

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD
1ST NOVEMBER 2001 TO 31ST MARCH 2002
FOR
ALBANY TOBACCO COMPANY LIMITED



ALBANY TOBACCO COMPANY LIMITED

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For The Period 1st November 2001 to 31st March 2002

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ALBANY TOBACCO COMPANY LIMITED

COMPANY INFORMATION

For The Period 1st November 2001 to 31st March 2002

DIRECTORS:

K Courtney
A Howarth

SECRETARY:

T Burton

REGISTERED OFFICE:

The Stables
75 Kingsway
Rochdale
Lancashire
OL16 5HN

REGISTERED NUMBER:

3195261 (England and Wales)

AUDITORS:

Jacksons Chartered Accountants
Registered Auditors
Clive House
Clive Street
Bolton
BL1 1ET

SOLICITORS:

Chaffe Street
Brook House
77 Fountain Street
Manchester
M2 2EE

ALBANY TOBACCO COMPANY LIMITED

REPORT OF THE DIRECTORS

For The Period 1st November 2001 to 31st March 2002

The directors present their report with the financial statements of the company for the period 1st November 2001 to 31st March 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the distribution of tobacco and alcohol products.

DIRECTORS

The directors during the period under review were:

K Courtney
A Howarth

The beneficial interests of the directors holding office on 31st March 2002 in the issued share capital of the company were as follows:

	31.3.02	1.11.01
Ordinary shares 1 shares		
K Courtney	1	1
A Howarth	-	-

POTENTIAL IMPACT OF THE EURO

The directors have considered the impact of the Euro on the business, however as the business has ceased to trade at the balance sheet date no plans have been made to address any issues that may arise as a result of the introduction of the Euro.

SUPPLIER PAYMENT TERMS

The company's policy in respect of supplier payment terms is that suppliers are paid in line with normal trading terms. Creditors days for the period were 5 days as the Trade Creditors at the balance sheet were low due to the cessation of trade.

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 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;
- 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.

AUDITORS

The auditors, Jacksons Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ALBANY TOBACCO COMPANY LIMITED

REPORT OF THE DIRECTORS

For The Period 1st November 2001 to 31st March 2002

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

ON BEHALF OF THE BOARD:



.....
for and on behalf of the board
T Burton - SECRETARY

Dated: 10/3/03

ALBANY TOBACCO COMPANY LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
ALBANY TOBACCO COMPANY LIMITED

We have audited the financial statements of Albany Tobacco Company Limited for the period ended 31st March 2002 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditors' 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

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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 Report of the Directors 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.

We read the Report of the Directors 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 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 31st March 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Jacksons Chartered Accountants
Registered Auditors
Clive House
Clive Street
Bolton
BL1 1ET

Dated: 12/3/03

ALBANY TOBACCO COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For The Period 1st November 2001 to 31st March 2002

		Period 1.11.01 to 31.3.02		Year Ended 31.10.01	
	Notes	£	£	£	£
TURNOVER			18,627,719		80,716,397
Cost of sales			17,668,025		79,895,485
GROSS PROFIT			959,694		820,912
Distribution costs		69,071		83,874	
Administrative expenses		1,142,014		651,449	
			1,211,085		735,323
OPERATING (LOSS)/PROFIT	3		(251,391)		85,589
Interest receivable and similar income			12,896		34,694
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(238,495)		120,283
Tax on (loss)/profit on ordinary activities	4		677		(190)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION			(239,172)		120,473
Retained profit brought forward			241,122		120,649
RETAINED PROFIT CARRIED FORWARD			£1,950		£241,122

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current period and the profit for the previous year.

The notes form part of these financial statements

ALBANY TOBACCO COMPANY LIMITED

BALANCE SHEET

31st March 2002

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		9,193		28,787
CURRENT ASSETS:					
Stocks	6	-		10,204	
Debtors	7	952,015		6,407,478	
Cash at bank		56,320		194,684	
		<u>1,008,335</u>		<u>6,612,366</u>	
CREDITORS: Amounts falling due within one year	8	<u>1,015,577</u>		<u>6,400,030</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(7,242)</u>		<u>212,336</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£1,951</u></u>		<u><u>£241,123</u></u>
CAPITAL AND RESERVES:					
Called up share capital	9		1		1
Profit and loss account			1,950		241,122
SHAREHOLDERS' FUNDS:	11		<u><u>£1,951</u></u>		<u><u>£241,123</u></u>

ON BEHALF OF THE BOARD:



.....
A Howarth - DIRECTOR

Approved by the Board on 10/3/03.....

The notes form part of these financial statements

ALBANY TOBACCO COMPANY LIMITED

CASH FLOW STATEMENT

For The Period 1st November 2001 to 31st March 2002

	Notes	Period 1.11.01 to 31.3.02		Year Ended 31.10.01	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(44,615)		95,261
Returns on investments and servicing of finance	2		12,896		34,694
Taxation			(677)		(26,229)
Capital expenditure	2		21,000		(1,191)
			(11,396)		102,535
Management of liquid resources	2		-		46,763
Financing	2		(126,968)		(279,460)
Decrease in cash in the period			<u>£(138,364)</u>		<u>£(130,162)</u>
Reconciliation of net cash flow to movement in net funds	3				
Decrease in cash in the period			(138,364)		(130,162)
Cash inflow from decrease in liquid resources			<u>-</u>		<u>(46,763)</u>
Change in net funds resulting from cash flows			(138,364)		(176,925)
Movement in net funds in the period			(138,364)		(176,925)
Net funds at 1st November			<u>194,684</u>		<u>371,609</u>
Net funds at 31st March			<u>£56,320</u>		<u>£194,684</u>

The notes form part of these financial statements

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT
For The Period 1st November 2001 to 31st March 2002

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Period 1.11.01 to 31.3.02 £	Year Ended 31.10.01 £
Operating (loss)/profit	(251,391)	85,589
Depreciation charges	4,611	20,546
Profit on sale of fixed assets	(6,018)	-
Decrease/(Increase) in stocks	10,204	(7,201)
Decrease in debtors	5,582,432	2,016,407
Decrease in creditors	(5,384,453)	(2,020,080)
Net cash (outflow)/inflow from operating activities	(44,615)	95,261

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Period 1.11.01 to 31.3.02 £	Year Ended 31.10.01 £
Returns on investments and servicing of finance		
Interest received	12,896	34,694
Net cash inflow for returns on investments and servicing of finance	12,896	34,694
Capital expenditure		
Purchase of tangible fixed assets	-	(1,191)
Sale of tangible fixed assets	21,000	-
Net cash inflow/(outflow) for capital expenditure	21,000	(1,191)
Management of liquid resources		
Land in Portugal	-	46,763
Net cash inflow from management of liquid resources	-	46,763

The notes form part of these financial statements

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT
For The Period 1st November 2001 to 31st March 2002

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued**

	Period 1.11.01 to 31.3.02 £	Year Ended 31.10.01 £
Financing		
Amount withdrawn by directors	(126,968)	(279,460)
Net cash outflow from financing	<u>(126,968)</u>	<u>(279,460)</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.11.01 £	Cash flow £	At 31.3.02 £
Net cash:			
Cash at bank	194,684	(138,364)	56,320
	<u>194,684</u>	<u>(138,364)</u>	<u>56,320</u>
Total	<u>194,684</u>	<u>(138,364)</u>	<u>56,320</u>
Analysed in Balance Sheet			
Cash at bank	194,684		56,320
	<u>194,684</u>		<u>56,320</u>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Period 1st November 2001 to 31st March 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's activities, entirely within the United Kingdom, and stated net of Value Added Tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Agency set up costs are written off over the life of the agreement.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

Employee Benefit Trust

The company provides an employment benefit trust. Contributions to this trust are charged to the profit and loss account as they become payable.

2. STAFF COSTS

	Period 1.11.01 to 31.3.02 £	Year Ended 31.10.01 £
Wages and salaries	884,297	191,159
Social security costs	31,285	14,424
Other pension costs	34,622	62,581
	<u>950,204</u>	<u>268,164</u>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Period 1st November 2001 to 31st March 2002

2. **STAFF COSTS - continued**

The average monthly number of employees during the period was as follows:

	Period 1.11.01 to 31.3.02	Year Ended 31.10.01
Directors	2	2
Administration and Sales	2	2
	<u>4</u>	<u>4</u>

3. **OPERATING (LOSS)/PROFIT**

The operating loss (2001 - operating profit) is stated after charging/(crediting):

	Period 1.11.01 to 31.3.02 £	Year Ended 31.10.01 £
Depreciation - owned assets	4,611	20,546
Profit on disposal of fixed assets	(6,018)	-
Auditors' remuneration	5,500	5,500
Operating leases - Rent & Storage	-	15,024
	<u> </u>	<u> </u>
Directors' emoluments	848,648	134,502
Directors' pension contributions to money purchase schemes	25,225	62,581
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2
	<u> </u>	<u> </u>

Information regarding the highest paid director for the period ended 31st March 2002 is as follows:

	Period 1.11.01 to 31.3.02 £
Emoluments etc	<u>829,647</u>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Period 1st November 2001 to 31st March 2002

4. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the period was as follows:

	Period 1.11.01 to 31.3.02 £	Year Ended 31.10.01 £
Current tax:		
UK corporation tax	-	-
Overprovision in previous year	677	(190)
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	677	(190)
	<hr/>	<hr/>

UK corporation tax has been charged at 20% (2001 - 20%).

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Agency set up costs	Totals
	£	£	£	£
COST:				
At 1st November 2001	22,933	54,090	6,798	83,821
Disposals	-	(34,245)	-	(34,245)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2002	22,933	19,845	6,798	49,576
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION:				
At 1st November 2001	14,687	33,550	6,798	55,035
Charge for period	1,398	3,213	-	4,611
Eliminated on disposals	-	(19,263)	-	(19,263)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2002	16,085	17,500	6,798	40,383
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE:				
At 31st March 2002	6,848	2,345	-	9,193
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st October 2001	8,246	20,541	-	28,787
	<hr/>	<hr/>	<hr/>	<hr/>

6. STOCKS

	2002 £	2001 £
Stock	-	10,204
	<hr/>	<hr/>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For The Period 1st November 2001 to 31st March 2002

**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Trade debtors	467,489	6,070,745
Other debtors	20,500	-
Prepayments & accrued income	1,821	1,497
Directors' current accounts	462,205	335,236
	<u>952,015</u>	<u>6,407,478</u>

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Trade creditors	603,944	6,104,452
Social security & other taxes	181,503	54,765
Accrued expenses	230,130	240,813
	<u>1,015,577</u>	<u>6,400,030</u>

9. CALLED UP SHARE CAPITAL

Authorised:					
Number:	Class:	Nominal value:	2002	2001	
			£	£	
100	Ordinary shares	1	<u>100</u>	<u>100</u>	
Allotted, issued and fully paid:					
Number:	Class:	Nominal value:	2002	2001	
			£	£	
1	Ordinary shares	1	<u>1</u>	<u>1</u>	

10. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the period ended 31st March 2002:

	£
K Courtney	
Balance outstanding at start of period	323,810
Balance outstanding at end of period	450,779
Maximum balance outstanding during period	<u>450,779</u>
A Howarth	
Balance outstanding at start of period	11,426
Balance outstanding at end of period	11,426
Maximum balance outstanding during period	<u>11,426</u>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Period 1st November 2001 to 31st March 2002

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
(Loss)/Profit for the financial period	(239,172)	120,473
Net (reduction)/addition to shareholders' funds	(239,172)	120,473
Opening shareholders' funds	241,123	120,650
Closing shareholders' funds	1,951	241,123
Equity interests	1,951	241,123

12. CONTROLLING PARTIES

The controlling part is Mr Keith Courtney, who holds 100% of the issued share capital of the company.