

BIBENDUM WINE LIMITED

REPORT AND ACCOUNTS

For the year ended

31 MARCH 2002



BIBENDUM WINE LIMITED

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BIBENDUM WINE LIMITED

COMPANY DIRECTORY

INCORPORATION NUMBER

2218928

DIRECTORS

A J Arkwright
B J Collins
P I Espenhahn
S C Farr
P H R Gwyn
W O Lebus
D A Jago
M P Saunders
A W Hibbert

SECRETARY

A W Hibbert

REGISTERED OFFICE

113 Regents Park Road
London
NW1 8UR

BANKERS

National Westminster Bank plc
Buckingham Branch
2 Market Hill
Buckingham
MK18 1JS

AUDITORS

Smith & Williamson
Chartered Accountants
No 1 Riding House Street
London W1A 3AS

SOLICITORS

Macfarlanes
10 Norwich Street
London
EC4A 1BD

BIBENDUM WINE LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report for the year ended 31 March 2002.

Principal activities and business review

The principal activities of the group continue to be the importation and distribution of wine.

Turnover had increased by 30.0% from £21,473,085 to £27,917,203. The operating profit for the year was £758,320 (2001: £73,084), whilst the profit after taxation was £408,298 (2001: loss £86,958).

The directors recommend a final dividend for the year ended 31 March 2002 of 12p per share (2001: nil p per share).

Directors and their interests

The directors who served during the year and their interests in the shares of the company, are shown below:

	Options (see note 16)	Ordinary shares of £1 each 31 March 2002	31 March 2001
A J Arkwright	-	75,000	75,000
V A Cazalet – resigned 2 nd August 2001	-	20,000	20,000
B J Collins	-	251,000	251,000
P I Espenhahn	-	-	-
S C Farr	-	212,429	212,429
P H R Gwyn	-	60,000	60,000
T N Heywood-Lonsdale – resigned 31 st May 2001	-	180,000	180,000
W O Lebus	-	56,000	56,000
J S Pethick – resigned 2 nd August 2001	-	64,404	64,404
D A Jago	-	-	-
S Harrison – resigned 2 nd August 2001	-	-	-
M P Saunders	-	65,619	65,619
A W Hibbert – appointed 2 nd August 2001	-	-	-

During the year ended 31 March 2002, Mr T N Heywood-Lonsdale had a non-beneficial interest as trustee in 1,800 ordinary shares.

Post balance sheet event

Subsequent to the year end, an Extraordinary General Meeting of the company was held, at which time a Special Resolution was passed to increase the authorised share capital of the company by 600,000 ordinary shares of £1 each to £2,210,000.

Fixed assets

During the year, the freehold land and buildings were valued by an independent firm of property consultants. The open market value, with vacant possession, was valued at £1,600,000.

Therefore the directors consider that the freehold land and buildings, which are included in the accounts at the book value of £900,000, had a market value in excess of £900,000 at 31 March 2002.

BIBENDUM WINE LIMITED

DIRECTORS' REPORT (continued)

Charitable donations

During the year the company made charitable donations of £1,403 (2001: £2,652).

Auditors

A resolution to reappoint Smith & Williamson as auditors will be proposed at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON BEHALF OF THE BOARD

A handwritten signature in dark ink, appearing to read 'Andrew Hibbert', with a stylized flourish at the end.

A W Hibbert
SECRETARY

113 Regents Park Road
London
NW1 8UR

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;
- State whether applicable accounting standard have been followed, subject to any material departure disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position for 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.

Smith & Williamson

Independent auditors' report to the shareholders of Bibendum Wine Limited

We have audited the accounts of Bibendum Wine Limited for the year ended 31 March 2002 on pages 7 to 23. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

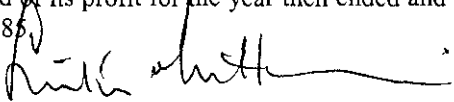
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Smith & Williamson
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

Date 20 June 2002

BIBENDUM WINE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 MARCH 2002

	Notes	2002 £	2001 £
Turnover	2	27,917,203	21,473,085
Cost of sales		(21,978,416)	(16,837,351)
Gross profit		5,938,787	4,635,734
Administrative expenses		(1,578,818)	(1,555,323)
Selling and distribution costs		(3,619,845)	(3,159,330)
Other operating income		18,196	152,003
Operating profit	3	758,320	73,084
Other interest receivable and similar income	4	5,378	2,515
Interest payable and similar charges	5	(138,010)	(155,140)
Profit/(loss) on ordinary activities before taxation		625,688	(79,541)
Tax on profit/(loss) on ordinary activities	7	(217,390)	(7,417)
Profit/(loss) on ordinary activities after taxation		408,298	(86,958)
Dividend	8	(148,668)	(1,280)
Retained profit/(loss) for the year	17	259,630	(88,238)
Earnings/(loss) per share	25	33.0p	(7.0)p
Fully-diluted earnings/(loss) per share	25	28.6p	(3.8)p

All of the group's operations are classed as continuing. The accompanying notes are an integral part of these accounts.

BIBENDUM WINE LIMITED
BALANCE SHEETS as at 31 MARCH 2002

	Notes	Group		Company	
		2002 £	2001 £	2002 £	2001 £
Fixed assets					
Tangible assets	9	1,270,839	1,259,360	370,839	359,360
Investments	10	160,500	160,500	1,231,967	1,060,504
		<hr/>	<hr/>	<hr/>	<hr/>
		1,431,339	1,419,860	1,602,806	1,419,864
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Stock	11	1,929,053	2,185,448	1,929,053	2,185,448
Debtors	12	5,035,009	4,341,297	5,035,009	4,341,297
Cash at Bank		234,469	-	234,469	-
		<hr/>	<hr/>	<hr/>	<hr/>
		7,198,531	6,526,745	7,198,531	6,526,745
Creditors: amounts falling due within one year	13	(6,005,910)	(5,554,272)	(6,005,914)	(5,554,276)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		1,192,621	972,473	1,192,617	972,469
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		2,623,960	2,392,333	2,795,423	2,392,333
Creditors: falling due after more than one year including convertible loan stock	14	(544,535)	(572,538)	(544,535)	(572,538)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets		2,079,425	1,819,795	2,250,888	1,819,795
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Called up share capital	16	1,296,150	1,296,150	1,296,150	1,296,150
Revaluation reserve		200,000	200,000	-	-
Profit and loss account	17	583,275	323,645	954,738	523,645
		<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds	18	2,079,425	1,819,795	2,250,888	1,819,795
		<hr/>	<hr/>	<hr/>	<hr/>

The accounts were approved by the Board of Directors on 20 June 2002 and were signed on behalf of the Board of Directors.

D A Jago
Director

BIBENDUM WINE LIMITED
CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 MARCH 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	20	1,081,913	532,540
<hr/>			
Returns on investments and servicing of finance			
Interest received		5,378	2,515
Interest paid		(133,756)	(155,140)
Interest element of finance leases		(4,254)	-
		<hr/>	
		(132,632)	(152,625)
		<hr/>	
Taxation			
Net tax paid		(8,680)	(122,918)
		<hr/>	
Capital expenditure			
Payments to acquire tangible fixed assets		(165,085)	(51,903)
Increase in Employees' Share Option Plan		-	(50,000)
		<hr/>	
		(165,085)	(101,903)
		<hr/>	
Cash flows before financing		775,516	155,094
		<hr/>	
Financing			
Share issue		-	16,000
Repayment of bank loan		(70,000)	(170,000)
Sale and Leaseback of Fixed Assets		47,917	23,037
Capital element of finance lease payments		(40,766)	-
		<hr/>	
		(62,849)	(130,963)
		<hr/>	
Equity dividend paid		-	(100,372)
		<hr/>	
Increase/(Decrease) in cash	21	712,667	(76,241)
		<hr/>	

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002

1. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards.

The principal accounting policies of the company and group, which remain unchanged from the previous year, are as follows:

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings

Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiaries made up to 31 March 2002. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition.

No profit and loss account is presented for the company, as provided by S.230 of the Companies Act 1985. All the consolidated profit for the financial year attributable to the shareholders of Bibendum Wine Limited has been dealt with in the accounts of the parent company.

Tangible fixed assets

Land and buildings are shown at valuation as set out in note 9. Other fixed assets are shown at cost.

Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Property improvements	-	15% per annum
Office furniture and equipment	-	15% per annum
Computer equipment	-	33% per annum

No depreciation is provided on the freehold land and buildings. It is the group's policy to maintain its property in such condition that its value is not impaired by the passage of time. Such maintenance is charged to the profit and loss account. As a consequence, depreciation would not, in the opinion of the directors, be material and no provision has therefore been made.

Employee Share Ownership Plan

The company's accounts include the Bibendum Employee Benefit Trust. The directors consider that the company has control of the shares held by the trust and bears their benefits and risks. Shares held by the trust are shown as 'own shares' within fixed asset investments. Amounts transferred which are awaiting investment in the company's shares are included in debtors. Administration expenses are charged to the profit and loss account as they accrue. The main features of the trust are detailed in note 10 to the accounts.

Stocks

Stocks are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

1 Accounting policies (continued)

Deferred tax

The accounting policy in respect of deferred tax for the year ended 31 March 2002 differs from that used in prior years due to the adoption of Financial Reporting Standard 19 "Deferred Taxation". The effect of the change in accounting policy on the profit reported in the prior year was immaterial and accordingly no adjustment has been made to the comparative figures.

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those assets have been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

Foreign currency

Transactions denominated in foreign currencies are translated at the actual exchange rate on the date of the transaction or, where appropriate, at the rate of exchange of related forward foreign exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange of a related forward foreign exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account.

Turnover

Group turnover comprises the value of sales (excluding VAT) of goods and services in the normal course of business.

En primeur sales

Revenue in respect of en primeur sales is recognised when invoiced and the amount is payable by the customer. The cost of the goods to be delivered is included in cost of sales and creditors. In addition, payment has usually been made to the supplier before delivery of the goods. Payments on account have been recorded as a reduction in the related creditor.

Pension costs

The company operates a defined contribution scheme for certain employees and its liability is limited to the company's element of monthly contributions. Contributions are charged to the profit and loss account as they become payable.

Goodwill

The company has taken advantage of the transitional provision of FRS10 *Goodwill and intangible assets*. Goodwill relating to acquisitions in prior years is written off directly to profit and loss reserves. Goodwill has been eliminated as a matter of accounting policy and will be charged in the profit and loss account on subsequent disposal of the business to which it relates.

BIBENDUM WINE LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)****1 Accounting policies (continued)****Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased asset at the inception of the lease. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2 Turnover	2002 £	2001 £
United Kingdom	27,045,298	20,530,610
Rest of World	871,905	942,475
	<hr/>	<hr/>
	27,917,203	21,473,085
	<hr/>	<hr/>
3 Operating profit	£	£
Operating profit is stated after charging:		
Depreciation	226,060	180,443
Operating leases – other assets	43,156	70,482
Auditors' remuneration	20,000	18,000
Loss on disposal of fixed assets	4,276	1,857
	<hr/>	<hr/>
4 Other interest receivable and similar income	£	£
Bank interest receivable	5,378	2,515
	<hr/>	<hr/>
5 Interest payable and similar charges	£	£
On convertible unsecured loan stock 2003	29,254	29,254
On bank loans	26,910	65,843
On bank overdraft	77,592	60,043
On finance leases	4,254	-
	<hr/>	<hr/>
	138,010	155,140
	<hr/>	<hr/>

BIBENDUM WINE LIMITED
NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

6 Information regarding directors and employees	2002	2001
Employee costs during the year amounted to:	£	£
Wages and salaries	2,468,405	2,337,344
Social security costs	250,560	242,416
Pension costs	89,161	90,684
	<hr/>	<hr/>
	2,808,126	2,670,444
	<hr/>	<hr/>

The average number of persons employed by the group was as follows:

	No.	No.
Selling and distribution	55	54
Administration	14	13
	<hr/>	<hr/>
	69	67
	<hr/>	<hr/>

Directors' remuneration

Directors' remuneration was paid in respect of directors as follows:

	£	£
Aggregate emoluments (including pension contributions)	522,230	560,891
Company pension contributions to money purchase schemes	43,517	48,969
	<hr/>	<hr/>

The remuneration of the highest paid director was as follows:	£	£
Aggregate emoluments (excluding pension contributions)	107,941	120,567
Company pension contributions to money purchase schemes	8,253	12,000
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing under the defined contribution pension scheme is 5 (2001: 6).

7 Tax on profit/(loss) on ordinary activities	£	£
United Kingdom Corporation tax for the year at 35.2 % (2001 31.5%)	218,894	8,680
Over provision in respect of prior years	(1,504)	(1,263)
	<hr/>	<hr/>
	217,390	7,417
	<hr/>	<hr/>

BIBENDUM WINE LIMITED
NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

7	Tax on profit/(loss) on ordinary activities (continued)	2002	2001
		£	£
	Profit/(loss) on ordinary activities per the accounts	625,688	(79,541)
		<hr/>	<hr/>
	<i>Tax reconciliation</i>		
	Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 20%)	187,706	(15,908)
	Capital allowances for period in excess of depreciation	25,422	13,512
	Expenses not deductible for tax purposes	23,423	12,754
	Other timing differences	-	(1,530)
	Marginal relief (small companies rate)	(17,657)	(148)
	Adjustment in respect of prior years	(1,504)	(1,263)
		<hr/>	<hr/>
	Total current tax charge	217,390	7,417
		<hr/>	<hr/>

The amount of unprovided deferred tax asset, is as follows:

	Amount unprovided	
	£	£
Excess of capital allowances over depreciation	28,971	12,600
	<hr/>	<hr/>
8	Dividend	
		£
	Final dividend payable in respect of the year ended 31 March 2002	148,668
		<hr/>

Dividends have been waived in respect of shares held by the Bibendum Employees Benefit Trust.

BIBENDUM WINE LIMITED
NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)
9 Tangible fixed assets

GROUP	Total £	Freehold land and buildings £	Property improve- ments £	Office furniture and equipment £	Computer equipment £
Cost or valuation					
At 1 April 2001	2,045,585	900,000	494,698	263,841	387,046
Additions	237,539	-	33,324	2,623	201,592
At 31 March 2002	2,283,124	900,000	528,022	266,464	588,638
Depreciation					
At 1 April 2001	786,225	-	334,059	170,091	282,075
Charge for the year	226,060	-	75,922	26,955	123,183
At 31 March 2002	1,012,285	-	409,981	197,046	405,258
Net book value					
At 31 March 2002	1,270,839	900,000	118,041	69,418	183,380
At 31 March 2001	1,259,360	900,000	160,639	93,750	104,971

Included within the above are amounts held under finance lease with a net book value of £90,081 (2001: £nil). The depreciation charge in the year for these assets totals £40,766 (2001: £nil).

The directors consider the freehold land and buildings to have a market value in excess of £900,000 as at 31 March 2002. The cost to the group as at 31 March 2002 was £700,000 (2001: £700,000).

BIBENDUM WINE LIMITED
NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)
9 Tangible fixed assets (continued)

COMPANY	Total £	Property improve- ments £	Office furniture and equipment £	Computer equipment £
Cost				
At 1 April 2001	1,145,585	494,698	263,841	387,046
Additions	237,539	33,324	2,623	201,592
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	1,383,124	528,022	266,464	588,638
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2001	786,225	334,059	170,091	282,075
Charge for the year	226,060	75,922	26,955	123,183
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	1,012,285	409,981	197,046	405,258
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2002	370,839	118,041	69,418	183,380
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	359,360	160,639	93,750	104,971
	<hr/>	<hr/>	<hr/>	<hr/>

10 Investments held as fixed assets

	Group 2002 £	2001 £
Own shares held by Bibendum Employee Benefit Trust	160,500	160,500
	<hr/>	<hr/>

BIBENDUM WINE LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)****10 Investments held as fixed assets (continued)**

	Company	
	2002	2001
	£	£
Shares in subsidiaries at cost	707,675	707,675
Loan to a subsidiary	363,792	363,792
Provision against loan	-	(171,463)
Own shares held by Bibendum Employees Benefit Trust	160,500	160,500
	<hr/>	<hr/>
	1,231,967	1,060,504
	<hr/>	<hr/>

The company's subsidiaries are as follows:

Mixbury Trading Company Limited
The Yorkshire Fine Wine Company Limited
H Youdell and Company Limited

All subsidiaries are dormant, are incorporated in England and are wholly owned by the company.

The Bibendum Employee Benefit Trust was set up to purchase shares in the company, and with the agreement of the Board, share options exercisable into these shares will be granted to certain employees. The Trust is currently funded by cash contributions from the company.

The Bibendum Employee Benefit Trust owns 57,250 shares (2001: 57,250 shares). 2,500 (2001: 49,500) shares were held under option to directors and employees. There are arrangements in place for 47,000 of these shares to be purchased at a price of £2.80.

11 Stock

	Group and Company	
	2002	2001
	£	£
Goods held for resale	1,929,053	2,185,448
	<hr/>	<hr/>

12 Debtors

	£	£
Trade debtors	4,793,249	4,156,503
Corporation tax recoverable	46,173	38,416
Other debtors	72,324	-
Prepayments and accrued income	123,263	146,378
	<hr/>	<hr/>
	5,035,009	4,341,297
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Current portion of bank loan (note 14)	70,000	70,000	70,000	70,000
Bank overdraft	-	478,198	-	478,198
Obligations under finance leases (note 15)	48,084	-	48,084	-
Trade creditors	4,534,785	4,459,852	4,534,785	4,459,852
Corporation tax	216,467	-	216,467	-
Other creditors including taxation and social security	255,518	152,712	255,522	152,716
Accruals and deferred income	732,388	393,510	732,388	393,510
Dividend payable	148,668	-	148,668	-
	<u>6,005,910</u>	<u>5,554,272</u>	<u>6,005,914</u>	<u>5,554,276</u>

14 Creditors: Amounts falling due after more than one year

	Group and Company	
	2002 £	2001 £
Bank loans	210,000	280,000
Convertible unsecured loan stock 2003	292,538	292,538
Obligations under finance leases (note 15)	41,997	-
	<u>544,535</u>	<u>572,538</u>
The bank loans are repayable as follows:		
due in less than one year (note 13)	70,000	70,000
due between one and two years	70,000	70,000
due between two and five years	140,000	210,000
due in over one year (as above)	<u>210,000</u>	<u>280,000</u>
	<u>280,000</u>	<u>350,000</u>

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

14 **Creditors:** Amounts falling due after more than one year (continued)

£280,000 is repayable in equal quarterly instalments up to 2006. Interest is charged on the loan at a fixed rate of 9%. The loan is secured by way of a fixed and floating charge over the assets of the group and by an unlimited guarantee from the subsidiary Mixbury Trading Company Limited.

The 10% convertible unsecured loan stock is redeemable on 25 May 2003 and the amount payable on redemption is £292,538. The stock is convertible into 292,538 ordinary £1 shares which will rank equal in all respects to the existing ordinary share capital. Conversion is at the option of the holder at any date prior to redemption date.

15	Finance leases	Group and Company	
		2002	2001
		£	£
	The net finance lease obligations to which the group is committed are:		
	Within one year	48,084	-
	Between one and five years	41,997	-
		<hr/>	<hr/>
		90,081	-
		<hr/>	<hr/>
16	Called up share capital	£	£
	Authorised		
	Ordinary shares of £1 each	1,500,000	1,500,000
	Cumulative redeemable 2% £1 preference shares	110,000	110,000
		<hr/>	<hr/>
		1,610,000	1,610,000
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	1,296,150	1,296,150
		<hr/>	<hr/>

Options on shares have been issued under the Executive Share Option Scheme and the Bibendum Employee Share Option Scheme 1995. The number of shares under option are as follows:

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

16 Called up share capital (continued)	No.
As at 31 March 2001	49,500
Cancelled in the year	(47,000)
	<hr/>
As at 31 March 2002	2,500
	<hr/>

The share option schemes were closed during the year and 47,000 options were cancelled. The remaining share options were issued on 16 March 1998 at £3.03. The earliest date these options can be exercised is 16 March 2001 and the latest date is 15 March 2005.

17 Profit and loss account	Group £	Company £
At 31 March 2001	323,645	523,645
Profit for the financial year	259,630	431,093
	<hr/>	<hr/>
At 31 March 2002	583,275	954,738
	<hr/>	<hr/>

Cumulative goodwill written off to group reserves amounts to £371,463 (2001: £371,463).

18 Reconciliation of movements in shareholder's funds	Group 2002 £	2001 £
Profit/(Loss) for the financial year	408,298	(86,958)
Share capital issued in the year	-	16,000
Dividends	(123,885)	(1,280)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	284,413	(72,238)
Opening shareholders' funds	1,819,795	1,892,033
	<hr/>	<hr/>
Closing shareholders' funds	2,104,208	1,819,795
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

18 Reconciliation of movements in shareholder's funds
(continued)

	Company	
	2002	2001
	£	£
Profit/(Loss) for the financial year	579,761	(86,958)
Share capital issued in the year	-	16,000
Dividends	(123,885)	(1,280)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	455,876	(72,238)
Opening shareholders' funds	1,819,795	1,892,033
	<hr/>	<hr/>
Closing shareholders' funds	2,275,671	1,819,795
	<hr/>	<hr/>

19 Guarantees and other financial commitments

At the balance sheet date, the company had entered into forward foreign exchange contracts with a value amounting to £3,705,923 (2001: £5,100,997).

20 Reconciliation of operating profit to net cash
inflow/(outflow) from operating activities

	2002	2001
	£	£
Operating profit	758,320	73,084
Depreciation charge	232,260	180,443
Loss on disposal of fixed assets	4,276	1,857
Decrease/(Increase) in stock	256,395	(446,905)
(Increase)/Decrease in debtors	(685,955)	664,996
Increase in creditors	516,617	59,065
	<hr/>	<hr/>
Net cash inflow from operating activities	1,081,913	532,540
	<hr/>	<hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

21	Reconciliation of net cash flow to movement in net debt	2002 £	2001 £
	Increase/(Decrease) in cash in the period	712,667	(76,241)
	Cash outflow from loans	70,000	170,000
	New finance leases	(130,847)	-
	Repayment of finance leases	40,766	-
		<hr/>	<hr/>
	Change in net debt	692,586	93,759
	Net debt at 1 April 2001	(1,120,736)	(1,214,495)
		<hr/>	<hr/>
	Net debt at 31 March 2002	(428,150)	(1,120,736)
		<hr/>	<hr/>

22 Analysis of changes in net debt during the year

	At 1 April 2001 £	Cash flows £	Other changes £	At 31 March 2002 £
Cash at bank	(478,198)	712,667	-	234,469
Debt due within one year	(70,000)	70,000	(70,000)	(70,000)
Debt due after one year	(572,538)	-	70,000	(502,538)
Finance leases	-	40,766	(130,847)	(90,081)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,120,736)	823,433	(130,847)	(428,150)
	<hr/>	<hr/>	<hr/>	<hr/>

23 Operating leases

Bibendum Wine Limited holds motor vehicles and office equipment on non-cancellable operating leases. The annual net commitments under these leases are as follows:

	2002 £	2001 £
Leases expiring:		
Within one year	-	3,000
Between two and five years	31,573	73,417
	<hr/>	<hr/>
	31,573	76,417
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2002 (continued)

24 Post balance sheet event

Subsequent to the year end, an Extraordinary General Meeting of the company was held, at which time a Special Resolution was passed to increase the authorised share capital of the company by 600,000 ordinary shares of £1 each to £2,210,000.

25 Earnings per share

The basic earnings per share is based upon earnings of £408,298 (2001: loss of £86,958) and the weighted average number of shares ranking for dividend during the year of 1,238,900 (2001: 1,245,855).

The fully-diluted earnings per share is based upon earnings of £437,552 (2001: loss of £57,704) being earnings as for the basic earnings per share calculation adjusted for interest payable on convertible loan stock during the year of £29,254 (2001: £29,254). The weighted average number of shares of 1,531,438 (2001: 1,538,393) has been calculated by taking the weighted average number of shares ranking for dividend and adjusted for potential equity shares.