' funds	15		<u>3,009,348</u>		<u>2,355,898</u>

The financial statements were approved by the Board of Directors on 17 January 2000

J M Fredericks

Director

J M Hooton

Director

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 1999

	Note	1999 £	1998 £
Net cash inflow from operating activities	16	1,753,971	3,089,808
Returns on investments and servicing of finance			
Interest received		101,325	56,989
Interest paid		(79,967)	(84,134)
Finance lease interest paid		(6,507)	(5,959)
Net cash inflow from returns on investments and servicing of finance		14,851	(33,104)
Taxation		(391,922)	(429,199)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(10,000)	-
Purchase of tangible fixed assets		(58,491)	(184,057)
Sale of tangible fixed assets		2,945	22,767
Net cash outflow from capital expenditure and financial investment		(65,546)	(161,290)
Acquisitions and disposals			
Sale of investments		7,160	-
Net cash inflow from acquisitions and disposals		7,160	-
Equity dividends paid		(200,000)	-
Financing			
Capital element of finance lease rentals		(19,702)	5,109
Net cash outflow from financing		(19,702)	5,109
Increase in cash	17	1,098,812	2,471,324

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 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the principal activity of the company.

The profit on ordinary activities is stated after:

	1999 £	1998 £
Auditors' remuneration:		
Audit services	22,995	20,745
Non-audit services	23,775	18,600
Depreciation and amortisation:		
Goodwill	10,000	-
Tangible fixed assets, owned	130,352	82,866
Tangible fixed assets, held under finance leases and hire purchase contracts	21,515	19,537
Other operating lease rentals	97,708	85,515
Other operating income comprises:		
Commission receivable	206,149	34,618

2 INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
On bank loans and overdrafts	79,967	84,134
Finance charges in respect of finance leases	6,507	5,959
	86,474	90,093

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	2,083,612	1,441,239
Social security costs	232,652	178,268
Other pension costs	151,221	136,305
	2,467,485	1,755,812

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

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

	1999 Number	1998 Number
Selling and distribution	11	10
Office and management	31	25
	<u>42</u>	<u>35</u>

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Emoluments	1,037,311	759,657
Pension contributions to money purchase pension schemes	98,568	94,541
	<u>1,135,879</u>	<u>854,198</u>

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

	1999 £	1998 £
Emoluments	306,172	224,845
Pension contributions to money purchase pension schemes	62,000	62,000

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	1999 £	1998 £
UK Corporation tax at 30% (1998: 31%)	444,599	352,021
Overseas tax	-	8,036
	<u>444,599</u>	<u>360,057</u>
Adjustments in respect of prior periods:		
Underprovision of tax in previous years	-	26,240
	<u>444,599</u>	<u>386,297</u>

5 DIVIDENDS

	1999 £	1998 £
Participating preference shares - interim paid of £0.50 per share and final proposed of £0.73116 per share (1998: final proposed of £1.50 per share)	<u>123,116</u>	<u>150,000</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

6 INTANGIBLE FIXED ASSETS

	Purchased goodwill £
Cost	
Additions	10,000
At 31 August 1999	10,000
Amortisation	
Charge for the year	10,000
At 31 August 1999	10,000
Net book amount at 31 August 1999	-

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 September 1998	132,900	181,084	245,805	466,936	1,026,725
Additions	-	-	-	58,491	58,491
Disposals	-	-	(9,250)	(427)	(9,677)
At 31 August 1999	132,900	181,084	236,555	525,000	1,075,539
Depreciation					
At 1 September 1998	-	93,824	80,536	308,676	483,036
Provided in the year	-	18,109	42,687	91,071	151,867
Eliminated on disposals	-	-	(9,249)	(375)	(9,624)
At 31 August 1999	-	111,933	113,974	399,372	625,279
Net book amount at 31 August 1999	132,900	69,151	122,581	125,628	450,260
Net book amount at 31 August 1998	132,900	87,260	165,269	158,260	543,689

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

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 1999	55,481
Net book amount at 31 August 1998	76,905
Depreciation provided during year	21,515

8 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 September 1998	100	27,060	27,160
Disposals	-	(7,160)	(7,160)
At 31 August 1999	100	19,900	20,000
Net book amount at 31 August 1999	100	19,900	20,000
Net book amount at 31 August 1998	100	27,060	27,160

The company owns 100% of the issued share capital of French Wine Farmers (UK) Limited, an unlisted company registered in England and Wales. The company is dormant and its accumulated capital and reserves at 31 August 1999 were £100 (1998: £100).

The results of the subsidiary 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 (1998: £19,900) and a share in Sotogrande Golf Club of £nil (1998: £7,160).

PRIVATE LIQUOR BRANDS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 1999

9 STOCKS

	1999 £	1998 £
Stock in transit	1,525,066	1,166,637
Finished goods and goods for resale	2,063,884	949,729
	<u>3,588,950</u>	<u>2,116,366</u>

10 DEBTORS

	1999 £	1998 £
Trade debtors	8,433,293	7,791,594
Other debtors	9,836	12,384
Taxation recoverable	8,535	12,531
Prepayments and accrued income	2,007,668	1,613,630
	<u>10,459,332</u>	<u>9,430,139</u>

Included above are the following amounts which are due after more than one year:

Taxation recoverable	-	37,500
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11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Trade creditors	11,461,850	9,007,616
Corporation tax	412,732	364,051
Social security and other taxes	135,364	721,991
Proposed dividends	73,116	150,000
Other creditors	2,870,982	1,904,134
Amounts due under finance leases	43,464	19,702
	<u>14,997,508</u>	<u>12,167,494</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Accruals and deferred income	60,000	-
Amounts due under finance leases	7,171	50,635
	<u>67,171</u>	<u>50,635</u>
Borrowings are repayable as follows:	1999 £	1998 £
Within one year		
Finance leases	43,464	19,702
After one and within five years		
Finance leases	7,171	50,635
	<u>50,635</u>	<u>70,337</u>

13 SHARE CAPITAL

	1999 £	1998 £
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
100,000 participating preference shares of £1 each	100,000	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	100,000
	<u>200,000</u>	<u>200,000</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

Participating preference shares

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.

On a winding up participating preference shareholders have the right to receive their capital stake and any arrears of dividends in priority to any other class of shares. Any balance of assets remaining after the repayment of share capital shall be divided between all shares equally.

14 RESERVES

	Profit and loss account £
At 1 September 1998	2,155,898
Retained profit for the year	653,450
At 31 August 1999	<u>2,809,348</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	776,566	765,673
Dividends	(123,116)	(150,000)
Net increase in shareholders' funds	<u>653,450</u>	<u>615,673</u>
Shareholders' funds at 1 September 1998	2,355,898	1,740,225
Shareholders' funds at 31 August 1999	<u>3,009,348</u>	<u>2,355,898</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

16 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	1,206,314	1,185,074
Depreciation	161,867	102,403
Profit on sale of tangible fixed assets	(2,892)	(7,027)
Increase in stocks	(1,472,584)	(476,513)
(Decrease)/increase in debtors	(1,033,189)	1,066,266
Increase in creditors	2,894,455	1,219,605
Net cash inflow from operating activities	<u>1,753,971</u>	<u>3,089,808</u>

17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999 £	1998 £
Increase in cash in the year	1,098,812	2,471,324
Cash outflow/(inflow) from finance leases in the year	19,702	(5,109)
Change in net debt resulting from cashflows	1,118,514	2,466,215
Net funds at 1 September 1998	2,386,336	(79,879)
Net funds at 31 August 1999	<u>3,504,850</u>	<u>2,386,336</u>

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 1998	Cash flow £	At 31 August 1999 £
Cash in hand and at bank	2,456,673	1,098,812	3,555,485
Finance leases	(70,337)	19,702	(50,635)
	<u>2,386,336</u>	<u>1,118,514</u>	<u>3,504,850</u>

19 CAPITAL COMMITMENTS

The company had no capital commitments at 31 August 1999 or 31 August 1998.

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

20 CONTINGENT LIABILITIES

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

	1999 £	1998 £
Customs and Excise:		
- General Removal Bond and Duty Deferment	550,000	250,000
Adeja Co-op de Benfica	49,148	49,706
Intervention Board for Agricultural Produce	3,000	3,000
	<u>602,148</u>	<u>302,706</u>

At 31 August 1999 the company had outstanding forward foreign exchange contracts of £5,360,014 (1998: £2,959,839) denominated in US Dollars, Pesetas, Escudos and Deutschmarks. There were no other contingent liabilities at 31 August 1999 or 31 August 1998.

21 LEASING COMMITMENTS

Operating lease payments amounting to £110,258 (1998: £96,237) are due within one year. The leases to which these amounts relate expire as follows:

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	13,037	-	4,574
Between one and five years	25,300	71,921	25,300	66,363
	<u>25,300</u>	<u>84,958</u>	<u>25,300</u>	<u>70,937</u>

22 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 during year	Interest due not paid
	31 August 1999 £	31 August 1998 £		
JM Fredericks	(31,438)	(12,770)	753	n/a

There were no interest provisions attached to this loan.

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 1999

23 RELATED PARTY TRANSACTIONS

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 £25,300 (1998: £25,300).

During the year, the share in Sotogrande Golf Club was acquired by JM Fredericks at cost.

24 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.