

THE WAREHOUSE WINE CO LIMITED
(formerly River Valley Wines Limited)

ANNUAL REPORT

PERIOD ENDED 31 MARCH 2001

PKF



THE WAREHOUSE WINE CO LIMITED

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THE WAREHOUSE WINE CO LIMITED

DIRECTORS' REPORT

PERIOD ENDED 31 MARCH 2001

The directors submit their report and the financial statements for the period ended 31 March 2001.

Incorporation and change of name

The company was incorporated on 22 December 1999 as River Valley Wines Limited. On 3 May 2001 the company changed its' name to The Warehouse Wine Co Limited.

Principal activity

The principal activity of the company during the year was the sale of wines, beers and spirits by mail order and through retail shops.

Directors

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date and at the date of their appointment were:

| | Ordinary £1 shares 2001 Appointment | |
|---|--|---|
| A Dixon (appointed 16 March 2001) | - | - |
| A Ellis (appointed 22 December 1999) | 29,999 | - |
| GC Thomson (appointed 22 December 1999) | 28,000 | - |
| JS Wright (appointed 12 January 2000) | 29,800 | - |

The initial director, appointed on incorporation and resigning the same day, was York Place Nominees Limited.


Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Basis of preparation

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

By order of the board



GC Thomson
Secretary
22 October 2001

THE WAREHOUSE WINE CO 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 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 judgments 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 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 is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE WAREHOUSE WINE CO LIMITED

We have audited the financial statements of The Warehouse Wine Co Limited for the period ended 31 March 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities.

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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 judgments 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 31 March 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF.

Manchester, UK

PKF
Registered Auditors

22 October 2001.

THE WAREHOUSE WINE CO LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 MARCH 2001

| | Notes | 2001 £ |
|--|----------|-------------------------|
| TURNOVER | 2 | 848,543 |
| Cost of sales | | <u>(696,421)</u> |
| GROSS PROFIT | | 152,122 |
| Administrative expenses | | (515,742) |
| Other operating income | | <u>1,529</u> |
| OPERATING LOSS | 3 | (362,091) |
| Interest payable and similar items | | <u>(3,868)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (365,959) |
| TAXATION | | - |
| LOSS FOR THE FINANCIAL | | <u>(365,959)</u> |

THE WAREHOUSE WINE CO LIMITED

BALANCE SHEET

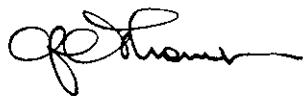
31 MARCH 2001

| | Notes | 2001 £ |
|---|-------|--------------------------|
| FIXED ASSETS | | |
| Tangible | 5 | 53,286 |
| CURRENT ASSETS | | |
| Stocks | | 162,663 |
| Debtors | 6 | 78,923 |
| Cash at bank and in hand | | 1,223 |
| | | <hr/> 242,809 |
| CREDITORS: amounts falling due within one year | 7 | <hr/> (248,054) |
| NET CURRENT LIABILITIES | | <hr/> (5,245) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <hr/> <hr/> 48,041 |
| CAPITAL AND RESERVES | | |
| Called up share capital | 8 | 178,714 |
| Share premium account | | 235,286 |
| Profit and loss account | 9 | (365,959) |
| | | <hr/> 48,041 <hr/> <hr/> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 22 October 2001

Signed on behalf of the board of directors



GC Thomson Director

THE WAREHOUSE WINE CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2001

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|---|--------------------------|
| Plant, machinery, fixtures and fittings | 20 % - 50% straight line |
| Motor vehicles | 25 % reducing balance |

(d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

2 TURNOVER

All turnover arose within the United Kingdom.

3 OPERATING LOSS

The operating loss is stated after charging:

| | |
|---|-------------|
| | £ |
| Depreciation of tangible fixed assets: | |
| - owned by the company | 11,418 |
| - held under finance lease or hire purchase contracts | 8,511 |
| Audit fees | 3,750 |
| | <hr/> <hr/> |

THE WAREHOUSE WINE CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2001

4 DIRECTORS' EMOLUMENTS AND BENEFITS

| | |
|---|--------|
| | £ |
| Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of Schedule 6 to the Companies Act 1985 | 79,423 |

No directors were members of company pension schemes.

5 TANGIBLE FIXED ASSETS

| | Plant, machinery, fixtures and fittings £ | Motor vehicles £ | Total £ |
|-------------------------|---|------------------------|------------|
| Cost | | | |
| At 22 December 1999 | - | - | - |
| Additions in the period | 39,172 | 34,043 | 73,215 |
| At 31 March 2001 | 39,172 | 34,043 | 73,215 |
| Depreciation | | | |
| At 22 December 1999 | - | - | - |
| Charge for year | 11,418 | 8,511 | 19,929 |
| At 31 March 2001 | 11,418 | 8,511 | 19,929 |
| Net book amount | | | |
| At 31 March 2001 | 27,754 | 25,532 | 53,286 |

The net book amounts of motor vehicles above include £25,532 in respect of assets held under finance leases or hire purchase contracts.

6 DEBTORS

| | |
|---------------|--------|
| | £ |
| Trade debtors | 40,867 |
| Other debtors | 38,056 |
| | 78,923 |

THE WAREHOUSE WINE CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2001

7 CREDITORS:

Amounts falling due within one year

| | £ |
|---|----------------|
| Trade creditors | 183,768 |
| Other tax and social security | 30,371 |
| Net obligations under finance lease and hire purchase contracts | 20,165 |
| Other creditors | 13,750 |
| | <u>248,054</u> |

Finance lease and hire purchase creditors are secured on the assets concerned.

8 SHARE CAPITAL

| | Authorised £ | Allotted, called up and fully paid No. | £ |
|---------------------------|-----------------|--|----------------|
| Shares issued in period: | | | |
| Ordinary shares of 1 each | 400,000 | 178,714 | 178,714 |
| | <u>400,000</u> | <u>178,714</u> | <u>178,714</u> |

The consideration received respect of the above shares was £424,000.

9 RESERVES

| | |
|--|------------------|
| Share premium account | £ |
| At 22 December 1999 | - |
| Premium on shares issued during the period | 245,286 |
| Commission paid on share issue | (10,000) |
| | <u>235,286</u> |
| At 31 March 2001 | <u>235,286</u> |
| Profit and loss account | £ |
| At 22 December 1999 | - |
| Loss for the period | (365,959) |
| | <u>(365,959)</u> |
| At 31 March 2001 | <u>(365,959)</u> |

10 OTHER COMMITMENTS

At 31 March 2001 the company had annual commitments under operating leases as follows:

| | Land and buildings £ | Other £ |
|-----------------------|-------------------------|---------------|
| Expiry date: | | |
| Within 1 year | 27,500 | 5,962 |
| Between 1 and 5 years | 20,000 | 21,500 |
| | <u>27,500</u> | <u>21,500</u> |

THE WAREHOUSE WINE CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2001

11 TRANSACTIONS WITH RELATED PARTIES

A Ellis is a shareholder in Sleepy Dragon Hotels Limited. During the year sales of £16,569 were made to Sleepy Dragon Hotels Limited and the year end debtor is £4,014.

The following directors have guaranteed borrowings of the company, amounting to £165,000, as follows:

| | |
|------------|---------|
| JS Wright | £55,000 |
| A Ellis | £55,000 |
| GC Thomson | £55,000 |