

**PRIVATE LIQUOR BRANDS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2000



Company no 1655729

PRIVATE LIQUOR BRANDS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 August 2000

Company registration number: 1655729

Registered office: Dorset House
64 High Street
East Grinstead
West Sussex
RH19 3DE

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 Thames Valley Office

PRIVATE LIQUOR BRANDS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 August 2000

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PRIVATE LIQUOR BRANDS LIMITED

REPORT OF THE DIRECTORS

Principal activity

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 10.6% 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 £263,501 (1999: profit £776,566). The directors recommend payment of dividends of £100,000 (1999: £123,116).

The directors are pleased to report a healthy start to the financial year 2000/2001 although the board do not expect the sales of the millennium year to be surpassed. 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 2000 and 1 September 1999, were as follows:

	£1 ordinary shares		£1 participating preference shares	
	31 August 2000	1 September 1999	31 August 2000	1 September 1999
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.

No right to subscribe in the shares of the company was granted or exercised in the year.

Donations

Donations to charitable organisations during the year amounted to £29,159 (1999: £49,553).

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



S K Fredericks
Secretary

23 March 2001

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 page 2 the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom company law and applicable accounting standards. 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 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 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 2000 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 THAMES VALLEY OFFICE
23 March 2001**

PRIVATE LIQUOR BRANDS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom 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, net of commissions payable.

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.

TANGIBLE FIXED ASSETS AND 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 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.

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.

PRIVATE LIQUOR BRANDS LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 contribution 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 2000

	Note	2000 £	1999 £
Turnover	1	54,476,542	49,227,320
Cost of sales		<u>(49,289,148)</u>	<u>(43,739,216)</u>
Gross profit		5,187,394	5,488,104
Administrative expenses		(5,062,399)	(4,487,939)
Other operating income		<u>377,264</u>	<u>206,149</u>
Operating profit		502,259	1,206,314
Other interest receivable and similar income		200,874	101,325
Interest payable and similar charges	2	<u>(234,887)</u>	<u>(86,474)</u>
Profit on ordinary activities before taxation	1	468,246	1,221,165
Tax on profit on ordinary activities	4	<u>(204,745)</u>	<u>(444,599)</u>
Profit for the financial year	14	263,501	776,566
Equity dividends	5	<u>(100,000)</u>	<u>(123,116)</u>
Profit transferred to reserves	13	<u>163,501</u>	<u>653,450</u>

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 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	6		469,169		450,260
Investments	7		66,131		20,000
			<u>535,300</u>		<u>470,260</u>
Current assets					
Stocks	8	1,786,379		3,588,950	
Debtors	9	12,177,485		10,459,332	
Cash at bank and in hand		3,345,059		3,555,485	
			<u>17,308,923</u>	<u>17,603,767</u>	
Creditors: amounts falling due within one year	10	<u>(14,671,374)</u>		<u>(14,997,508)</u>	
Net current assets			<u>2,637,549</u>		<u>2,606,259</u>
Total assets less current liabilities			<u>3,172,849</u>		<u>3,076,519</u>
Creditors: amounts falling due after more than one year	11		-		(67,171)
			<u>3,172,849</u>		<u>3,009,348</u>
Capital and reserves					
Called up share capital	12		200,000		200,000
Profit and loss account	13		2,972,849		2,809,348
Shareholders' funds	14		<u>3,172,849</u>		<u>3,009,348</u>

The financial statements were approved by the Board of Directors on 23 March 2001

J M Fredericks

Director

S K Fredericks

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 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	15	545,449	1,753,971
Returns on investments and servicing of finance			
Interest received		200,874	101,325
Interest paid		(230,923)	(79,967)
Finance lease interest paid		(3,964)	(6,507)
Net cash outflow from returns on investments and servicing of finance		(34,013)	14,851
Taxation		(395,489)	(391,922)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		-	(10,000)
Purchase of tangible fixed assets		(205,217)	(58,491)
Sale of tangible fixed assets		26,679	2,945
Net cash outflow from capital expenditure and financial investment		(178,538)	(65,546)
Acquisitions and disposals			
Purchase of investments		(46,875)	-
Sale of investments		744	7,160
Net cash outflow from acquisitions and disposals		(46,131)	7,160
Equity dividends paid		(73,116)	(200,000)
Financing			
Capital element of finance lease rentals		(28,588)	(19,702)
Net cash outflow from financing		(28,588)	(19,702)
Decrease in cash	16	(210,426)	1,098,812

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 2000

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:

	2000 £	1999 £
Auditors' remuneration:		
Audit services	23,685	22,995
Non-audit services	42,705	23,775
Depreciation and amortisation:		
Goodwill	-	10,000
Tangible fixed assets, owned	110,503	119,170
Tangible fixed assets, held under finance leases and hire purchase contracts	2,675	32,697
Other operating lease rentals	122,015	97,708
Other operating income comprises:		
Commission receivable	377,264	206,149

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
On bank loans and overdrafts	230,923	79,967
Finance charges in respect of finance leases	3,964	6,507
	234,887	86,474

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	2,492,258	2,083,612
Social security costs	297,424	232,652
Other pension costs	169,224	151,221
	2,958,906	2,467,485

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2000

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

	2000 Number	1999 Number
Selling and distribution	15	11
Office and management	32	31
	<u>47</u>	<u>42</u>

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments	1,233,859	1,037,311
Pension contributions to money purchase pension schemes	99,358	98,568
	<u>1,333,217</u>	<u>1,135,879</u>

During the year 7 (1999: 7) directors participated in money purchase pension schemes.

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

	2000 £	1999 £
Emoluments	362,667	306,172
Pension contributions to money purchase pension schemes	62,000	62,000

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 30% (1999: 30%)	<u>204,745</u>	<u>444,599</u>

5 DIVIDENDS

	2000 £	1999 £
Participating preference shares - final proposed of £1.00 per share (1999: interim paid of £0.50 per share and final proposed of £0.73116 per share)	<u>100,000</u>	<u>123,116</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2000

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 September 1999	132,900	181,084	236,555	525,000	1,075,539
Additions	-	-	67,295	137,922	205,217
Disposals	-	(181,084)	(34,329)	(2,046)	(217,459)
At 31 August 2000	132,900	-	269,521	660,876	1,063,297
Depreciation					
At 1 September 1999	-	111,933	113,974	399,372	625,279
Provided in the year	-	10,021	49,147	54,010	113,178
Eliminated on disposals	-	(121,954)	(22,117)	(258)	(144,329)
At 31 August 2000	-	-	141,004	453,124	594,128
Net book amount at 31 August 2000	<u>132,900</u>	<u>-</u>	<u>128,517</u>	<u>207,752</u>	<u>469,169</u>
Net book amount at 31 August 1999	<u>132,900</u>	<u>69,151</u>	<u>122,581</u>	<u>125,628</u>	<u>450,260</u>

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 2000	<u>6,690</u>
Net book amount at 31 August 1999	<u>55,481</u>
Depreciation provided during year	<u>2,675</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2000

7 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 September 1999	100	19,900	20,000
Additions	-	46,875	46,875
Disposals	-	(744)	(744)
At 31 August 2000	100	66,031	66,131
Net book amount at 31 August 2000	<u>100</u>	<u>66,031</u>	<u>66,131</u>
Net book amount at 31 August 1999	<u>100</u>	<u>19,900</u>	<u>20,000</u>

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 2000 were £100 (1999: £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 £19,156 (1999: £19,900) and a share in Valderrama golf club acquired for £46,875.

8 STOCKS

	2000 £	1999 £
Stock in transit	335,763	1,525,066
Finished goods and goods for resale	<u>1,450,616</u>	<u>2,063,884</u>
	<u>1,786,379</u>	<u>3,588,950</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2000

9 DEBTORS

	2000 £	1999 £
Trade debtors	10,333,481	8,433,293
Other debtors	41,999	9,836
Taxation recoverable	8,734	8,535
Prepayments and accrued income	1,793,271	2,007,668
	<u>12,177,485</u>	<u>10,459,332</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	10,598,463	11,461,850
Corporation tax	222,187	412,732
Social security and other taxes	389,042	135,364
Proposed dividends	100,000	73,116
Other creditors	3,339,635	2,870,982
Amounts due under finance leases	22,047	43,464
	<u>14,671,374</u>	<u>14,997,508</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Accruals and deferred income	-	60,000
Amounts due under finance leases	-	7,171
	<u>-</u>	<u>67,171</u>

Borrowings are repayable as follows:

	2000 £	1999 £
Within one year		
Finance leases	22,047	43,464
After one and within five years		
Finance leases	-	7,171
	<u>22,047</u>	<u>50,635</u>

PRIVATE LIQUOR BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2000

12 SHARE CAPITAL

	2000 £	1999 £
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>

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.

13 RESERVES

	Profit and loss account £
At 1 September 1999	2,809,348
Retained profit for the year	163,501
	<u>2,972,849</u>
At 31 August 2000	

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

For the year ended 31 August 2000

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	263,501	776,566
Dividends	(100,000)	(123,116)
Net increase in shareholders' funds	163,501	653,450
Shareholders' funds at 1 September 1999	3,009,348	2,355,898
Shareholders' funds at 31 August 2000	3,172,849	3,009,348

15 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	502,259	1,206,314
Depreciation	113,178	161,867
Loss on sale of tangible fixed assets	46,451	(2,892)
Decrease/(increase) in stocks	1,802,571	(1,472,584)
(Increase) in debtors	(1,717,954)	(1,033,189)
(Decrease)/increase in creditors	(201,056)	2,894,455
Net cash inflow from operating activities	545,449	1,753,971

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2000 £	1999 £
Decrease in cash in the year	(210,426)	1,098,812
Cash outflow from finance leases in the year	28,588	19,702
Change in net debt resulting from cashflows	(181,838)	1,118,514
Net funds at 1 September 1999	3,504,850	2,386,336
Net funds at 31 August 2000	3,323,012	3,504,850

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

For the year ended 31 August 2000

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 1999 £	Cash flow £	At 31 August 2000 £
Cash in hand and at bank	3,555,485	(210,426)	3,345,059
Finance leases	(50,635)	28,588	(22,047)
	<u>3,504,850</u>	<u>(181,838)</u>	<u>3,323,012</u>

18 CAPITAL COMMITMENTS

The company had no capital commitments at 31 August 2000 or 31 August 1999.

19 CONTINGENT LIABILITIES

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

	2000 £	1999 £
Customs and Excise:		
- General Removal Bond and Duty Deferment	550,000	550,000
Adeja Co-op de Benfica	-	49,148
Intervention Board for Agricultural Produce	20,000	3,000
	<u>570,000</u>	<u>602,148</u>

At 31 August 2000 the company had outstanding forward foreign exchange contracts of £747,260 (1999: £5,360,014) denominated in US Dollars, Pesetas, Escudos and Deutschmarks. There were no other contingent liabilities at 31 August 2000 or 31 August 1999 except in respect of deferred taxation.

20 DEFERRED TAXATION

	Amount unprovided 2000 £	1999 £
Accelerated capital allowances	<u>(10,729)</u>	<u>2,564</u>

The deferred tax asset has not been recognised in accordance with SSAP 15, as it is not expected to crystallise in the foreseeable future.

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

For the year ended 31 August 2000

21 LEASING COMMITMENTS

Operating lease payments amounting to £132,358 (1999: £110,258) are due within one year. The leases to which these amounts relate expire as follows:

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	12,813	-	13,037
Between one and five years	41,750	77,795	25,300	71,921
	41,750	90,608	25,300	84,958

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 owed to director		Maximum liability during year £	Interest due not paid £
	31 August 2000 £	31 August 1999 £		
JM Fredericks	(1,244)	(31,438)	-	n/a

There were no interest provisions attached to this loan.

23 RELATED PARTY TRANSACTIONS

The leases on the premises occupied by the company during the year were owned by the Private Liquor Brands Limited Directors Retirement Benefit Scheme. Rent payments for the year amounted to £33,525 (1999: £25,300).

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.