

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001
FOR
ALBANY TOBACCO COMPANY LIMITED



ALBANY TOBACCO COMPANY LIMITED

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For The Year Ended 31st October 2001

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ALBANY TOBACCO COMPANY LIMITED

COMPANY INFORMATION
For The Year Ended 31st October 2001

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
BANKERS:	The Royal Bank of Scotland Plc Manchester Mosley Street 38 Mosley Street Manchester M60 2BE
SOLICITORS:	Chaffe Street Brook House 77 Fountain Street Manchester M2 2EE

ALBANY TOBACCO COMPANY LIMITED

REPORT OF THE DIRECTORS **For The Year Ended 31st October 2001**

The directors present their report with the financial statements of the company for the year ended 31st October 2001.

PRINCIPAL ACTIVITY

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

DIRECTORS

The directors during the year under review were:

K Courtney
A Howarth

The beneficial interests of the directors holding office on 31st October 2001 in the issued share capital of the company were as follows:

	31.10.01	1.11.00
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 since 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 28 days.

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

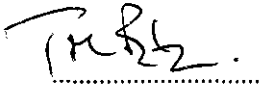
The auditors, Jacksons Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ALBANY TOBACCO COMPANY LIMITED

REPORT OF THE DIRECTORS
For The Year Ended 31st October 2001

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: 10/12/01

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 year ended 31st October 2001 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.

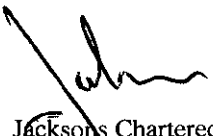
Basis of audit opinion

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 October 2001 and of its profit for the year 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: 31/1/03

ALBANY TOBACCO COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
For The Year Ended 31st October 2001

		2001		2000	
	Notes	£	£	£	£
TURNOVER			80,716,397		94,119,582
Cost of sales			79,895,485		93,042,463
GROSS PROFIT			820,912		1,077,119
Distribution costs		83,874		140,580	
Administrative expenses		651,449		985,840	
			735,323		1,126,420
OPERATING PROFIT/(LOSS)	3		85,589		(49,301)
Interest receivable and similar income			34,694		83,947
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			120,283		34,646
Tax on profit on ordinary activities	4		(190)		10,984
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			120,473		23,662
Dividends	5		-		90,000
			120,473		(66,338)
Retained profit brought forward			120,649		186,987
RETAINED PROFIT CARRIED FORWARD			£241,122		£120,649

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

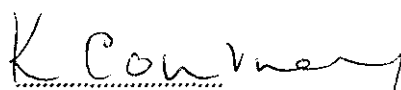
ALBANY TOBACCO COMPANY LIMITED

BALANCE SHEET
31st October 2001

		2001		2000	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		28,787		48,142
CURRENT ASSETS:					
Stocks	7	10,204		3,003	
Debtors	8	6,407,478		8,144,425	
Investments	9	-		46,763	
Cash at bank		194,684		324,846	
		<u>6,612,366</u>		<u>8,519,037</u>	
CREDITORS: Amounts falling due within one year	10	<u>6,400,030</u>		<u>8,446,529</u>	
NET CURRENT ASSETS:			<u>212,336</u>		<u>72,508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£241,123</u></u>		<u><u>£120,650</u></u>
CAPITAL AND RESERVES:					
Called up share capital	11		1		1
Profit and loss account			<u>241,122</u>		<u>120,649</u>
SHAREHOLDERS' FUNDS:	13		<u><u>£241,123</u></u>		<u><u>£120,650</u></u>

These financial statements have 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:



K Courtney - DIRECTOR

Approved by the Board on 10/3/03

ALBANY TOBACCO COMPANY LIMITED

CASH FLOW STATEMENT
For The Year Ended 31st October 2001

		2001		2000	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	1		95,261		(3,036,423)
Returns on investments and servicing of finance	2		34,694		83,947
Taxation			(26,229)		(5,234)
Capital expenditure	2		(1,191)		4,890
Equity dividends paid			-		(90,000)
			<u>102,535</u>		<u>(3,042,820)</u>
Management of liquid resources	2		46,763		(1,988)
Financing	2		(279,460)		(55,776)
Decrease in cash in the period			<u>£(130,162)</u>		<u>£(3,100,584)</u>
Reconciliation of net cash flow to movement in net funds	3				
Decrease in cash in the period			(130,162)		(3,100,584)
Cash (inflow)/outflow from (decrease)/increase in liquid resources			<u>(46,763)</u>		<u>1,988</u>
Change in net funds resulting from cash flows			<u>(176,925)</u>		<u>(3,098,596)</u>
Movement in net funds in the period			<u>(176,925)</u>		<u>(3,098,596)</u>
Net funds at 1st November			<u>371,609</u>		<u>3,470,205</u>
Net funds at 31st October			<u>£194,684</u>		<u>£371,609</u>

The notes form part of these financial statements

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31st October 2001

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

	2001 £	2000 £
Operating profit/(loss)	85,589	(49,301)
Depreciation charges	20,546	19,392
Increase in stocks	(7,201)	(3,003)
Decrease in debtors	2,016,407	3,902,442
Decrease in creditors	(2,020,080)	(6,905,953)
Net cash inflow/(outflow) from operating activities	95,261	(3,036,423)

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

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	34,694	83,947
Net cash inflow for returns on investments and servicing of finance	34,694	83,947
Capital expenditure		
Purchase of tangible fixed assets	(1,191)	(6,536)
Sale of tangible fixed assets	-	11,426
Net cash (outflow)/inflow for capital expenditure	(1,191)	4,890
Management of liquid resources		
Land in Portugal	46,763	(46,763)
Listed shares	-	44,775
Net cash inflow/(outflow) from management of liquid resources	46,763	(1,988)
Financing		
Amount withdrawn by directors	(279,460)	(55,776)
Net cash outflow from financing	(279,460)	(55,776)

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31st October 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.11.00	Cash flow	At 31.10.01
	£	£	£
Net cash:			
Cash at bank	324,846	(130,162)	194,684
	<u>324,846</u>	<u>(130,162)</u>	<u>194,684</u>
Liquid resources:			
Current asset			
investments	46,763	(46,763)	-
	<u>46,763</u>	<u>(46,763)</u>	<u>-</u>
Total	<u>371,609</u>	<u>(176,925)</u>	<u>194,684</u>
Analysed in Balance Sheet			
Cash at bank	324,846		194,684
Current asset			
investments	46,763		-
	<u>371,609</u>		<u>194,684</u>

The notes form part of these financial statements

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st October 2001

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 taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

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.

Hire purchase and leasing commitments

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of the inception of each lease contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year 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

	2001	2000
	£	£
Wages and salaries	191,159	181,045
Social security costs	14,424	12,917
Other pension costs	62,581	63,416
	<hr/>	<hr/>
	268,164	257,378
	<hr/>	<hr/>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st October 2001

2. STAFF COSTS - continued

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

	2001	2000
Directors	2	-
Administration and Sales	2	-
	<u>—</u>	<u>—</u>
	4	-
	<u>==</u>	<u>==</u>

3. OPERATING PROFIT/(LOSS)

The operating profit (2000 - operating loss) is stated after charging:

	2001	2000
	£	£
Depreciation - owned assets	20,546	19,392
Auditors' remuneration	5,500	4,600
Operating leases - Rent & Storage	15,024	11,740
	<u>==</u>	<u>==</u>
Directors' emoluments	134,502	112,367
Directors' pension contributions to money purchase schemes	62,581	-
	<u>==</u>	<u>==</u>

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

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

4. TAXATION

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

	2001	2000
	£	£
UK corporation tax	-	10,984
Overprovision in previous year	(190)	-
	<u>==</u>	<u>==</u>
	(190)	10,984
	<u>==</u>	<u>==</u>

UK corporation tax has been charged at 20% (2000 - 20%).

5. DIVIDENDS

	2001	2000
	£	£
Equity shares:		
Interim - Ordinary shares	-	90,000
	<u>==</u>	<u>==</u>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st October 2001

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Agency set up costs	Totals
	£	£	£	£
COST:				
At 1st November 2000	21,742	54,090	6,798	82,630
Additions	1,191	-	-	1,191
At 31st October 2001	22,933	54,090	6,798	83,821
DEPRECIATION:				
At 1st November 2000	10,711	19,988	3,789	34,488
Charge for year	3,976	13,561	3,009	20,546
At 31st October 2001	14,687	33,549	6,798	55,034
NET BOOK VALUE:				
At 31st October 2001	8,246	20,541	-	28,787
At 31st October 2000	11,031	34,102	3,009	48,142

7. STOCKS

	2001	2000
	£	£
Stock	10,204	3,003

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Trade debtors	6,070,745	7,997,302
Prepayments & accrued income	1,497	91,347
Directors' current accounts	335,236	55,776
	6,407,478	8,144,425

9. CURRENT ASSET INVESTMENTS

	2001	2000
	£	£
Unlisted investments	-	46,763

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st October 2001

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Trade creditors	6,104,452	8,037,228
Social security & other taxes	54,765	118,765
Taxation	-	26,419
Accrued expenses	240,813	264,117
	<u>6,400,030</u>	<u>8,446,529</u>

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2001	2000
			£	£
100	Ordinary shares	1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2001	2000
			£	£
1	Ordinary shares	1	<u>1</u>	<u>1</u>

12. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 31st October 2001:

	£
K Courtney	
Balance outstanding at start of year	1,350
Balance outstanding at end of year	323,810
Maximum balance outstanding during year	<u>331,902</u>
A Howarth	
Balance outstanding at start of year	54,426
Balance outstanding at end of year	11,426
Maximum balance outstanding during year	<u>54,426</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	120,473	23,662
Dividends	-	(90,000)
	<u>120,473</u>	<u>(66,338)</u>
Net addition/(reduction) to shareholders' funds	120,473	(66,338)
Opening shareholders' funds	120,650	186,988
	<u>241,123</u>	<u>120,650</u>
Closing shareholders' funds	241,123	120,650
	<u>241,123</u>	<u>120,650</u>
Equity interests	241,123	120,650
	<u>241,123</u>	<u>120,650</u>

ALBANY TOBACCO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st October 2001

14. CONTROLLING PARTIES

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

DETAILED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2001
FOR
ALBANY TOBACCO COMPANY LIMITED

ALBANY TOBACCO COMPANY LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

For The Year Ended 31st October 2001

	Notes	2001		2000	
		£	£	£	£
TURNOVER	1		80,716,397		94,119,582
Cost of sales	2		79,895,485		93,042,463
GROSS PROFIT			820,912		1,077,119
Distribution costs	3	83,874		140,580	
Administrative expenses	4	650,931		985,361	
Establishment costs	5	518		479	
			735,323		1,126,420
OPERATING PROFIT/(LOSS)			85,589		(49,301)
Finance income	6		34,694		83,947
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			£120,283		£34,646

ALBANY TOBACCO COMPANY LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

For The Year Ended 31st October 2001

	2001	2000
	£	£
1. TURNOVER		
Sales	80,716,397	94,119,582
2. COST OF SALES		
Purchases	79,895,485	93,042,463
3. DISTRIBUTION COSTS		
Advertising & promotions	1,664	67,824
Artwork design & reproductions	143	6,820
Entertaining	10,026	18,524
Travelling	54,259	28,437
Motor expenses	11,494	10,783
Car hire	6,288	8,192
	83,874	140,580

ALBANY TOBACCO COMPANY LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

For The Year Ended 31st October 2001

	2001	2000
	£	£
4. ADMINISTRATIVE EXPENSES		
Directors' remuneration	120,200	112,367
Social security	14,424	12,917
Wages	70,959	68,678
Pensions	62,581	63,416
Computer expenses	4,419	4,000
Telephone	9,522	11,431
Post & stationery	2,621	5,011
Bad debts	9,176	-
Other Insurances	7,146	1,583
Rent & Storage	13,967	11,740
Villa maintenance & fees	8,820	-
Bank charges	5,324	3,860
Sponsorship	1,057	10,663
Sundry expenses	20,740	24,094
Auditors remuneration	5,500	4,600
Employee benefit trust	(27,923)	492,000
Profit on foreign exchange	3,905	-
Vat assessment	3,292	15,912
Accountancy	16,177	13,446
Sales and Marketing fees	145,578	75,000
Consultancy	-	1,171
Legal and professional fees	131,180	29,341
Depreciation:		
Depreciation	20,547	19,392
Bank Interest	1,719	159
Other interest	-	4,580
	<u>650,931</u>	<u>985,361</u>
5. ESTABLISHMENT COSTS		
Light & heat	<u>518</u>	<u>479</u>
6. FINANCE INCOME		
Deposit account interest	34,694	79,208
Income from investments	-	1,001
Gain on sale of investments	-	3,738
	<u>34,694</u>	<u>83,947</u>

This page does not form part of the statutory financial statements