

GROUNDWORKS UK LIMITED

Company Number 3027016

Report of the Directors

The directors present their report and the financial statements for the year ended 31st December 2002.

Principal Activity

The principal activity of the Company is the wholesaling of wine.

Directors and their Interests

The directors of the Company during the year were as follows:-

S. R. Straker
O. J. Winkler

Mr. S. R Straker holds 50% of the called up share capital of the company. Mr. O. J. Winkler did not at any time hold a direct interest in the company.

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 of the Company for that year. 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;
- 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 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.

Small Company Disclosure

The above report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

8 Sheet Street,
Windsor
Berkshire SL4 1BG

16th June 2003

BY ORDER OF THE BOARD


A. E. RUBIE
Secretary



GROUNDWORKS UK LIMITED

BALANCE SHEET AT 31ST DECEMBER 2002

	<u>NOTES</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
CURRENT ASSETS			
Debtors	5	455,040	22,874
Bank balance		<u>4,546</u>	<u>433</u>
		459,586	23,307
CREDITORS			
Amounts falling due within one year	6	<u>(495,337)</u>	<u>(96,503)</u>
NET CURRENT LIABILITIES		(35,751)	(73,196)
LONG TERM LOANS	7	<u>(277,792)</u>	<u>(272,293)</u>
NET LIABILITIES		<u>(313,543)</u>	<u>(345,489)</u>
CAPITAL AND RESERVES			
Called up share capital	8	60,000	60,000
Profit and loss account	9	<u>(373,543)</u>	<u>(405,489)</u>
		<u>(313,543)</u>	<u>(345,489)</u>

The directors have:-

- Taken advantage of the Companies Act 1985 in not having these accounts audited under section 249A(1)(Total exemption)
- Confirmed that no notices have been deposited under Section 249B(2) of the Companies Act 1985
- Acknowledged their responsibilities for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985
- Acknowledged their responsibilities for preparing accounts which give a true and fair view of the Company and of its profit for the year then ended in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to this Company.
- The Directors acknowledge their responsibilities for preparing the accounts in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.



S. R. STRAKER
Director

Approved by the Board on 16th June 2003
The notes on pages 4 to 6 form part of these financial statements

GROUNDWORKS UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2002

	<u>NOTES</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
TURNOVER		761,610	222,219
Cost of Sales		<u>(585,031)</u>	<u>(179,794)</u>
GROSS PROFIT		176,579	42,425
Operating expenses		<u>(145,107)</u>	<u>(44,259)</u>
OPERATING PROFIT/(LOSS)		31,472	(1,834)
Interest receivable		<u>-</u>	<u>32</u>
		31,472	(1,802)
Interest payable	3	<u>474</u>	<u>(4,309)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		31,946	(6,111)
Taxation	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR FINANCIAL YEAR	9	<u>31,946</u>	<u>(6,111)</u>

All turnover and costs relate to continuing operations.

The Company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 4 to 6 form part of these financial statements.

GROUNDWORKS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the invoice value of goods sold during the year.

Going Concern

The financial statements are prepared on the going concern basis, the validity of which is dependent upon the continuing support of the shareholders.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date.

Transactions in foreign currencies are recorded at the date of the transactions.

All differences are taken to the profit and loss account.

Cash Flow

The accounts do not include a cash flow statement because the Company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

2. DIRECTORS REMUNERATION

Neither of the directors received any emoluments from the Company, other than as disclosed at note 10.

3. INTEREST PAYABLE

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Bank Overdraft	3,567	268
Other	(4,041)	4,041
	<u>(474)</u>	<u>4,309</u>

The holders of the Long Term loans have waived interest on their loans in respect of 2001 and 2002. In 2001 £4,041 was provided in respect of interest on these loans, and this provision is reversed in 2002.

GROUNDWORKS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. TAXATION

No taxation arises on the profit for the year as it is offset against losses brought forward from prior years. The losses carried forward to next year are estimated at £307,000.

5. DEBTORS	<u>2002</u> £	<u>2001</u> £
Trade debtors	414,814	-
Group company	27,647	-
Other debtors	<u>12,579</u>	<u>22,874</u>
	<u>455,040</u>	<u>22,874</u>

Repayment of the advance to the group company is dependent on the future profitability of that company

6. CREDITORS	<u>2001</u> £	<u>2000</u> £
Interest accrued on sums due to shareholders and associates	51,689	55,730
Other accruals	15,150	12,908
Trade creditors	320,430	10,686
Bank Overdraft	<u>108,068</u>	<u>17,179</u>
	<u>495,337</u>	<u>96,503</u>

The bank overdraft is secured by a floating charge over the assets of the company and is guaranteed by the shareholders.

7. LONG TERM LOANS

Loans have been provided by or on behalf of the shareholders. No interest has been provided on them since 31 December 1998 and no date has been set for their repayment. It is unlikely that any part of the loans will be repaid in the foreseeable future and the loans have therefore been classified as long term.

8. SHARE CAPITAL	<u>2002</u> £	<u>2001</u> £
Authorised:		
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

The share capital of the Company relates to equity interests.

GROUNDWORKS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont.)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share capital</u>	<u>Profit & Loss account</u>	<u>Total shareholders funds</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>2001</u>			
Balance at 1st January 2001	60,000	(399,378)	(339,378)
Loss for the year	<u>-</u>	<u>(6,111)</u>	<u>(6,111)</u>
Balance at 31st December 2001	60,000	(405,489)	(345,489)
<u>2002</u>			
Profit for the year	<u>-</u>	<u>31,946</u>	<u>31,946</u>
Balance at 31st December 2002	<u>60,000</u>	<u>(373,543)</u>	<u>(313,543)</u>

10. RELATED PARTY TRANSACTIONS

The following transactions with related parties have taken place during the year, on normal commercial terms.

<u>Name of Party</u>	<u>Description of Transactions</u>	<u>Cost</u>	<u>Balance 31 December 2002</u>
Straker Associates	Management services	£68,000	£3,458 - creditor
Omex (UK) Ltd.	Accountancy	£ 2,000	£8,038 - creditor

Straker Associates is a business owned by Mr. S. R. Straker. Omex (UK) Ltd. is a subsidiary company of Omex International Ltd. Both Mr. Straker and Omex International Ltd. hold 50% of the share capital of the company.