



COMPANY NO: 3699814

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# HALEWOOD INTERNATIONAL HOLDINGS PLC

## REPORT AND FINANCIAL STATEMENTS

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◆ *Year ended 30 June 2001* ◆

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**HALEWOOD**  
INTERNATIONAL  
HOLDINGS PLC

REGISTERED IN ENGLAND NO 3699814. REGISTERED OFFICE :  
THE SOVEREIGN DISTILLERY, WILSON ROAD, HUYTON BUSINESS PARK, LIVERPOOL, L36 6AD  
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## COMPANY INFORMATION

Directors	Mr J E Halewood	(Chairman)
	Mrs E M Halewood	
	Mr A Vaughan	
	Mr S J Oldroyd	
	Mr P A Longinotti	(Non executive)
	Mr A J Timson	(Non-executive)
	Mr J Coymans	(Non-executive)

Secretary	Mr S J Oldroyd
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Registered office	The Sovereign Distillery Wilson Road Huyton Industrial Estate Huyton Liverpool L36 6AD
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Registered number	3699814
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Auditors	RSM Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
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Bankers	Lloyds TSB Bank Plc 94 Fishergate Preston Lancashire PR1 2JB
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## **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 30 June 2001.

## **PRINCIPAL ACTIVITIES**

The Group trades as importers, bottlers and distributors of wines and spirits.

## **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The company had a further successful year with volume and turnover growth accelerating substantially. The business invested extensive additional resources in Brands, infrastructure and overseas development to enable future growth.

The Directors are confident that this growth will continue in future years.

## **RESULTS AND DIVIDENDS**

The profit for the period is disclosed on page 5. The directors do not recommend the payment of a dividend.

## **DIRECTORS**

The present directors of the Company are set out on page 1. The directors served throughout the year with the following exceptions as follows:

Mr H Melling	(Appointed 22 March 2001, resigned 9 November 2001)
Mr S J Oldroyd	(Appointed 22 March 2001)
Mr A J Timson	(Appointed 22 March 2001)
Mr J Coymans	(Appointed 22 March 2001)
Mr A Vaughan	(Appointed 2 July 2001)
Mr P A Longinotti	(Appointed 3 December 2001)

The directors' interests in the ordinary shares of the Company at the year end, as defined by the Companies Act 1985, were as follows:

	<b>Ordinary shares of £1 each 30 June 2001</b>	<b>Ordinary shares of £1 each 30 June 2000</b>
Mr J E Halewood	90,000	90,000
Mrs E M Halewood	5,000	5,000
	<hr/>	<hr/>

The other directors have no interest in the share capital of any group company.

**REPORT OF THE DIRECTORS**  
**(Continued)**

**EMPLOYEES**

During the period the Group continued to provide employees with relevant information through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's trading position and of any significant organisational changes.

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the Group, as well as generally through training and career development.

**DIRECTORS' RESPONSIBILITIES**

Company law in the UK 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the financial statements on the going concern basis.

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

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The Group's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed. Although the Group does not follow any code or standard on payment policy, where terms have not been specifically agreed, invoices dated in one calendar month are paid close to the end of the following month. At 30 June 2001, trade creditors for the Group equated to 61 days (2000: 50 days).

**AUDITORS**

RSM Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting.

**APPROVAL**

The report of the directors was approved by the Board on 23 January 2002 and signed on its behalf by



S J Oldroyd  
Company Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
HALEWOOD INTERNATIONAL HOLDINGS PLC**

We have audited the financial statements on pages 5 to 29.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 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.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

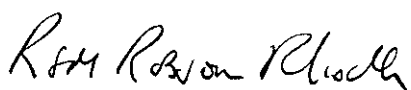
**Basis of audit opinion**

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 affairs of the company and the group as at 30 June 2001 and the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes  
Chartered Accountants and Registered Auditors

Manchester, England  
23 January 2002

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 June 2001**

	Note	2001 £'000	2000 £'000
<b>Turnover</b>			
Acquisitions	1 & 2	18,334	-
Other continuing operations		193,102	140,859
		<hr/>	<hr/>
		211,436	140,859
Cost of sales		(156,784)	(100,503)
		<hr/>	<hr/>
<b>Gross profit</b>		54,652	40,356
Distribution costs		(30,223)	(23,718)
Administration expenses		(13,433)	(5,765)
<b>Operating profit</b>	3		
Acquisitions		28	-
Other continuing operations		10,968	10,873
		<hr/>	<hr/>
		10,996	10,873
Interest receivable and similar income		130	116
Interest payable	6	(1,870)	(608)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		9,256	10,381
Tax on profit on ordinary activities	7	(3,682)	(3,870)
		<hr/>	<hr/>
<b>Profit for the year</b>	18	5,574	6,511
		<hr/>	<hr/>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 30 June 2001**

	<b>2001</b> <b>£'000</b>	<b>Restated</b> <b>2000</b> <b>£'000</b>
Profit for the year	5,574	6,511
Minority interest share of losses	51	142
Currency translation loss	(202)	(56)
	<hr/>	<hr/>
Total recognised gains	5,423	6,597
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**  
**For the year ended 30 June 2001**

	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
<b>Group</b>		
Total recognised gains- as previously reported	5,423	6,711
Reversal of prior year property revaluation (see note 9)	-	(114)
	<hr/>	<hr/>
Total recognised gains- as restated	5,423	6,597
Opening shareholders' funds- as previously reported	24,541	17,830
Reversal of prior year property revaluation	(114)	-
Opening shareholders' funds- as restated	24,427	17,830
	<hr/>	<hr/>
Closing shareholders' funds	29,850	24,427
	<hr/>	<hr/>
<b>Company</b>		
Total recognised gains	476	6,682
Opening shareholders' funds	21,527	14,845
	<hr/>	<hr/>
Closing shareholders' funds	22,003	21,527
	<hr/>	<hr/>



**CONSOLIDATED BALANCE SHEET**  
**At 30 June 2001**

	Note	2001 £'000	Restated 2000 £'000
<b>Fixed assets</b>			
Intangible assets	8	252	210
Negative goodwill	8	(1,162)	(428)
Tangible assets	9	32,778	22,682
Investments	10	886	925
		<hr/>	<hr/>
		32,754	23,389
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	12	23,609	15,304
Debtors	13	50,297	27,944
Cash at bank and in hand		15,958	6,979
		<hr/>	<hr/>
		89,864	50,227
		<hr/>	<hr/>
<b>Creditors: Amounts falling due within one year</b>	14	(78,105)	(42,572)
		<hr/>	<hr/>
<b>Net current assets</b>		11,759	7,655
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		44,513	31,044
		<hr/>	<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	15	(13,408)	(5,678)
<b>Provision for liabilities and charges</b>	16	(441)	(487)
<b>Minority interests</b>	18	(814)	(452)
		<hr/>	<hr/>
<b>Net assets</b>		29,850	24,427
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	95	95
Capital redemption reserve	18	5	5
Revaluation reserve	18	1,509	1,509
Capital reserve	18	414	414
Profit and loss account	18	27,827	22,404
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		29,850	24,427
		<hr/>	<hr/>

## COMPANY BALANCE SHEET

At 30 June 2001

	Note	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Tangible assets	9	13,653	9,900
Investments	10	6,686	5,468
		<hr/>	<hr/>
		20,339	15,368
<b>Current assets</b>			
Stocks	12	-	-
Debtors	13	2,022	7,235
Cash at bank and in hand		7,932	5,014
		<hr/>	<hr/>
		9,954	12,249
<b>Creditors: Amounts falling due within one year</b>	14	(3,099)	(2,701)
		<hr/>	<hr/>
<b>Net current assets</b>		6,855	9,548
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		27,194	24,916
<b>Creditors: Amounts falling due after more than one year</b>	15	(5,181)	(3,389)
<b>Provision for liabilities and charges</b>	16	(10)	-
		<hr/>	<hr/>
<b>Net assets</b>		22,003	21,527
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	95	95
Profit and loss account	18	21,908	21,432
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		22,003	21,527
		<hr/>	<hr/>

The financial statements were approved by the Board on *23rd* January 2002 and signed on its behalf by:

*John E Halewood*

J E Halewood  
Director



**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 30 June 2001**

	<b>Note</b>	<b>2001 £'000</b>	<b>2000 £'000</b>
<b>Cash inflow from operating activities</b>	21	5,508	2,322
<b>Returns on investment and servicing of finance</b>			
Interest received		130	110
Interest paid		(1,344)	(319)
Interest element of hire purchase repayments		(250)	(175)
		(1,464)	(384)
<b>Taxation paid</b>			
UK Corporation tax paid		(1,355)	(2,716)
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed assets		(10,884)	(5,923)
Receipts from sale of tangible fixed assets		176	345
Government grant received		250	-
Payments to acquire intangible assets		-	(150)
Payments to acquire investments		(119)	(592)
		(10,577)	(6,320)
<b>Acquisitions and disposals</b>			
Purchase of business/ subsidiaries		(8,026)	(1,380)
Net cash/ (overdraft) acquired with business/ subsidiaries		152	(1,421)
		(7,874)	(2,801)
<b>Net cash outflow before financing</b>		(15,762)	(9,899)
<b>Financing</b>	22&23		
Draw down of bank loan		7,000	3,000
Repayment of loans		(400)	(371)
Draw down of other loans		2,023	-
Other loan repaid		(158)	(40)
Capital element of hire purchase repayments		(1,362)	(1,152)
<b>Net cash inflow from financing</b>		7,103	1,437
<b>Decrease in cash</b>		(8,659)	(8,462)

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**1. ACCOUNTING POLICIES**

**Convention**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold & leasehold property pre FRS 15, and in accordance with applicable Accounting Standards. The principal accounting policies which the directors have adopted within that convention are set out below.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements. The profit for the year generated by the company is shown in note 18.

**Basis of consolidation**

In accordance with FRS 6, following a group reconstruction the group accounts consolidate the results and balance sheets of the company and its subsidiary undertakings using merger accounting, on the grounds that the group reconstruction did not alter the shareholders of the group or effect minority interests. All external acquisitions have been accounted for using acquisition accounting.

The results of subsidiary undertakings acquired or disposed of during a financial year are included from, or up to, the effective date of acquisition or disposal. Goodwill, representing the difference between the cost and the fair value of the net assets acquired, was written off against reserves in the year of acquisition until 30 June 1998. In accordance with FRS10 goodwill or negative goodwill arising on acquisitions since that date has been capitalised and is to be amortised over its useful economic life of between two and five years.

**Depreciation**

Depreciation is provided evenly on the cost (or valuation) of tangible fixed assets, at rates calculated to write them down over their expected useful life, as follows:

Freehold buildings	2% on cost or valuation
Leasehold buildings	Over lease period
Fixtures and fittings	15%/25% on cost
Plant and machinery	10%/15% on cost
Motor vehicles	25% on cost

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes any expenses incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less further costs of disposal.

**Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**1. ACCOUNTING POLICIES**  
**(Continued)**

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

The Group has two Romanian subsidiaries which operate in a highly inflationary economy. Consequently the Group has applied IAS 21 and reported the results of these subsidiaries in sterling, the principal operational currency used by the companies.

**Leased assets**

Where assets are financed by hire purchase or finance lease the assets are included in the balance sheet at cost less depreciation in accordance with the Group's normal accounting policies. Future obligations are shown as a liability. The interest element of repayments made is charged to the profit and loss account on a straight line basis.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

**Capital grants**

Capital government grants received are treated as a deferred credit and released to the profit and loss account over the expected useful life of the assets to which they relate.

**Pensions**

The Group contributes to defined contribution pension arrangements (including stakeholder equivalent arrangements) on behalf of certain employees. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension cost for these schemes represents contributions payable in the period.

**Turnover**

Turnover comprises sales to customers less discounts and allowances and is net of value added tax.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001****2. SEGMENTAL ANALYSIS**

The analysis of turnover by geographical market, all of which relates to the principal activity, is as follows:

	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
United Kingdom	205,030	138,511
Other EC countries	1,490	886
Rest of Europe	539	832
Other	4,377	630
	<hr/>	<hr/>
	211,436	140,859
	<hr/>	<hr/>

**3. OPERATING PROFIT**

a) Operating profit may be analysed as follows:

	<b>Existing continuing operations £'000</b>	<b>Year ended 30 June 2001 Acquisitions £'000</b>	<b>Total continuing operations £'000</b>	<b>Year ended 30 June 2000 Existing continuing operations £'000</b>
Turnover	193,102	18,334	211,436	140,859
Cost of sales	(141,294)	(15,490)	(156,784)	(100,503)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	51,808	2,844	54,652	40,356
Distribution costs	(30,205)	(18)	(30,223)	(23,718)
Administration expenses	(10,635)	(2,798)	(13,433)	(5,765)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	10,968	28	10,996	10,873
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**3. OPERATING PROFIT (Continued)**

b) Operating profit is arrived at after charging/(crediting):

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration		
- for UK audit services	80	50
- for overseas audit services	25	22
- for non-audit services	30	131
Depreciation of tangible fixed assets	3,042	1,910
Operating lease rentals - motor vehicles	200	168
- premises	201	43
Hire of plant, machinery and vehicles	123	173
Government grants released in year	(68)	(62)
Amortisation - goodwill	31	5
- negative goodwill	(1,065)	(80)
- brands & IPR	15	-
Write down of investments	158	-
Loss on disposal of tangible fixed assets	26	101
	<hr/>	<hr/>

**4. EMPLOYEES**

The remuneration of employees, including directors, was:

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	14,943	11,380
Social security costs	978	982
Pensions - defined contribution schemes	375	276
	<hr/>	<hr/>
	16,296	12,638
	<hr/>	<hr/>

The average weekly number of employees during the period was made up as follows:

	<b>2001</b>	<b>2000</b>
	<b>Number</b>	<b>Number</b>
Administration & selling	358	198
Warehouse, production and distribution	637	522
	<hr/>	<hr/>
	995	720
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001****5. DIRECTORS' EMOLUMENTS**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Management remuneration	307	4,060
Pension contributions	66	60
	<hr/>	<hr/>
	373	4,120
	<hr/>	<hr/>

The emoluments of the highest paid director, were:

	<b>2001 £'000</b>	<b>2000 £'000</b>
Salary and bonus	176	1,361
Benefits in kind	54	2,682
Pension contributions - defined contribution scheme	60	60
	<hr/>	<hr/>
	290	4,103
	<hr/>	<hr/>

**6. INTEREST PAYABLE**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Bank overdraft	1,185	277
Hire purchase interest	250	175
Loan interest is payable on loans: - repayable by instalments within 5 years	330	156
Other	105	-
	<hr/>	<hr/>
	1,870	608
	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Current year		
UK corporation tax at 30% (2000 : 30%)	3,707	3,655
Deferred tax (note 16)	(165)	10
	<hr/>	<hr/>
	3,542	3,665
Prior years		
Corporation tax	21	(249)
Deferred tax (note 16)	119	454
	<hr/>	<hr/>
	3,682	3,870
	<hr/> <hr/>	<hr/> <hr/>

**8. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Brands and Intellectual Property Rights £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>	<b>Negative Goodwill £'000</b>
<b>Cost</b>				
At 1 July 2000	150	65	215	(508)
Additions	-	22	22	(2,033)
Adjustment	-	66	66	265
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	150	153	303	(2,276)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
At 1 July 2000	-	5	5	(80)
Adjustment	-	-	-	31
Charge/(credit) for period	15	31	46	(1,065)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	15	36	51	(1,114)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 June 2001	135	117	252	(1,162)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2000	150	60	210	(428)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

An adjustment has been made to goodwill in respect of the purchase of Halewood Breweries S.A. Pty Limited in the year ended 30 June 2000 as a consequence of revision to the fair value of net assets acquired.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**9. TANGIBLE FIXED ASSETS**

<b>Group</b>				
	<b>Freehold property £'000</b>	<b>Long leasehold property £'000</b>	<b>Plant &amp; machinery, fixtures &amp; fittings, motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost/valuation</b>				
At 1 July 2000- as previously reported	10,194	2,810	16,078	29,082
Prior year adjustment	(114)	-	-	(114)
At 1 July 2000- as restated	10,080	2,810	16,078	28,968
Acquisitions	-	-	182	182
Additions	5,396	-	7,751	13,147
Reclassification	2,678	(1,439)	(1,239)	-
Disposals	-	-	(553)	(553)
At 30 June 2001	18,154	1,371	22,219	41,744
<b>Accumulated depreciation</b>				
At 1 July 2000	494	107	5,685	6,286
Charge for year	562	28	2,452	3,042
Reclassification	55	(55)	-	-
Disposals	(11)	-	(351)	(362)
At 30 June 2001	1,100	80	7,786	8,966
<b>Net book value</b>				
At 30 June 2001	17,054	1,291	14,433	32,778
At 30 June 2000- as restated	9,586	2,703	10,393	22,682
At 30 June 2000- as previously reported	9,700	2,703	10,393	22,796

The net book value of fixed assets includes an amount of £4.82m (2000: £3.15m) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £592,000 (2000: £488,000).

The prior year adjustment eliminates a revaluation of property included in error. The impact of the prior year adjustment is to reduce tangible fixed assets, revaluation reserve and total shareholders funds by £114,000 at 30 June 2000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**9. TANGIBLE FIXED ASSETS**  
**(Continued)**

Land & buildings comprises:	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<b>Freehold property is stated at:</b>		
Valuation 1989	650	650
Valuation 1995	3,750	3,750
Cost	13,754	5,680
	<hr/>	<hr/>
	18,154	10,080
	<hr/>	<hr/>
<b>Leasehold property is stated at:</b>		
Valuation 1989	260	260
Valuation 1997	750	750
Cost	621	1,785
	<hr/>	<hr/>
	1,371	2,795
	<hr/>	<hr/>

The comparable amounts if stated under the historical cost convention, would be:

Freehold property	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Cost	16,590	8,516
Depreciation	(710)	(427)
	<hr/>	<hr/>
Net book value	15,880	8,089
	<hr/>	<hr/>
Leasehold property	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Cost	1,276	2,700
Depreciation	(320)	(391)
	<hr/>	<hr/>
Net book value	956	2,309
	<hr/>	<hr/>

Certain of the properties were revalued at the above dates on the basis of their open market values. Valuations were independent and external; the 1989 valuation being carried out by Sykes Waterhouse, the 1995 valuation being carried out by Honeybourne, Kenny & Partners, and the 1997 valuations being carried out by Edward Symmons & Partners, members of the Royal Institute of Chartered Surveyors. All valuations were in accordance with the Statement of Asset Valuation Practice.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**9. TANGIBLE FIXED ASSETS**  
**(Continued)**

<b>Company</b>	<b>Freehold property £'000</b>	<b>Long leasehold property £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 July 2000	9,427	500	9,927
Additions	4,094	-	4,094
	<hr/>	<hr/>	<hr/>
At 30 June 2001	13,521	500	14,021
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 July 2000	24	3	27
Charge for year	341	11	352
Transfer	(11)	-	(11)
	<hr/>	<hr/>	<hr/>
At 30 June 2001	354	14	368
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2001	13,167	486	13,653
	<hr/>	<hr/>	<hr/>
At 1 July 2000	9,403	497	9,900
	<hr/>	<hr/>	<hr/>

**10. INVESTMENTS**

<b>Group</b>	<b>Unquoted investments £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 July 2000	538	387	925
Additions	-	119	119
Disposals/(write off)	(38)	(120)	(158)
	<hr/>	<hr/>	<hr/>
At 30 June 2001	500	386	886
	<hr/>	<hr/>	<hr/>

The unquoted investment represents 500,000 £1 non-cumulative 5% preference shares in Halewood International Financial Services Limited, a related company. (See note 24)

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001**

**10. INVESTMENTS**

<b>Company</b>	<b>Unquoted Investments £'000</b>	<b>Investments in subsidiary undertakings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 July 2000	543	4,925	5,468
Additions	-	1,256	1,256
Reclassification	(5)	5	-
Disposals/(write off)	(38)	-	(38)
	<hr/>	<hr/>	<hr/>
At 30 June 2001	500	6,186	6,686
	<hr/>	<hr/>	<hr/>

The company's principal subsidiary companies are set out below. A full list of subsidiary companies is set out in note 26.

All these subsidiaries are 100% owned and registered in England & Wales unless otherwise stated.

**Subsidiary undertakings**

**Principal activities**

Beijing Shunxing Halewood Alcoholic Beverages Limited	Distribution of wines and spirits
Caribbean Twist Limited	Brand ownership
Chalie, Richards & Co Limited	Import and distribution of fine wines and champagne.
Classic Wines & Spirits Limited	Wholesale of beers, wines and spirits.
Classic Drinks Limited	Wholesale of beers, wines and spirits
Dunbar Vintners Limited	Distribution of wines and spirits
Golding, Hoptroff & Co. Limited	Haulage broker
Halewood International Limited	Distribution of wines and spirits
Halewood International Brands Limited	Brand ownership
Halewood International Marketing Limited	Marketing services
Halewood International Production Limited	Wines and spirits bottling and production
Halewood International USA Inc	Distribution of wines and spirits
Halewood Romania Vinuri SRL * +	Production and sourcing of wine
Hall & Bramley Limited	Distribution of wines and spirits
Lambrini Limited	Brand ownership
Halewood Breweries S.A. Pty Limited *	Wines and spirits bottler
Red Square Beverages Limited	Brand ownership
Cramele Prahova SA* +	Wine production

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2001****10. INVESTMENTS (Continued)**

\* Halewood Romania Vinuri SRL and Cramele Prahova SA are registered in Romania and Halewood Breweries S.A. Pty Limited is registered in South Africa. Beijing Shunxing Halewood Alcoholic Beverages Limited is registered in China and Halewood International USA Inc is registered in the USA.

+ The company has a 95% shareholding in Halewood Romania Vinuri SRL which in turn owns 64% of Cramele Prahova SA. The company has a 60% shareholding in Beijing Shunxing Halewood Alcoholic Beverages Limited.

**11. ACQUISITIONS**

On 2 March 2001 a newly formed subsidiary of the Group, Classic Drinks Limited, acquired a business, whose assets and liabilities were:

	Book value £'000	Fair value adjustments £'000	Provisional fair value £'000
Tangible fixed assets	553	(371)	182
Stock	4,468	(86)	4,382
Debtors	5,556	-	5,556
Cash at bank and in hand	152	-	152
Provisions	-	(376)	(376)
	<hr/>	<hr/>	<hr/>
Net assets acquired	10,729	(833)	9,896
Cash paid, including costs of acquisition			(7,863)
			<hr/>
Negative goodwill			(2,033)
			<hr/>

The fair value adjustments represent the write down of fixed assets and stock from book value to their estimated realisable amount. In addition, provision was made for onerous liabilities identified at the time of the acquisition.

Since acquisition the business has contributed £1,627,000 to the Group's operating cash flow, paid £117,000 in respect of net returns on investments and servicing of finance, paid £88,000 in respect of capital investment and raised a loan of £4,000,000 secured on its assets in respect of financing.

It is not possible to determine the business's pre acquisition performance with any accuracy.

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

**12. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Goods for resale	19,371	11,497	-	-
Raw materials	3,570	2,049	-	-
Consumables	443	384	-	-
Work in progress	225	1,374	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	23,609	15,304	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	46,535	25,810	36	-
Other debtors	3,160	1,627	1,767	662
Prepayments	602	507	119	133
Dividends due from subsidiary undertakings	-	-	100	6,440
	<hr/>	<hr/>	<hr/>	<hr/>
	50,297	27,944	2,022	7,235
	<hr/>	<hr/>	<hr/>	<hr/>

Within other debtors is a balance of £312,000 owed to the company by Mr JE Halewood which is also the maximum amount owed by Mr Halewood in the year.

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

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

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdrafts (secured note 15)	30,873	13,387	-	-
Bank loans (secured note 15)	1,334	233	1,200	-
Hire purchase finance	1,446	923	-	-
Other loans	1,088	540	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within one year	34,741	15,083	1,200	-
Trade creditors	18,547	13,188	900	338
Corporation tax	5,266	2,865	486	150
Other taxation and social security	4,846	8,261	-	-
Accruals and deferred income	14,073	2,546	135	20
Other creditors	632	466	8	-
Due to subsidiary undertakings	-	-	370	2,030
Deferred consideration	-	163	-	163
	<hr/>	<hr/>	<hr/>	<hr/>
	78,105	42,572	3,099	2,701
	<hr/>	<hr/>	<hr/>	<hr/>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	9,183	3,684	4,800	3,000
Hire purchase finance	1,957	1,213	-	-
Other loans	1,616	299	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	12,756	5,196	4,800	3,000
	<hr/>	<hr/>	<hr/>	<hr/>
Repayable				
1-2 years	3,245	2,182	1,200	1,200
2-5 years	8,083	2,524	3,600	1,800
After 5 years	1,428	490	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Debt	12,756	5,196	4,800	3,000
Deferred income - grants	652	482	381	389
	<hr/>	<hr/>	<hr/>	<hr/>
	13,408	5,678	5,181	3,389
	<hr/>	<hr/>	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

30 June 2001

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR  
(Continued)**

Bank loans consist of the following:

1. A £6,000,000 bank loan repayable by equal quarterly instalments, commencing September 2001 at a commercial rate of interest above the Lloyds Bank Plc base rate. The bank borrowings are secured by unlimited debenture on the undertaking of the company and by fixed charges over the company's freehold and leasehold properties.
2. A £3,833,000 bank loan repayable by equal quarterly instalments, commencing June 2001 at a commercial rate of interest above the Lloyds Bank Plc base rate. The bank borrowings are secured by unlimited debenture on the undertaking of the company.
3. A £650,000 loan repayable by equal quarterly instalments at a rate of interest of 2% above base rate. The loan is secured by a fixed floating charge on the freehold property of Classic Wines & Spirits Limited.
4. A £34,000 bank loan secured by floating charges on the assets of Hall & Bramley Limited and its subsidiary, a fixed charge over the book debts and goodwill of Hall & Bramley Limited and a legal charge over the long leasehold property held by Hall & Bramley Limited.

Other loans consist of the following:

1. £838,000 is the balance of an asset financing loan taken out by Cramele Prahova SA in 1992. The loan is repayable in equal instalments until August 2002. The loan bears interest at a commercial rate above LIBOR and is secured on the assets financed.
2. £1,866,000 is the balance of an asset financing loan taken out by Halewood Breweries S.A. Pty Limited in 2000. The loan is repayable in equal instalments until 2006. The loan bears interest at a commercial rate above base rate and is secured on the assets financed.

**16. DEFERRED TAXATION**

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Opening provision	487	23	-	-
Profit and loss account	(46)	464	10	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing provision	441	487	10	-
	<hr/>	<hr/>	<hr/>	<hr/>
Representing:				
Accelerated capital allowances	817	487	48	-
Other short term timing differences	(376)	-	(38)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	441	487	10	-
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

**16. DEFERRED TAXATION (Continued)**

The provision for deferred taxation does not include any liability relating to the surplus on the property valuations. It is anticipated that no tax liability would arise on the disposal of property at its revalued amount, due to the expected reliefs for investing in replacement assets. No deferred tax is provided in respect of overseas tax losses brought forward.

**17. SHARE CAPITAL**

	<b>2001 Number</b>	<b>2000 Number</b>
<b>Authorised</b>		
Ordinary shares of £1 each	95,000	95,000
<b>Issued and fully paid</b>		
Ordinary shares of £1 each	95,000	95,000

**18. RESERVES**

<b>Group</b>	<b>Minority interests £'000</b>	<b>Capital reserve £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Profit &amp; loss account £'000</b>
At 1 July 2000- as previously reported	452	414	5	1,623	22,404
Prior year adjustment (see note 9)	-	-	-	(114)	-
At 1 July 2000- as restated	452	414	5	1,509	22,404
Profit for the year	-	-	-	-	5,574
Increase in minority stakes in year	413	-	-	-	-
Minority share of loss	(51)	-	-	-	51
Currency adjustment	-	-	-	-	(202)
At 30 June 2001	814	414	5	1,509	27,827

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

**18. RESERVES (Continued)**

<b>Company</b>	<b>Profit &amp; loss account £'000</b>
At 1 July 2000	21,432
Profit for year	476
At 30 June 2000	21,908

**19. CONTINGENT LIABILITIES**

**Company**

Halewood International Holdings PLC, Halewood International Limited, Halewood International Production Limited, Halewood International Marketing Limited, Halewood International Brands Limited, Red Square Beverages Limited, Lambrini Limited, Caribbean Twist Limited, Classic Drinks Limited, Classic Wines & Spirits Limited and Charlie Richards & Co Limited have given unlimited cross guarantees in respect of the other's bank borrowings. At 30 June 2001 these borrowings amounted to £18,351,000 (2000: £16,225,000).

**20. COMMITMENTS**

**Leases**

The Group had annual commitments under non-cancellable operating leases as set out below:

	<b>30 June 2001 £'000</b>	<b>30 June 2000 £'000</b>
Land & buildings operating leases which expire:		
Within one year	536	54
Between one and two years	-	19
	536	73
Plant & equipment operating leases which expire:		
Within one year	316	-
Between one and two years	703	4
Between two to five years	181	186
	1,200	190

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

**20. COMMITMENTS (Continued)**

**Capital**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Contracted	-	2,188

**21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit</b>	10,996	10,873
Depreciation of tangible fixed assets	3,042	1,910
Write down of investments	(158)	-
Loss on sale of tangible fixed assets	26	101
Release of capital grants	(68)	(62)
Amortisation - positive goodwill	31	5
- negative goodwill	(1,065)	(80)
- brands & IPR	15	-
<b>Movements in working capital:</b>		
Increase in stocks	(3,923)	(3,805)
Increase in debtors	(16,797)	(5,540)
Increase in trade creditors	5,359	1,228
Increase/ (decrease) in other creditors	8,050	(2,308)
	<b>5,508</b>	<b>2,322</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2001

## 22. ANALYSIS OF NET DEBT

	30 June 2000 £'000	Cash flow £'000	Non cash movements £'000	Acquisitions £'000	30 June 2001 £'000
Cash at bank and in hand	6,979	8,979	-	-	15,958
Bank overdraft	(13,387)	(17,638)	-	152	(30,873)
<b>Cash</b>	<b>(6,408)</b>	<b>(8,659)</b>	<b>-</b>	<b>152</b>	<b>(14,915)</b>
Bank loans	(3,917)	(6,600)	-	-	(10,517)
Other loans	(839)	(1,865)	-	-	(2,704)
Hire purchase	(2,136)	1,362	(2,629)	-	(3,403)
<b>Borrowings</b>	<b>(6,892)</b>	<b>(7,103)</b>	<b>(2,629)</b>	<b>152</b>	<b>(16,624)</b>
<b>Net debt</b>	<b>(13,300)</b>	<b>(15,762)</b>	<b>(2,629)</b>	<b>152</b>	<b>(31,539)</b>

## 23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £'000	2000 £'000
<b>Decrease in cash</b>	<b>(8,659)</b>	<b>(8,462)</b>
Cash outflow from decrease in debt and lease finance	(7,103)	(1,437)
<b>Increase in net debt from cash flows</b>	<b>(15,762)</b>	<b>(9,899)</b>
Cash acquired with business	152	-
Loans acquired with subsidiary	-	(700)
Inception of hire purchase	(2,629)	(1,356)
<b>Increase in net debt</b>	<b>(18,239)</b>	<b>(11,955)</b>
<b>Opening net debt</b>	<b>(13,300)</b>	<b>(1,345)</b>
<b>Closing net debt</b>	<b>(31,539)</b>	<b>(13,300)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

**24. RELATED PARTY TRANSACTIONS**

The company has undertaken transactions with subsidiaries. Under the provisions of Financial Reporting Standard No.8 "Related Party Disclosures" the company is exempt from disclosing the detail of these transactions.

During the year, the Group entered into the following transactions with companies over which Mr J E Halewood, the principal shareholder, exercises significant influence:

- 1) The company owns £500,000 non-cumulative 5% preference shares of Halewood International Financial Services Limited. The preference shares are redeemable at nominal value together with accrued dividend income by either party upon giving not less than 14 and not more than 28 days written notice. No dividend income accrued during the year ended 30 June 2001 (2000: £nil).
- 2) There is a loan of £350,000 owed by Halewood International Futures Limited, which remained outstanding at 30 June 2001. In addition there is an amount of £12,300 owed by this company in respect of sundry recharges.
- 3) The Group purchased foreign currency to the value of £4,200,000 during the year from HIFX Limited. The amount due from HIFX Limited at 30 June 2001 is £243,000 (2000: £200,000).
- 4) A loan of £126,000 made to Halewood International Marketing Strategies Limited outstanding from prior years was repaid in full together with interest during the year. In addition there is an amount of £13,700 owed by this company in respect of sundry recharges.

**25. PENSION AND SIMILAR OBLIGATIONS**

Certain Group employees participated in the Hall & Bramley Staff Pension Fund in previous years. The benefits of all members of the Fund were secured via the purchase of insurance policies and annuities in the year thus extinguishing any liability of the Group by 30 June 2001.

**NOTES TO THE FINANCIAL STATEMENTS**

**30 June 2001**

**26. SUBSIDIARY COMPANIES**

The complete list of subsidiary companies is set out below.

Beijing Shunxing Halewood Alcoholic Beverages Limited  
The Caribbean Rum Company Ltd\*  
Caribbean Twist Limited  
Chalie, Richards & Co Ltd  
Champagne Exchange UK Limited\*  
Classic Drinks Limited  
Classic Wines & Spirits Ltd  
Classic Wine Warehouses Limited\*  
Clearsnap Limited  
Cramele Prahova SA  
Dunbar Vintners Limited  
Edward Butler Vintners Ltd\*  
The Flinters Spirit Co Ltd\*  
Golding, Hoptroff & Co. Ltd  
Halewood Breweries S.A. Pty Limited  
Halewood International Beverages (Ireland) Ltd  
Halewood International Brands Limited  
Halewood International Limited  
Halewood International Marketing Limited  
Halewood International Production Limited  
Halewood International USA Inc  
Halewood Vintners Ltd\*  
Halewood Romania Vinuri SRL  
Hall & Bramley Ltd  
Hall & Bramley (Scotland) Ltd\*  
Jeeves Wine Emporiums Ltd\*  
Lamb & Watt Vintners Ltd\*  
Lambrini Limited  
Macpherson Richards & Co Ltd\*  
The Mississippi Liquor Trading Co Ltd\*  
The Old Roberttown Spirit and Blending Co Ltd\*  
Redhouse Limited  
Red Square Beverages Limited  
The Rowley Wine Co Ltd\*  
T J Turnbull Sour Mash Co Ltd\*

\* Dormant company