

Company Registration No. 03902044 (England and Wales)

EHRMANNS HOLDINGS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2005



EHRMANN'S HOLDINGS LIMITED

DIRECTORS AND ADVISERS

Directors	J.M. Chapman P.D. Dauthieu N. R. Day R.J. Ratcliffe
Secretary	J.M. Chapman
Company number	03902044
Registered office	29 Corsica Street London N5 1JT
Registered auditors	Goodman Jones LLP 29-30 Fitzroy Square London W1T 6LQ
Business address	29 Corsica Street London N5 1JT
Bankers	Bank of Scotland 4th Floor, New Ueberior House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Olswang 90 High Holborn London WC1V 6XX

EHRMANN'S HOLDINGS LIMITED

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EHRMANN'S HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities and review of the business

The company is a holding company and did not trade during the year. The group's principal activity is the supply of wines, beers and spirits to the major retail groups.

The year ended 31 March 2005 has been one of continued stabilisation and consolidation for the Group.

The Group's loss after tax of £318,168 (2004 - £331,115) includes non-cash charges of £461,194 (2004 - £464,900) relating to the amortisation of the goodwill created on the acquisition of Ehrmanns Limited in 2000. Of the total amount, £416,675 is classified in administrative costs and £44,519 in Interest Payable. Prior to accounting for this non-cash charge the Group made a trading profit of £143,026 (2004 - £133,785)

On 5th September 2005 the Group was appointed the distributors in the United Kingdom and Ireland for Boyar Estates, the leading exporter of wine from Bulgaria. This new agency will significantly increase turnover and Gross profit and is an important business win for the Group. This new agency validates the Group's strategy of offering its producers a focussed multi-channel strategy and emphasises the need within a consolidating market of having a broad portfolio to offer each of its customers.

The Group expects new business wins, as well as organic growth in its existing portfolio to move the Group solidly back into profit in the year ended March 2006.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

The directors do not recommend payment of a dividend (2003: £nil).

Directors

The following directors have held office since 1 April 2004:

J.M. Chapman
P.D. Dauthieu
N. R. Day
R.J. Ratcliffe

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

		Shares as at 31 March 2005	Shares as at 31 March 2004
J.M. Chapman	New B Ordinary shares	15,000	15,000
	Deferred shares	40,680	40,680
P.D. Dauthieu	New B Ordinary shares	37,500	37,500
	Deferred shares	88,140	88,140
N.R Day	New B Ordinary shares	15,000	15,000
R.J. Ratcliffe		-	-

EHRMANN'S HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

Auditors

On 1 June 2005 Goodman Jones, the company's auditors, transferred its business to Goodman Jones LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly, Goodman Jones resigned as auditors on 9 June 2005 and the directors appointed Goodman Jones LLP as its successor. A resolution to reappoint Goodman Jones LLP as auditors will be proposed at the next Annual General Meeting.

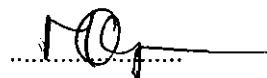
Directors' responsibilities

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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Date: 5 OCTOBER 2005

EHRMANN'S HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EHRMANN'S HOLDINGS LIMITED

We have audited the financial statements of Ehrmann's Holdings Limited on pages 4 to 22 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 auditor's 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 in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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 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.

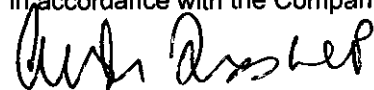
Basis of audit opinion

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 and the group'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 and the group's affairs as at 31 March 2005 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Goodman Jones LLP

13/10/05

**Chartered Accountants
Registered Auditor**

**29-30 Fitzroy Square
London
W1T 6LQ**

EHRMANN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	21,701,338	21,480,660
Cost of sales		(18,753,530)	(18,180,759)
Gross profit		<u>2,947,808</u>	<u>3,299,901</u>
Administrative expenses		(3,038,944)	(3,390,316)
Other operating income		-	41,714
Operating loss	3	<u>(91,136)</u>	<u>(48,701)</u>
Other interest receivable and similar income		16,122	14,166
Interest payable and similar charges	4	(283,229)	(296,859)
Loss on ordinary activities before taxation	3	<u>(358,243)</u>	<u>(331,394)</u>
Tax on loss on ordinary activities	5	40,075	279
Loss on ordinary activities after taxation		<u>(318,168)</u>	<u>(331,115)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EHRMANN HOLDINGS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2005

	2005 £	2004 £
Loss for the financial year	(318,168)	(331,115)
Unrealised (deficit)/surplus on revaluation of properties	-	185,804
	(318,168)	(145,311)
Currency translation differences on foreign currency net investments	34,351	(33,974)
Total recognised gains and losses relating to the year	(283,817)	(179,285)
Prior year adjustment	-	152,982
Total gains and losses recognised since last financial statements	(283,817)	(26,303)

EHRMANN'S HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Intangible assets	7	6,240,899		6,656,269	
Tangible assets	8	1,063,284		1,075,842	
Investments	9	293		284	
		<u>7,304,476</u>		<u>7,732,395</u>	
Current assets					
Stocks	10	531,926		651,885	
Debtors	11	4,802,296		4,391,071	
Cash at bank and in hand		272,144		191,382	
		<u>5,606,366</u>		<u>5,234,338</u>	
Creditors: amounts falling due within one year	12	<u>(5,841,849)</u>		<u>(5,509,934)</u>	
Net current liabilities			(235,483)		(275,596)
Total assets less current liabilities			7,068,993		7,456,799
Creditors: amounts falling due after more than one year	13		(4,910,826)		(5,014,815)
			<u>2,158,167</u>		<u>2,441,984</u>
Capital and reserves					
Called up share capital	16	5,949,305		5,949,305	
Share premium account	17	651,915		651,915	
Revaluation reserve	17	184,019		185,804	
Profit and loss account	17	(4,627,072)		(4,345,040)	
	18	<u>2,158,167</u>		<u>2,441,984</u>	
Equity interests			(3,699,038)		(3,415,221)
Non-equity interests			5,857,205		5,857,205
			<u>2,158,167</u>		<u>2,441,984</u>

The financial statements were approved by the board on 15 SEPTEMBER 2005



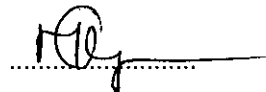
Director

EHRMANN HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	9	8,792,662		8,792,662	
		<u>8,792,662</u>		<u>8,792,662</u>	
Current assets					
Cash at bank and in hand		1,514		1,424	
		<u>1,514</u>		<u>1,424</u>	
Creditors: amounts falling due within one year	12	(3,083,212)		(2,732,703)	
Net current liabilities			(3,081,698)		(2,731,279)
Total assets less current liabilities			5,710,964		6,061,383
Creditors: amounts falling due after more than one year	13	(4,910,826)		(5,014,815)	
		<u>800,138</u>		<u>1,046,568</u>	
Capital and reserves					
Called up share capital	16	5,949,305		5,949,305	
Share premium account	17	651,915		651,915	
Profit and loss account	17	(5,801,082)		(5,554,652)	
	18	<u>800,138</u>		<u>1,046,568</u>	
Equity interests		(5,057,067)		(4,810,637)	
Non-equity interests		5,857,205		5,857,205	
		<u>800,138</u>		<u>1,046,568</u>	

The financial statements were approved by the board on 15 September 2005



Director

EHRMANN'S HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005		2004	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		340,131		(479,228)
Returns on investments and servicing of finance				
Interest received	16,122		14,166	
Interest paid	(238,710)		(247,394)	
Net cash outflow for returns on investments and servicing of finance		(222,588)		(233,228)
Taxation		-		1,082
Capital expenditure				
Payments to acquire intangible assets	(1,018)		(3,515)	
Payments to acquire tangible assets	(35,783)		(22,821)	
Receipts from sales of intangible assets	-		9,994	
Receipts from sales of tangible assets	20		-	
Net cash outflow for capital expenditure		(36,781)		(16,342)
Net cash inflow/(outflow) before management of liquid resources and financing		80,762		(727,716)
Increase/(decrease) in cash in the year		80,762		(727,716)

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

1	Reconciliation of operating loss to net cash inflow/(outflow) from operating activities	2005	2004
		£	£
	Operating loss	(91,136)	(48,701)
	Depreciation of tangible assets	49,883	72,495
	Amortisation of intangible assets	416,675	416,602
	Profit on disposal of tangible assets	(20)	-
	Profit on disposal of intangible assets	-	(9,994)
	Decrease/(increase) in stocks	119,959	(77,919)
	(Increase)/decrease in debtors	(371,150)	1,543,441
	Increase/(decrease) in creditors within one year	183,407	(2,343,097)
	Net effect of foreign exchange differences	32,513	(32,055)
	Net cash inflow/(outflow) from operating activities	340,131	(479,228)

2	Analysis of net debt	1 April 2004	Cash flow	Other non- 31 March 2005 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	191,382	80,762	-
	Debts falling due within one year	-	(148,508)	-
	Debts falling due after one year	(5,460,000)	148,508	-
		(5,460,000)	-	-
	Net debt	(5,268,618)	80,762	-

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Increase/(decrease) in cash in the year	80,762	(727,716)
	Movement in net debt in the year	80,762	(727,716)
	Opening net debt	(5,268,618)	(4,540,902)
	Closing net debt	(5,187,856)	(5,268,618)

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings in accordance with all applicable United Kingdom Accounting Standards.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2005. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Goodwill is capitalised and amortised over a period of 20 years.

1.5 Trademarks

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost over their estimated useful lives of 10 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	1% on value
Fixtures, fittings & equipment	15-25% on cost
Motor vehicles	25% on cost

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

1.10 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies (continued)

1.11 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Debt issuance costs

Debt issuance costs have been capitalised, as part of net costs of finance, and are written off over the period of the finance as part of interest finance. This charge is included within Interest payable and similar charges.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2005 £	2004 £
Operating loss is stated after charging:		
Depreciation of intangible assets	416,675	416,602
Depreciation of tangible assets	49,883	72,495
Loss on foreign exchange transactions	-	58,344
Operating lease rentals	9,048	31,633
Auditors' remuneration (company £1,500; 2004: £1,500)	16,500	18,200
Remuneration of auditors for non-audit work	3,824	3,707
and after crediting:		
Profit on disposal of tangible assets	(20)	-
Profit on disposal of intangible assets	-	(9,994)
Profit on foreign exchange transactions	(28,349)	(9,536)
	<u>283,229</u>	<u>296,859</u>
4 Interest payable	2005 £	2004 £
On bank loans and overdrafts	226,710	234,704
On other loans wholly repayable within 5 years	12,000	12,690
Amortisation of debt issuance costs (note 1)	44,519	49,465
	<u>283,229</u>	<u>296,859</u>

EHRMANN HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5 Taxation

	£	£
Domestic current year tax		
Adjustment for prior years	10,363	-
Current tax charge	10,363	-
Deferred tax		
Deferred tax charge/credit current year	(50,438)	(279)
	(40,075)	(279)
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(358,243)	(331,394)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	(107,473)	(99,418)
Effects of:		
Non deductible expenses	10,443	8,261
Depreciation add back	135,903	143,300
Capital allowances	(10,661)	(11,055)
Tax losses utilised	(62,807)	(67,778)
Foreign tax adjustments	34,595	26,690
Adjustments to previous periods	10,363	-
	117,836	99,418
Current tax charge	10,363	-

The group has estimated trading losses of £331,583 (2004: £747,854) available for use in future periods

The tax charge in future periods may be affected by a deferred asset of £998,504 (2004: £899,588) arising mainly as a result of losses of £3,328,347 (2004: £2,998,628) incurred in previous periods. This asset has not been recognised because the directors are uncertain when these losses will be fully utilised.

6 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2005 £	2004 £
Holding company's loss for the financial year	(246,430)	(271,105)

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

7 Intangible fixed assets

Group

	Trademarks £	Goodwill £	Total £
Cost			
At 1 April 2004	21,149	8,145,893	8,167,042
Exchange differences	653	-	653
Additions	1,018	-	1,018
At 31 March 2005	22,820	8,145,893	8,168,713
Amortisation			
At 1 April 2004	11,849	1,498,924	1,510,773
Exchange differences	366	-	366
Charge for the year	1,239	415,436	416,675
At 31 March 2005	13,454	1,914,360	1,927,814
Net book value			
At 31 March 2005	9,366	6,231,533	6,240,899
At 31 March 2004	9,300	6,646,969	6,656,269

EHRMANN HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

8 Tangible fixed assets

Group

	Land and buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2004	975,000	516,244	78,635	1,569,879
Exchange differences	-	3,648	1,553	5,201
Additions	-	35,783	-	35,783
Disposals	-	(97,330)	-	(97,330)
At 31 March 2005	975,000	458,345	80,188	1,513,533
Depreciation				
At 1 April 2004	-	424,205	69,832	494,037
Exchange differences	-	2,377	1,282	3,659
On disposals	-	(97,330)	-	(97,330)
Charge for the year	5,729	44,154	-	49,883
At 31 March 2005	5,729	373,406	71,114	450,249
Net book value				
At 31 March 2005	969,271	84,939	9,074	1,063,284
At 31 March 2004	975,000	92,039	8,803	1,075,842

The freehold land and buildings were valued at £975,000 as at 31 March 2004 by Copping Joyce Chartered Surveyors. This valuation is based on a market value for current use, according to current RICS standards.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 April 2004 & at 31 March 2005	716,901
Depreciation based on cost	
At 1 April 2004	98,990
Charge for the year	7,169
At 31 March 2005	106,159
Net book value	
At 31 March 2005	610,742
At 31 March 2004	617,911

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

9 Fixed asset investments

Group

Shares held
by
subsidiaries
£

Cost or valuation

At 1 April 2004

284

Exchange differences

9

At 31 March 2005

293

Net book value

At 31 March 2005

293

At 31 March 2004

284

Company

Shares in
group
undertakings
£

Cost

At 1 April 2004 & at 31 March 2005

11,792,662

Provisions for diminution in value

At 1 April 2004 & at 31 March 2005

3,000,000

Net book value

At 31 March 2005

8,792,662

At 31 March 2004

8,792,662

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Ehrmanns Limited	United Kingdom	Ordinary	100
Viniberia S.A.	Spain	Ordinary	100
Ehrmanns International Limited	United Kingdom	Ordinary	100
Italian Wine Brands Limited	United Kingdom	Ordinary	100

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

9 Fixed asset investments

(continued)

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Ehrmanns Limited	Wine, spirit and beer importer
Viniberia S.A.	Wine exporter
Ehrmanns International Limited	Dormant
Italian Wine Brands Limited	Dormant

10 Stocks

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Finished goods and goods for resale	531,926	651,885	-	-

11 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	4,604,963	4,048,943	-	-
Other debtors	17,895	63,043	-	-
Prepayments and accrued income	105,241	255,326	-	-
Deferred tax asset (see note 14)	74,197	23,759	-	-
	4,802,296	4,391,071	-	-

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

12 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	148,508	-	148,508	-
Trade creditors	4,937,520	5,132,331	-	-
Amounts owed to group undertakings	-	-	2,870,501	2,675,579
Taxes and social security costs	552,625	118,089	-	-
Other creditors	42,118	39,673	-	-
Accruals and deferred income	161,078	219,841	64,203	57,124
	<u>5,841,849</u>	<u>5,509,934</u>	<u>3,083,212</u>	<u>2,732,703</u>

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans	4,810,000	4,810,000	4,810,000	4,810,000
Debenture loans				
6 per cent unsecured New loan stock	150,000	150,000	150,000	150,000
6 per cent unsecured Management loan stock	50,000	50,000	50,000	50,000
Zero coupon secured loan stock	450,000	450,000	450,000	450,000
	<u>5,460,000</u>	<u>5,460,000</u>	<u>5,460,000</u>	<u>5,460,000</u>
Amounts due within 1 year	<u>(148,508)</u>	<u>-</u>	<u>(148,508)</u>	<u>-</u>
	<u>5,311,492</u>	<u>5,460,000</u>	<u>5,311,492</u>	<u>5,460,000</u>
Less:				
Capitalised debt issuance costs	722,542	722,542	722,542	722,542
Less: accumulated amortisation	(277,357)	(227,892)	(277,357)	(227,892)
Less charge for the year	(44,519)	(49,465)	(44,519)	(49,465)
	<u>400,666</u>	<u>445,185</u>	<u>400,666</u>	<u>445,185</u>
	<u>4,910,826</u>	<u>5,014,815</u>	<u>4,910,826</u>	<u>5,014,815</u>
Loan maturity analysis				
In more than one year but not more than two years	787,430	347,188	787,430	347,188
In more than two years but less than five years	1,766,250	1,766,250	1,766,250	1,766,250
In more than five years	2,757,812	3,346,562	2,757,812	3,346,562
	<u>5,311,492</u>	<u>5,460,000</u>	<u>5,311,492</u>	<u>5,460,000</u>

EHRMANN HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

14 Deferred taxation

The deferred tax asset (included in the debtors, note 11) is made up as follows:

	Group 2005 £	Company 2005 £
Balance at 1 April 2004 & at 31 March 2005	(23,759)	-
Profit and loss account	(50,438)	-
Balance at 31 March 2005	<u>(74,197)</u>	<u>-</u>

Deferred taxation asset provided in the financial statements is as follows:

	Group 2005 £	2004 £	Company 2005 £	2004 £
Tax losses available	(74,197)	(23,759)	-	-
	<u>(74,197)</u>	<u>(23,759)</u>	<u>-</u>	<u>-</u>

15 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date, contributions totalling £2,815 (2004: £3,105) were outstanding.

	2005 £	2004 £
Contributions payable by the company for the year	<u>58,506</u>	<u>61,438</u>

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

16 Share capital	2005 £	2004 £
Authorised		
210,000 New A Ordinary of 1p each	2,100	2,100
90,000 New B Ordinary of £1 each	90,000	90,000
60,000 New C Ordinary of £1 each	60,000	60,000
631,123,000 Deferred Shares of 1p each	6,311,230	6,311,230
	<u>6,463,330</u>	<u>6,463,330</u>
 Allotted, called up and fully paid		
210,000 New A Ordinary of 1p each	2,100	2,100
90,000 New B Ordinary of £1 each	90,000	90,000
585,720,500 Deferred Shares of 1p each	5,857,205	5,857,205
	<u>5,949,305</u>	<u>5,949,305</u>

The New Ordinary A shares, New Ordinary B shares and New Ordinary C shares all rank pari passu with respect to voting rights, rights of the shares to receiving dividends and to participate in the winding up of the Company.

The 1p Deferred shares have no rights to vote, receive dividends or participate in the winding up of the Company.

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

17 Statement of movements on reserves

Group	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2004	651,915	185,804	(4,345,040)
Retained loss for the year	-	-	(318,168)
Transfer from revaluation reserve to profit and loss account	-	(1,785)	1,785
Foreign currency translation differences	-	-	34,351
Balance at 31 March 2005	651,915	184,019	(4,627,072)

Other reserves

Company	Share premium account £	Profit and loss account £
Balance at 1 April 2004	651,915	(5,554,652)
Retained loss for the year	-	(246,430)
Balance at 31 March 2005	651,915	(5,801,082)

18 Reconciliation of movements in shareholders' funds

Group	2005 £	2004 £
Loss for the financial year	(318,168)	(331,115)
Other recognised gains and losses	34,351	151,830
Net depletion in shareholders' funds	(283,817)	(179,285)
Opening shareholders' funds	2,441,984	2,621,269
Closing shareholders' funds	2,158,167	2,441,984
Company	2005 £	2004 £
Loss for the financial year	(246,430)	(271,105)
Opening shareholders' funds	1,046,568	1,317,673
Closing shareholders' funds	800,138	1,046,568

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

19 Contingent liabilities

Group

The group has a guarantee to H M Customs & Excise for £275,000.

Debentures have been issued by the group to act as security for £450,000 0% Secured Loan Stock issued by Ehrmann's Holdings Ltd. This stock is repayable only on the sale or listing of Ehrmann's Holdings Ltd.

20 Financial commitments

At 31 March 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Other 2005 £	2004 £
Expiry date:		
Within one year	500	258
Between two and five years	3,836	7,605
	<u>4,336</u>	<u>7,863</u>

21 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	366,173	342,841
Other emoluments including benefits in kind	3,329	3,777
Company pension contributions to money purchase schemes	20,613	20,613
	<u>390,115</u>	<u>367,231</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004- 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	147,459	147,459
Other emoluments including benefits in kind	1,710	2,231
	<u>149,169</u>	<u>149,690</u>

EHRMANN'S HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Management	3	3
Sales	21	24
Administration	9	11
	<u>33</u>	<u>38</u>

Employment costs

	£	£
Wages and salaries	1,511,233	1,566,609
Social security costs	142,251	147,268
Other pension costs	58,506	61,438
	<u>1,711,990</u>	<u>1,775,315</u>

23 Related party transactions

Group

During the year the services of R.J. Ratcliffe as a Director of the Company were provided by Wineconsult, an unincorporated business of which R.J. Ratcliffe is the owner. The total value of invoices issued in the year was £23,332 (2004: £16,667).