

Company Registration No. 4362181 (England and Wales)

ENGLISH WINES GROUP PLC

ANNUAL REPORT

FOR THE PERIOD ENDED

30 SEPTEMBER 2002



ENGLISH WINES GROUP PLC

DIRECTORS AND ADVISERS

Directors	P. Brett	(Appointed 13 March 2002)
	F. Thompson	(Appointed 13 March 2002)
	S.P. Hume-Kendall	(Appointed 28 January 2002)
	C.K. Brown	(Appointed 28 January 2002)
	A.P. Drewe	(Appointed 28 January 2002)
	P. Kraftman	(Appointed 1 July 2002)
Secretary	C.K. Brown	
Company number	4362181	
Registered office	Tenterden Vineyard Park, Small Hythe Tenterden Kent TN30 7NG	
Registered auditors	Creaseys 12 Lonsdale Gardens Tunbridge Wells Kent TN1 1PA	
Bankers	Barclays Bank Plc North Kent Group 40 - 46 High Street Maidstone Kent	
Solicitors	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells Kent TN1 1NX	

ENGLISH WINES GROUP PLC

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ENGLISH WINES GROUP PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

The directors present their report and financial statements for the period ended 30 September 2002.

Directors

The following directors have held office since 28 January 2002:

P. Brett	(Appointed 13 March 2002)
F. Thompson	(Appointed 13 March 2002)
S.P. Hume-Kendall	(Appointed 28 January 2002)
C.K. Brown	(Appointed 28 January 2002)
T.R.B. Hazell	(Appointed 13 March 2002 and resigned 1 October 2002)
A.P. Drewe	(Appointed 28 January 2002)
M. Allen	(Appointed 28 January 2002 and resigned 1 July 2002)
N.J. Gabay	(Appointed 28 January 2002 and resigned 28 January 2002)
W.M.J. Partridge	(Appointed 28 January 2002 and resigned 28 January 2002)
P. Kraftman	(Appointed 1 July 2002)

Principal activities and review of the business

The company was incorporated on 28 January 2002 as English Wines Group plc, the principal activity of the group is that of producing and selling wines. On 23 March 2002 it acquired the whole of the issued share capital of English Wines plc.

Results and dividends

The consolidated profit and loss account for the period is set out on page 5.

The directors do not recommend payment of an ordinary dividend.

The directors consider the results for the year to be satisfactory. With the appointment of Frazer Thompson as Managing Director, the Group laid the groundwork for future growth and expansion. In turn Frazer has appointed a number of key staff to assist him in the production, marketing and selling of the Group's products. In March 2002 the company acquired the lease of a Public House which has proved successful and the Directors consider that there is scope for future development in this field. Also in March 2002 the company issued a Private Placing Memorandum which successfully raised £485,000 which was used partly in the re-branding of the still wines under the Curious Grape label. This has proved successful and has resulted in the winning of a number of wine industry awards. The Directors believe that the group has excellent long-term prospects.

Auditors

Creaseys were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

ENGLISH WINES GROUP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

Directors' interests

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

English Wines Group PLC

	Ordinary Shares of 1p each	
	30 September 2002	28 January 2002
P. Brett	26,655,400	-
S.P. Hume-Kendall	70,000	-
F. Thompson	-	-
C.K. Brown	625,000	-
T.R.B. Hazell	-	-
A.P. Drewe	70,000	-
P. Kraftman	-	-

English Wines Plc

	Ordinary shares of 1p each	
	30 September 2002	1 October 2001
A.P. Drewe	-	70,000
S.P. Hume-Kendall	-	70,000
P. Brett	-	966,367
T.R.B. Hazell	-	-
C.K. Brown	-	-

	Preference shares of £ 1 each	
	30 September 2002	1 October 2001
A.P. Drewe	-	-
S.P. Hume-Kendall	-	-
P. Brett	-	16,000
T.R.B. Hazell	-	-
C.K. Brown	-	-

F. Thompson has an interest in 9,842,250 ordinary shares under a share option agreement and these are exercisable at 12.5p per share over the next four years. A. Drewe, S. Hume-Kendall and C. Brown all have an interest in Lamberhurst Vineyards (2000) Ltd which holds 26,445,400 ordinary shares.

ENGLISH WINES GROUP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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



11-02-03

ENGLISH WINES GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENGLISH WINES GROUP PLC

We have audited the financial statements of English Wines Group PLC on pages 5 to 23 for the period ended 30 September 2002. 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.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 3 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 30 September 2002 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor

11th February 2003

12 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1PA

ENGLISH WINES GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

	Notes	Period ended 30 September 2002 £
Turnover	2	1,470,927
Cost of sales		<u>(835,615)</u>
Gross profit		635,312
Administrative expenses		(603,316)
Other operating income		<u>368</u>
Operating profit/(loss)	3	32,364
Profit/(loss) on ordinary activities before interest		<u>32,364</u>
Interest payable and similar charges	4	<u>(44,788)</u>
Loss on ordinary activities before taxation		(12,424)
Tax on loss on ordinary activities	5	<u>-</u>
Loss on ordinary activities after taxation		<u><u>(12,424)</u></u>

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

ENGLISH WINES GROUP PLC

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 30 SEPTEMBER 2002

	Period ended 30 September 2002 £
Loss for the financial period	(12,424)
Unrealised (deficit)/surplus on revaluation of properties	159,656
Total recognised gains and losses relating to the period	<u>147,232</u>

Note of historical cost profits and losses

	Period ended 30 September 2002 £
Reported loss on ordinary activities before taxation	(12,424)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	2,446
Historical cost loss on ordinary activities before taxation	<u>(9,978)</u>
Historical cost loss for the period retained after taxation, extraordinary items and dividends	<u>(9,978)</u>

ENGLISH WINES GROUP PLC

BALANCE SHEETS

AS AT 30 SEPTEMBER 2002

	Notes	Group 2002 £	Company 2002 £
Fixed assets			
Intangible assets	7	213,915	213,915
Tangible assets	8	1,535,890	1,390,213
Investments	9	-	50,000
		<u>1,749,805</u>	<u>1,654,128</u>
Current assets			
Stocks	10	1,323,849	-
Debtors	11	147,117	161,925
		<u>1,470,966</u>	<u>161,925</u>
Creditors: amounts falling due within one year	12	(1,246,638)	(153,683)
Net current liabilities		<u>224,328</u>	<u>8,242</u>
Total assets less current liabilities		1,974,133	1,662,370
Creditors: amounts falling due after more than one year	13	(1,017,454)	(789,417)
		<u>956,679</u>	<u>872,953</u>
Capital and reserves			
Called up share capital	14	643,450	643,450
Share premium account	15	257,035	257,035
Revaluation reserve	15	257,210	-
Profit and loss account	15	(201,016)	(27,532)
Shareholders' funds	16	<u>956,679</u>	<u>872,953</u>

The financial statements were approved by the board on 11-02-03



Director

ENGLISH WINES GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

	Period ended 30 September 2002 £
Net cash outflow from operating activities	(451,203)
Returns on investments and servicing of finance	
Interest paid	(44,788)
Net cash outflow for returns on investments and servicing of finance	(44,788)
Capital expenditure	
Payments to acquire intangible assets	(66,498)
Payments to acquire tangible assets	(108,677)
Receipts from sales of tangible assets	17,172
Net cash outflow for capital expenditure	(158,003)
Net cash outflow before management of liquid resources and financing	(653,994)
Bank deposits	-
Financing	
Issue of ordinary share capital	878,368
Issue of shares	878,368
New long term bank loan	402,523
Other new long term loans	386,894
Other new short term loans	433,549
Repayment of long term bank loan	(483,729)
Repayment of other long term loans	(834,584)
Repayment of other short term loans	(176,667)
Capital element of hire purchase contracts	(36,976)
Decrease in debt	(308,990)
Net cash inflow/(outflow) from financing	569,378
Decrease in cash in the period	(84,616)

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

1	Reconciliation of operating profit/(loss) to net cash outflow from operating activities	2002		
			£	
	Operating profit/(loss)	32,364		
	Depreciation of tangible assets	43,665		
	Amortisation of intangible assets	9,250		
	Profit on disposal of tangible assets	(17,172)		
	Increase in stocks	(682,465)		
	Increase in debtors	(256)		
	(Decrease)/Increase in creditors within one year	163,411		
	Net cash outflow from operating activities	(451,203)		
2	Analysis of net debt			
		Opening balances	Cash flow	Other non- cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	3,386	(3,386)	-
	Bank overdrafts	(76,645)	(81,230)	-
		<u>(73,259)</u>	<u>(84,616)</u>	<u>-</u>
	Bank deposits	-	-	-
	Finance leases	(43,877)	66,707	(29,731)
	Debts falling due within one year	(214,167)	(256,882)	-
	Debts falling due after one year	(1,496,229)	496,896	-
		<u>(1,754,273)</u>	<u>306,721</u>	<u>(29,731)</u>
	Net debt	(1,827,532)	222,105	(29,731)

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

3	Reconciliation of net cash flow to movement in net debt	2002
		£
	Decrease in cash in the period	(84,616)
	Cash outflow from decrease in debt	<u>306,721</u>
	Change in net debt resulting from cash flows	222,105
	New finance lease	<u>(29,731)</u>
	Movement in net debt in the period	192,374
	Opening net debt	<u>(1,827,532)</u>
	Closing net debt	<u>(1,635,158)</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2002

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.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 30 September 2002. The holding company acquired the whole of the issued share capital of the subsidiary company on 23 March 2002 by way of a share-for-share exchange at par. Because there was therefore no effective change in ownership of the underlying assets and trade, the results of the subsidiary are included in the consolidated profit and loss account for the whole of its financial year to 30 September 2002; similarly, the subsidiary's balances at 30 September 2001 are treated as the opening balances of the group in certain of the notes to the accounts where necessary. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

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

1.5 Intellectual property and goodwill

Acquired goodwill is written off in equal annual instalments over 15 years, its estimated useful economic life.

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	Straight line over 50 years on the buildings
Land and buildings Leasehold	Straight line over the period of the lease on the buildings
Plant and machinery	5% Straight line
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

1.7 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

1 Accounting policies (continued)

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 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

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

3 Operating profit/(loss) 2002 £

Operating profit/(loss) is stated after charging:

Depreciation of intangible assets	9,250
Depreciation of tangible assets	43,665
Operating lease rentals	47,740
Auditors' remuneration (company £2,750)	10,075

4 Interest payable 2002 £

On bank loans and overdrafts	16,701
Lease finance charges	6,570
Other interest	21,517
	<u>44,788</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

5	Taxation	2002
		£
	Current tax charge	-
	Factors affecting the tax charge for the period	
	Loss on ordinary activities before taxation	(12,424)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2001 : 20.00%)	(2,361)
	Effects of:	
	Non deductible expenses	378
	Depreciation	9,220
	Capital allowances	(26,179)
	Other tax adjustments	18,942
		2,361
	Current tax charge	-

The other tax adjustments relate to an unprovided deferred tax asset on the taxable losses incurred to date.

6 Loss for the financial period

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 period is made up as follows:

	2002
	£
Holding company's loss for the financial period	(27,532)

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

7 Intangible fixed assets Group

	Intellectual property and goodwill £
Cost	
Opening balance	125,000
Revaluation	27,500
Additions	66,498
	<hr/>
At 30 September 2002	218,998
	<hr/>
Amortisation	
Opening balance	6,945
Revaluation	(11,112)
Charge for the period	9,250
	<hr/>
At 30 September 2002	5,083
	<hr/>
Net book value	
At 30 September 2002	213,915
	<hr/> <hr/>

The intellectual property rights and goodwill brought forward were valued by Intellectual Property Management Limited in February 2002. The original cost of the intangible assets was £125,000.

Intangible fixed assets (continued) Company

	Intellectual property and goodwill £
Cost	
At 28 January 2002	-
Additions	218,998
	<hr/>
At 30 September 2002	218,998
	<hr/>
Amortisation	
At 28 January 2002	-
Charge for the period	5,083
	<hr/>
At 30 September 2002	5,083
	<hr/>
Net book value	
At 30 September 2002	213,915
	<hr/> <hr/>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

8 Tangible fixed assets Group

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation						
Opening balance	700,000	5,673	625,624	7,983	9,265	1,348,545
Additions	-	62,315	38,726	23,586	13,781	138,408
Revaluation	75,000	-	22,371	-	-	97,371
At 30 September 2002	775,000	67,988	686,721	31,569	23,046	1,584,324
Depreciation						
Opening balance	-	-	26,068	444	1,930	28,442
Revaluation	-	-	(23,673)	-	-	(23,673)
Charge for the period	4,400	3,015	31,737	2,331	2,182	43,665
At 30 September 2002	4,400	3,015	34,132	2,775	4,112	48,434
Net book value						
At 30 September 2002	770,600	64,973	652,589	28,794	18,934	1,535,890
Opening balance	700,000	5,673	599,556	7,539	7,335	1,320,103

The freehold land and buildings were valued by Hobbs Parker, Chartered Surveyors on 27 February 2002. The plant and machinery was valued by Edward Symmons and Partners, Surveyors on 26 February 2002. The historical cost of the plant and machinery is £631,979.

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

	£
Cost	
Opening balance and at 30 September 2002	600,000
Depreciation based on cost	
Opening balance	-
Charge for the period	3,405
At 30 September 2002	3,405
Net book value	
At 30 September 2002	596,595
Opening balance	600,000

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values				
At 30 September 2002	<u>39,950</u>	<u>-</u>	<u>12,633</u>	<u>52,583</u>
Depreciation charge for the period				
30 September 2002	<u>1,466</u>	<u>-</u>	<u>1,148</u>	<u>2,614</u>

8 Tangible fixed assets (continued) Company

	Land and buildings Freehold £	Plant and machinery £	Total £
Cost			
At 28 January 2002	-	-	-
Additions	<u>775,000</u>	<u>635,500</u>	<u>1,410,500</u>
At 30 September 2002	<u>775,000</u>	<u>635,500</u>	<u>1,410,500</u>
Depreciation			
At 28 January 2002	-	-	-
Charge for the period	<u>4,400</u>	<u>15,887</u>	<u>20,287</u>
At 30 September 2002	<u>4,400</u>	<u>15,887</u>	<u>20,287</u>
Net book value			
At 30 September 2002	<u>770,600</u>	<u>619,613</u>	<u>1,390,213</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

9 Fixed asset investments Company

Shares in
group
undertakings

£

Cost

At 28 January 2002

-

Additions

50,000

At 30 September 2002

50,000

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 companies:

Company	Country of registration or incorporation	Class	Shares held
Subsidiary undertakings			
English Wines PLC	England and Wales	Ordinary	100

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

Principal activity

English Wines PLC Manufacture and sale of wine

10 Stocks

	Group 2002 £	Company 2002 £
Finished goods and goods for resale	1,323,849	-

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

11 Debtors

	Group 2002 £	Company 2002 £
Trade debtors	124,118	-
Amounts owed by group undertakings	-	161,925
Called up share capital not paid	1,400	-
Other debtors	1,059	-
Prepayments and accrued income	20,540	-
	<u>147,117</u>	<u>161,925</u>

Amounts falling due after more than one year and included in the debtors above are:

Amounts owed by group undertakings	-	161,925
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12 Creditors : amounts falling due within one year

	Group 2002 £	Company 2002 £
Bank loans and overdrafts	348,924	153,683
Net obligations under finance lease and hire purchase contracts	18,511	-
Trade creditors	385,011	-
Taxes and social security costs	175,989	-
Other creditors	311,403	-
Accruals and deferred income	6,800	-
	<u>1,246,638</u>	<u>153,683</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2002

13 Creditors : amounts falling due after more than one year

	Group 2002 £	Company 2002 £
Bank loans	465,023	402,523
Other loans	534,310	386,894
Net obligations under finance leases and hire purchase agreements	18,121	-
	<u>1,017,454</u>	<u>789,417</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Commercial mortgage	434,444	434,444
Wholly repayable within five years	1,035,938	508,522
	<u>1,470,382</u>	<u>942,966</u>
Included in current liabilities	(471,049)	(153,549)
	<u>999,333</u>	<u>789,417</u>
Instalments not due within five years	<u>279,307</u>	<u>279,307</u>
Loan maturity analysis		
In more than one year but not more than two years	31,921	31,921
In more than two years but not more than five years	379,915	127,683
In more than five years	271,327	271,327
	<u>683,163</u>	<u>630,931</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	18,867	-
Repayable between one and five years	19,939	-
	<u>38,806</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(2,174)	-
	<u>36,632</u>	<u>-</u>
Included in liabilities falling due within one year	(18,511)	-
	<u>18,121</u>	<u>-</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

14 Share capital	2002
	£
Authorised	
255,000,000 ordinary shares of 1p each	2,550,000
Allotted, called up and fully paid	
64,345,000 Ordinary Shares of 1p each	643,450
	643,450

During the year the company issued 64,345,000 ordinary 1p shares at a premium for cash.

9,842,250 unissued ordinary shares of 1p each are covered by a share option agreement and these are exercisable at 12.5p per share over the next four years.

15 Statement of movements on reserves Group

	Share premium account £	Revaluation reserve £	Profit and loss account £
Opening reserves	-	100,000	(191,038)
Retained loss for the period	-	-	(12,424)
Transfer from revaluation reserve to profit and loss account	-	(2,446)	2,446
Premium on shares issued during the period	257,035	-	-
Revaluation during the period	-	159,656	-
Balance at 30 September 2002	<u>257,035</u>	<u>257,210</u>	<u>(201,016)</u>

Company

	Share premium account £	Profit and loss account £
Retained loss for the period	-	(27,532)
Premium on shares issued during the period	257,035	-
Balance at 30 September 2002	<u>257,035</u>	<u>(27,532)</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

16 Reconciliation of movements in shareholders' funds	2002
Group	£
Loss for the financial period	(12,424)
Other recognised gains and losses	159,656
Proceeds from issue of shares	900,485
	<hr/>
Net addition to/(depletion in) shareholders' funds	1,047,717
Opening shareholders' funds	(91,038)
	<hr/>
Closing shareholders' funds	<u>956,679</u>
	2002
Company	£
Loss for the financial period	(27,532)
Proceeds from issue of shares	900,485
	<hr/>
Net addition to shareholders' funds	872,953
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>872,953</u>

17 Financial commitments

At 30 September 2002 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings
	2002
	£
Expiry date:	
In over five years	<u>67,000</u>

18 Directors' emoluments	2002
	£
Emoluments for qualifying services	<u>7,707</u>

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

19 Employees

Number of employees

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

2002
Number

46

Employment costs

Wages and salaries
Social security costs

£
597,327
37,583
634,910

20 Related party transactions

During the year, the group has had the following related party transactions:

Purchases:

Lamberhurst Vineyards (2000) Ltd (shareholder) - £20,951
Carr Taylor Ltd (fellow subsidiary of this company) - £26,657
Oakover Properties (Lamberhurst) Ltd (sister company of LV(2000) Ltd) - £23,891
Oakover Properties Ltd (parent company of LV(2000) Ltd) £40,417

At the year end the group owed the following amounts:

Paul Brett (shareholder and director) - £432,500
Lamberhurst Vineyards (2000) Ltd - £381,810
Carr Taylor Ltd - £47,480
Oakover Properties (Lamberhurst) Ltd - £14,115
Oakover Properties Ltd - £30,000.

ENGLISH WINES GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2002

21 Post Balance Sheet Events

Group

Since the year end, the company has issued 600,000 1p ordinary shares at par to P. Brett and to Lamberhurst Vineyards (2000) Ltd in part redemption of their loans. It has also issued 70,000 shares to F. Thompson at par for cash. Finally it has issued a further 875,000 1p shares at a premium of 1.8p per share.

On 6 February 2003, the authorised share capital of the company of 255,000,000 1p ordinary shares was consolidated into 200,000 £1 "A" preference shares, 200,000 £1 "B" preference shares and 43,000,000 5p ordinary shares. On 11 February 2003, Lamberhurst Vineyards (2000) Ltd and P. Brett were each issued 100,000 "A" preference and 100,000 "B" preference shares in exchange for part redemption of their loans.