

COMPANY NO: 2710556

# **PETER LEHMANN WINES (EUROPE) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**30 JUNE 2003**



**PETER LEHMANN WINES (EUROPE) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2003**

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**PETER LEHMANN WINES (EUROPE) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R W Christopher F.C.A. (Chairman)  
W I Whigham (Managing Director)  
R V Edwards  
H T Astrom

**SECRETARY**

A De Pasquale Wood

**REGISTERED OFFICE**

Godmersham Park  
Godmersham  
Canterbury  
Kent CT4 7DT

**BANKERS**

Lloyds TSB Bank Plc

**AUDITORS**

KPMG LLP  
Chartered Accountants

## **PETER LEHMANN WINES (EUROPE) LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

#### **1 ACTIVITIES**

The company's principal activity is dealing with the distribution of wines produced and exported from Australia by Peter Lehmann Wines Limited.

The company also acted as distributor for Australian producer Chateau Tahbilk and Chilean producer Vina Bisquit during the year.

#### **2 REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

Trading conditions were difficult during the year, caused partially by a surfeit of Australian wines and the strengthening of the Australian dollar against sterling. Nevertheless, case sales of the Peter Lehmann range grew by nearly 10%, but at a cost of price concessions and additional promotional support.

The company continued to extend its customer base and, with the introduction of new wines, it is anticipated that demand in the United Kingdom for the Peter Lehmann range will remain strong.

#### **3 DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not recommend the payment of dividend in respect of the year (2002 - nil). The profit after taxation for the year of £16,652 (2002 - £96,765) has been transferred to reserves.

#### **4 CHARITABLE AND POLITICAL DONATIONS**

Donations to charities amounted to £412 (2002 - £530). No political donations were made (2002 - nil).

#### **5 DIRECTORS**

The names of the present directors of the company are listed on page 2 and they all served throughout the year. None of the directors had any interest in the shares of the company. The interests of the directors in office at the year end in the share capital of the holding company, Peter Lehmann Wines Limited, are shown below:-

	Ordinary Shares	
	1 July 2002	30 June 2003
	No.	No.
R W Christopher	50,368	51,672
W I Whigham	37,996	39,185
R V Edwards	56,415	56,415
H T Astrom	10,000	10,000

## PETER LEHMANN WINES (EUROPE) LIMITED

### REPORT OF THE DIRECTORS (continued)

#### 5 DIRECTORS (continued)

Additionally, a director held options to subscribe for ordinary shares of Peter Lehmann Wines Limited as follows:-

	No at start of year	No. at end of year	Exercise Price	First Exercise Date	Expiry Date
R V Edwards	25,000	25,000	A\$1.22	29 November 1999	29 November 2006
	75,000	75,000	A\$2.01	01 January 2002	31 December 2008

During the year, W I Whigham exercised options to subscribe for 112,500 ordinary shares of Peter Lehmann Wines Limited at the exercise price of A\$2.01 per share.

#### 6 AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



R W CHRISTOPHER  
Director

31<sup>st</sup> July 2003

## **PETER LEHMANN WINES (EUROPE) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 for that period. In preparing these 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

kpmg

**KPMG LLP**

1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT  
United Kingdom

**Report of the independent auditors to the members of Peter Lehmann Wines (Europe) Ltd**

We have audited the financial statements on pages 7 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page ... , the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**Basis of audit 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 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG LLP**

Chartered Accountants  
Registered Auditor

31 July 2003

**PETER LEHMANN WINES (EUROPE) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**Year ended 30 June 2003**

	Note	2003 £	2002 £
Turnover: continuing operations	1 (g)	3,905,686	4,336,107
Cost of sales		<u>(3,226,937)</u>	<u>(3,623,637)</u>
Gross profit		678,749	712,470
Selling expenses		(332,735)	(256,035)
Administrative expenses		<u>(331,113)</u>	<u>(336,710)</u>
Operating profit: continuing operations		14,901	119,725
Interest receivable	4	7,884	11,719
Interest payable	5	<u>(103)</u>	<u>(210)</u>
Profit on ordinary activities before taxation	3	22,682	131,234
Tax on profit on ordinary activities	6	<u>(6,030)</u>	<u>(34,469)</u>
Profit on ordinary activities after taxation		16,652	96,765
Profit and loss account brought forward		714,656	617,891
Profit and loss account carried forward		<u>£ 731,308</u>	<u>£ 714,656</u>

The company made no recognised gains or losses (2002 - nil) other than the profit for the years stated above.



**PETER LEHMANN WINES (EUROPE) LIMITED**

**BALANCE SHEET**  
**As at 30 June 2003**

	Note	2003		2002	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		9,160		9,605
Investments	8		<u>6,224</u>		<u>4,146</u>
			15,384		13,751
<b>CURRENT ASSETS</b>					
Stock	9	68,295		57,944	
Debtors	10	1,578,469		1,551,443	
Cash at bank and in hand		<u>414,683</u>		<u>453,655</u>	
		2,061,447		2,063,042	
<b>CREDITORS: amounts falling due within one year</b>					
Trade creditors		169,130		134,078	
Amount owed to group companies		950,662		954,311	
Other creditors including taxation and social security	11	23,343		51,155	
Accruals and deferred income		<u>152,388</u>		<u>172,593</u>	
		1,295,523		1,312,137	
<b>NET CURRENT ASSETS</b>			<u>765,924</u>		<u>750,905</u>
<b>NET ASSETS</b>			<u>£ 781,308</u>		<u>£ 764,656</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		50,000		50,000
Profit and loss account			<u>731,308</u>		<u>714,656</u>
<b>SHAREHOLDERS' FUNDS</b>	13		<u>£ 781,308</u>		<u>£ 764,656</u>

These financial statements were approved by the Board of Directors on 31st July 2003.  
Signed on behalf of the Board of Directors.



W.I. WHIGHAM  
Director

**PETER LEHMANN WINES (EUROPE) LIMITED**

**CASH FLOW STATEMENT**

**Year ended 30 June 2003**

	<b>2003</b>		<b>2002</b>	
	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities (note 1)</b>		(24,412)		31,758
<b>Returns on investments and servicing of finance</b>				
Interest received	7,884		11,719	
Interest paid	<u>(103)</u>		<u>(210)</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>		7,781		11,509
<b>Taxation</b>				
UK corporation tax paid		(34,479)		(18,039)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets		<u>(7,708)</u>		<u>(4,267)</u>
<b>Net cash (outflow)/ inflow before use of liquid resources and financing</b>		<u>(58,818)</u>		<u>20,961</u>
<b>Reconciliation of net cash flow to movement in net debt (note 2)</b>				
Net cash (outflow)/inflow in the year		(58,818)		20,961
Translation difference		<u>19,846</u>		<u>8,286</u>
Change in net cash		<u>(38,972)</u>		<u>29,247</u>
Net cash at 1 July 2002		<u>453,655</u>		<u>424,408</u>
Net cash at 30 June 2003		<u><u>£ 414,683</u></u>		<u><u>£ 453,655</u></u>

**PETER LEHMANN WINES (EUROPE) LIMITED**

**CASH FLOW STATEMENT (continued)**  
**Year ended 30 June 2003**

**Note 1**

**Net cash flow from operating activities:**

	<u><b>2003</b></u> <b>£</b>	<u><b>2002</b></u> <b>£</b>
Operating profit	14,901	119,725
Depreciation	8,153	7,748
Decrease/(Increase) in stock	(10,351)	13,822
(Increase) in debtors	(27,026)	(252,309)
Increase in creditors	9,757	151,058
Adjustment for foreign currency rate change	(19,846)	(8,286)
<b>Net cash (outflow)/inflow from operating activities</b>	<u><u>£ (24,412)</u></u>	<u><u>£ 31,758</u></u>

**Note 2**

**Analysis of changes in net debt**

	At 1/7/02	Cash flows	Exchange movement	At 30/6/03
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cash at bank	453,655	(58,818)	19,846	414,683
<b>Total</b>	<u><u>453,655</u></u>	<u><u>(58,818)</u></u>	<u><u>19,846</u></u>	<u><u>414,683</u></u>

## **PETER LEHMANN WINES (EUROPE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 June 2003**

#### **1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the applicable accounting standards. The particular accounting policies adopted are described below:-

- a) **Accounting convention**  
The financial statements are prepared under the historical cost convention.
- b) **Basis of preparation**  
The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Peter Lehmann Wines Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Peter Lehmann Wines Limited, within which this company is included, can be obtained from the address given in note 13.

- c) **Depreciation**  
Depreciation is provided in equal instalments over the estimated useful lives of the assets and is calculated on the cost of the assets. The following rate is used:-  
Fixtures and Equipment - 25% - 33% per annum
- d) **Deferred taxation**  
Full provision for deferred taxation is made at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.
- e) **Investments**  
Investments are stated at cost less any provision for permanent diminution in value.
- f) **Stocks**  
Stocks of Peter Lehmann wines are shipped to the company on a consignment basis. Ownership does not transfer to the company until those stocks are sold. The company is responsible for costs relating to the maintenance of such stocks held in the United Kingdom from the time of arrival and until sale. Such costs relating to unsold stocks at accounting dates are classified as deferred costs in the balance sheet. Agency stocks for resale owned by the company are valued at lower of cost and net realisable value.
- g) **Turnover**  
Turnover represents sales and commission on sales by the company of wines to customers, including customs and excise duties where applicable, but excluding value added tax.
- h) **Foreign exchange**  
Transactions denominated in foreign currencies are translated into sterling at an average expected rate at the transaction date and the rate ruling at the date of settlement of transaction, save that amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date or at agreed fixed rates. All translation differences are dealt with in the profit and loss account.
- i) **Leases**  
Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over 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 obligations. Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the periods of the leases.

**PETER LEHMANN WINES (EUROPE) LIMITED**

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**Year ended 30 June 2003**

**2 REMUNERATION OF DIRECTORS AND STAFF**

	<u><b>2003</b></u> £	<u><b>2002</b></u> £
Directors' remuneration:-		
Emoluments	120,263	115,678
Company contribution to money purchase pension scheme	8,172	8,406
	<u>£ 128,435</u>	<u>£ 124,084</u>

One director is accruing retirement benefits under a money purchase scheme. (2002 - 1)

The average number of persons employed by the company (including directors) during the year was 10. (2002 - 9). The aggregate payroll costs of these persons were as follows:

	<u><b>2003</b></u> £	<u><b>2002</b></u> £
Wages and Salaries	287,915	264,746
Social security costs	38,647	28,068
Other pension costs	19,190	16,191
	<u>£ 345,752</u>	<u>£ 309,005</u>

**3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is after charging:

	<u><b>2003</b></u> £	<u><b>2002</b></u> £
Depreciation - owned assets	8,153	7,748
Auditors' remuneration	9,494	7,150
Exchange differences	(19,846)	(8,286)
Operating lease rentals	<u>4,989</u>	<u>7,765</u>

**4 INTEREST RECEIVABLE**

	<u><b>2003</b></u> £	<u><b>2003</b></u> £
Bank interest	7,848	11,710
Other interest	36	9
	<u>£ 7,884</u>	<u>£ 11,719</u>

**PETER LEHMANN WINES (EUROPE) LIMITED**

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**Year ended 30 June 2003**

**5 INTEREST PAYABLE**

	<u><b>2003</b></u> <u>£</u>	<u><b>2002</b></u> <u>£</u>
Bank interest	<u>£ 103</u>	<u>£ 210</u>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u><b>2003</b></u> <u>£</u>	<u><b>2002</b></u> <u>£</u>
United Kingdom corporation tax at 19% (2002 - 24%) based on the profit for the year (Overprovision) of prior year	6,392 (362) <u>£ 6,030</u>	34,841 (372) <u>£ 34,469</u>

Factors affecting the tax charge for the current period:

Profit on ordinary activities before taxation	<u>£ 22,682</u>	<u>£ 131,234</u>
Corporation Tax at 19% (2002 - 24%)	4,310	31,275
Expenses not deductible	2,626	3,566
Prior period adjustment	(362)	(372)
Capital allowances in excess of depreciation	(544)	
	<u>£ 6,030</u>	<u>£ 34,469</u>

The deferred taxation liability at 30 June 2003 was £454 and has not been included in these accounts as it is not significant.

**7 TANGIBLE FIXED ASSETS**

	<u><b>Fixtures and Equipment</b></u>
Cost:	<u>£</u>
At 1 July 2002	46,849
Additions	7,708
Disposals	(24,678)
At 30 June 2003	<u>£ 29,879</u>
Depreciation:	
At 1 July 2002	37,244
Charge for year	8,153
Disposals	(24,678)
At 30 June 2003	<u>£ 20,719</u>
Net Book Value:	
At 30 June 2003	<u>£ 9,160</u>
At 30 June 2002	<u>£ 9,605</u>

# **PETER LEHMANN WINES (EUROPE) LIMITED**

## **NOTES TO FINANCIAL STATEMENTS (continued)** **Year ended 30 June 2003**

<b>8 INVESTMENTS</b>	<b><u>2003</u></b> <b>£</b>	<b><u>2002</u></b> <b>£</b>
Vine Vale Trustees Limited (a)	1	1
Peter Lehmann Wines Limited (b)	6,223	4,145
	<u>£ 6,224</u>	<u>£ 4,146</u>
<p>(a) The company owns 100% of the ordinary share capital of Vine Vale Trustees Limited. The company is exempt from producing group accounts under Section 248 of the Companies Act 1985 on the grounds that the group is classified as small.</p> <p>(b) Shares purchased and allocated to employees of the company as Free Shares under the Rules of the Peter Lehmann Wines (Europe) Limited Employee Share Ownership Plan are conditional upon completion of a specific period of employment with the company. At 30 June 2003, the market value of these shares was A\$18,379 (£7,460) (2002 - A\$14,476 (£5,325) ).</p>		
<b>9 STOCK</b>	<b><u>2003</u></b> <b>£</b>	<b><u>2002</u></b> <b>£</b>
Goods held are for re-sale	<u>£ 68,295</u>	<u>£ 57,944</u>
<b>10 DEBTORS</b>	<b><u>2003</u></b> <b>£</b>	<b><u>2002</u></b> <b>£</b>
Trade debtors	1,525,087	1,513,760
Other debtors	17,313	16,612
Prepayments	5,843	5,981
Deferred costs attributable to stocks held on consignment (see note 1 (f) )	30,226	15,090
	<u>£ 1,578,469</u>	<u>£ 1,551,443</u>
<b>11 OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY</b>	<b><u>2003</u></b> <b>£</b>	<b><u>2002</u></b> <b>£</b>
Corporation tax	6,392	34,841
PAYE and social security	10,728	12,169
Provision for unconditional vesting of Free Shares under Rules of Peter Lehmann Wines (Europe) Limited Employee Share Ownership Plan	6,223	4,145
	<u>£ 23,343</u>	<u>£ 51,155</u>
<b>12 CALLED UP SHARE CAPITAL</b>	<b><u>2003</u></b> <b>£</b>	<b><u>2002</u></b> <b>£</b>
Authorised, allotted, called up and fully paid: 50,000 ordinary shares of £1 each	<u>£ 50,000</u>	<u>£ 50,000</u>
<b>13 RECONCILIATION OF SHAREHOLDER'S FUNDS</b>	<b><u>2003</u></b> <b>£</b>	<b><u>2002</u></b> <b>£</b>
Profit for year after taxation	16,652	96,765
Net increase in shareholder's funds	16,652	96,765
Shareholder's funds at beginning of year	764,656	667,891
Shareholder's funds at end of year	<u>£ 781,308</u>	<u>£ 764,656</u>

## PETER LEHMANN WINES (EUROPE) LIMITED

### NOTES TO FINANCIAL STATEMENTS (continued)

Year ended 30 June 2003

#### 14 HOLDING COMPANY

The holding company is Peter Lehmann Wines Limited, incorporated in the State of South Australia.

Copies of the financial statements of Peter Lehmann Wines Limited may be obtained from the Company Secretary at PO Box 315, Para Road, Tanunda 5352, South Australia.

#### 15 CONTINGENT LIABILITY

- i) The company has given a guarantee, secured by a fixed and floating charge over its assets, to National Australia Bank Limited as partial security for banking facilities of up to A\$34,200,000 (2002 - A\$26,035,000) granted to Peter Lehmann Wines Limited. In addition, the company, its parent company and its fellow subsidiary are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.
- ii) A National Insurance liability would arise in the event of certain shares allocated under the Rules of Peter Lehmann Wines (Europe) Limited Employee Share Ownership Plan being withdrawn or sold before the end of the required holding period. The maximum liability which could arise is £1,750 (2002: £245). No provision for this National Insurance liability is included in these financial statements.

#### 16 OPERATING LEASE COMMITMENTS

At the year end the company had commitments to make payments during the next year under operating leases which expire as follows:

	<u>2003</u>		<u>2002</u>	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Within one year	-	-	-	-
In the second to fifth years inclusive	15,498	4,989	-	4,989
Over five years	-	-	14,852	-
	<u>£ 15,498</u>	<u>£ 4,989</u>	<u>£ 14,852</u>	<u>£ 4,989</u>