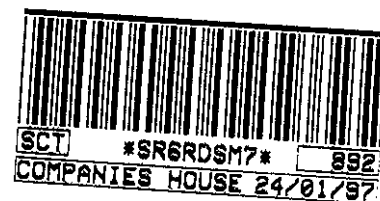


FORTH WINES LIMITED
REGISTERED NUMBER SC39321

DIRECTORS' REPORT AND ACCOUNTS

30 APRIL 1996

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FORTH WINES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 30 April 1996.

REVIEW OF THE BUSINESS

The company's principal activity during the year has continued to be that of wholesale wine and spirit merchants.

FUTURE DEVELOPMENTS

The company will continue to improve the quality of its business by the sale of appropriate products, including agency brands, into appropriate markets.

RESULTS AND DIVIDENDS

The profit for the year was £6,530 (1995 profit £50,379), from which a provision for the payment of preference share dividends of £120,000 (1995 £120,000) has been deducted. No dividends were paid and the profit was deducted from the Profit and Loss Account deficit of £775,610, leaving a closing deficit of £756,240 after taking account of a £12,840 transfer from the Revaluation Reserve.

The Deferred Shares became due for redemption on 30 October 1991 at a premium of 25p per share. Valid claims for redemption were received during the year in respect of 1,680 shares (1995 2,640 shares). These were settled and the premium on their redemption was transferred to the Special Capital Reserve.

DIRECTORS AND THEIR INTERESTS

The persons who at 30 April 1996 were directors of the company and their interests in the share capital of the company at 1 May 1995 and 30 April 1996 are given below:

	<u>'A' Cumulative Redeemable Preference Shares</u>	<u>'A' Ordinary Shares</u>	<u>New Ordinary Shares</u>
David J Cameron	283,333	75,000	25,567
John Gow	-	-	25,000
Nicholas T Harvey-Miller	-	-	50,000
William B Marnoch	-	-	-
Anthony R Wood	-	-	-

Mr Cameron's shares are held by Upland Development Limited in which he has a controlling interest.

FORTH WINES LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, 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 accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

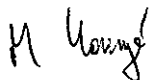
FIXED ASSETS

Details of movements in tangible assets during the year are given in Note 8 to the accounts.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board
M J Younger



Secretary

4 July 1996

Price Waterhouse



REPORT OF THE AUDITORS TO THE MEMBERS OF FORTH WINES LIMITED

We have audited the accounts on pages 4 to 20 which have been prepared under the historical cost convention, as modified by the revaluation of certain heritable properties, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 April 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

4 July 1996

FORTH WINES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> (Restated) £
TURNOVER	2	24,755,775	24,737,762
COST OF SALES		(22,114,639)	(22,203,417)
		<hr/>	<hr/>
GROSS PROFIT		2,641,136	2,534,345
Distribution costs	(590,644)	(509,843)	
Administrative expenses	(1,765,652)	(1,689,102)	
Other operating income	961	824	
		<hr/>	<hr/>
		(2,355,335)	(2,198,121)
		<hr/>	<hr/>
OPERATING PROFIT		285,801	336,224
Interest receivable		671	2,967
Interest payable and similar charges	5	(159,664)	(163,930)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	126,808	175,261
Tax on profit on ordinary activities	6	(278)	(4,882)
		<hr/>	<hr/>
		126,530	170,379
Additional finance costs of non-equity shares	7	(120,000)	(120,000)
		<hr/>	<hr/>
PROFIT TRANSFERRED TO RESERVES	16	6,530	50,379
		<hr/>	<hr/>


A Statement of Total Recognised Gains or Losses is given on page 7. All operations are continuing.

FORTH WINES LIMITED

BALANCE SHEET AT 30 APRIL 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u> (Restated)
		£	£
FIXED ASSETS			
Tangible assets	8	1,694,159	1,722,645
CURRENT ASSETS			
Stocks	9	1,960,999	1,985,452
Debtors	10	3,166,124	3,281,213
Cash at bank and in hand		4,126	3,603
		<u>5,131,249</u>	<u>5,270,268</u>
CREDITORS (amounts falling due within one year)	11	(4,426,874)	(4,436,252)
NET CURRENT ASSETS		<u>704,375</u>	<u>834,016</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,398,534</u>	<u>2,556,661</u>
CREDITORS (amounts falling due after more than one year)	12	(212,633)	(438,612)
		<u>2,185,901</u>	<u>2,118,049</u>
CAPITAL AND RESERVES			
Called up share capital:			
Equity	14	200,000	200,000
Non equity	14	1,105,331	1,107,011
		<u>1,305,331</u>	<u>1,307,011</u>
Share premium account	16	129,346	129,346
Special capital reserve	16	15,925	16,345
Revaluation reserve	16	891,539	960,957
Profit and loss account	16	(756,240)	(775,610)
Provision for dividends payable to non-equity shareholders	7	600,000	480,000
SHAREHOLDERS' FUNDS INCLUDING NON EQUITY INTERESTS	15	<u>2,185,901</u>	<u>2,118,049</u>

Approved by the Board on 4 July 1996


William Marnoch
Director

FORTH WINES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1996

	£	<u>1996</u> £	£	<u>1995</u> £
NET CASH INFLOW				
FROM OPERATING ACTIVITIES (Note 18)		359,206		228,694
RETURNS ON INVESTMENT AND SERVICING				
OF FINANCE				
Interest received	671		2,967	
Interest paid	(140,115)		(155,769)	
Interest element of finance lease and hire purchase payments	(20,108)		(10,916)	
NET CASH OUTFLOW FROM RETURNS ON				
INVESTMENT AND SERVICING OF FINANCE		(159,552)		(163,718)
TAXATION				
Tax paid		(173)		(22)
INVESTING ACTIVITIES				
Purchase of tangible fixed assets	(201,883)		(109,726)	
Sale of tangible fixed assets	25,515		14,550	
NET CASH OUTFLOW FROM INVESTING				
ACTIVITIES		(176,368)		(95,176)
NET CASH INFLOW/(OUTFLOW)				
BEFORE FINANCING		23,113		(30,222)
FINANCING				
Loans and Finance Obligations				
Inception of finance lease	149,998		44,358	
Repayment of term loan	(326,090)		(260,872)	
Capital element of finance lease and hire purchase payments	(85,092)		(39,644)	
Share Capital				
Redemption of deferred shares	(2,100)		(3,300)	
NET CASH OUTFLOW FROM FINANCING		(263,284)		(259,458)
DECREASE IN CASH AND CASH				
EQUIVALENTS (Note 19)		(240,171)		(289,680)

FORTH WINES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 1996**

	<u>1996</u>	<u>1995</u> (Restated)
	£	£
Profit for the financial year	6,530	50,379
Unrealised loss on revaluation of property	(56,578)	-
	<hr/>	<hr/>
Total recognised (loss)/gain for the year	(50,048)	50,379
	<hr/>	<hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 1996**

	<u>1996</u>	<u>1995</u> (Restated)
	£	£
Reported profit on ordinary activities before taxation	6,530	50,379
Depreciation of the revaluation surplus on freehold buildings	12,840	13,427
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	19,370	63,806
	<hr/>	<hr/>

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

As the accounts are prepared on a going concern basis a decision has been taken to provide for arrears of dividends on non-equity shares to comply with Financial Reporting Standard No 4. This is notwithstanding the fact that at present the company has a deficit on its profit and loss account.

The financial impact of the adoption of FRS No 4 on the treatment on dividends due to non-equity shareholders is disclosed in Notes 7, 15 and 16. The comparatives for the prior year have been restated accordingly.

If the provision for the arrears of dividend on non-equity shares had not been recognised, the deficit carried forward at 30 April would be £156,240 (1995 £295,610).

Depreciation

Depreciation is provided on tangible fixed assets, other than freehold land at annual rates designed to write off the book value of the assets over the term of their useful lives. Details of depreciation rates used are as follows:

Freehold buildings	2.3%	Straight line
Plant, fittings and equipment	20%	Reducing balance
Computer installation and related software	20%	Straight line
Motor vehicles	33.3%	Reducing balance

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost incurred is the net purchase price, together with duty where applicable.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date except where the amount is covered by a forward exchange contract where the contracted rate is used. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Employers contributions to the scheme are charged to the profit and loss account in the period to which they relate.

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Promotions

The net cost of promotions is included in cost of sales. Provision is made for future redemption costs at a level which is based on expected take up. Expected take up is computed based on a combination of historic redemption experience and management estimates.

Deferred taxation

Provision is made for deferred taxation on timing differences arising except where the liability is not expected to crystallise in the foreseeable future.

Leases

Assets acquired under finance leases are capitalised and depreciated in the same manner as owned tangible fixed assets. Obligations under finance leases are included in creditors. Rentals payable under finance leases are allocated between capital, which reduces the outstanding obligation, and interest, which is charged to profit and loss account on a basis which produces a constant periodic rate of charge on the outstanding obligation.

Rentals payable under operating leases are charged to profit and loss account in the period in which they became payable.

2 TURNOVER

Turnover represents the invoiced value of goods sold, excluding value added tax and customers' discount. All sales were within the UK and related to the wholesaling of wines and spirits.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting):

	<u>1996</u>	<u>1995</u>
	£	£
Staff costs (Note 4)	932,878	916,646
Depreciation	150,729	119,023
Loss/(gain) on foreign exchange	17,325	(4,244)
Auditors' remuneration - audit fees	17,715	17,380
- other fees	15,000	4,200
(Gain)/loss on sale of tangible fixed assets	(2,453)	12,011
Operating lease rentals - plant & machinery	5,649	5,843
- other	6,044	22,104
	<hr/>	<hr/>

FORTH WINES LIMITED**NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)**

4 STAFF COSTS	<u>1996</u> £	<u>1995</u> £
Wages and salaries	811,519	790,637
Social security costs	72,722	73,976
Other pension costs	48,637	52,033
	<hr/>	<hr/>
	932,878	916,646
	<hr/>	<hr/>

The average number of persons employed by the company during the year was 60 (1995 59). Staff costs include £9,065 (1995 £Nil) of redundancy costs incurred during the year. Other pension costs include a premium of £9,895 (1995 £6,453) for death in service benefits.

5 INTEREST PAYABLE AND SIMILAR CHARGES	<u>1996</u> £	<u>1995</u> £
On bank and other borrowings repayable within five years	139,556	151,902
On finance leases and hire purchase agreements	20,108	12,028
	<hr/>	<hr/>
	159,664	163,930
	<hr/>	<hr/>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

No taxation has been provided in respect of the current year's activities. The taxation charge in the accounts comprises:

	<u>1996</u> £	<u>1995</u> £
Advance corporation tax written off	278	4,882
	<hr/>	<hr/>

The company has accumulated taxation losses amounting to £1,900,000 (1995 £2,200,000) which are available for offset against future trading profits.

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

7 DIVIDENDS

The company has provided for dividend arrears to non-equity shareholders on an accruals basis, in accordance with Financial Reporting Standard No 4. The provision for dividend arrears is included in non-equity shareholders' funds.

	<u>1996</u>	<u>1995</u>
	£	£
<u>Provision for arrears:</u>		
At 1 May	480,000	360,000
Provided during the year	120,000	120,000
	<hr/>	<hr/>
At 30 April	600,000	480,000
	<hr/>	<hr/>

8 TANGIBLE ASSETS

	<u>Freehold land and buildings</u>	<u>Other assets</u>	<u>Total</u>
	£	£	£
Cost or Valuation:			
At 1 May 1995	1,550,000	700,009	2,250,009
Additions	-	201,883	201,883
Disposals	-	(82,384)	(82,384)
Revaluation	(150,000)	-	(150,000)
	<hr/>	<hr/>	<hr/>
At 30 April 1996	1,400,000	819,508	2,219,508
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1 May 1995	71,927	455,437	527,364
Provision for the year	28,344	122,385	150,729
Disposals	-	(59,322)	(59,322)
Revaluation	(93,422)	-	(93,422)
	<hr/>	<hr/>	<hr/>
At 30 April 1996	6,849	518,500	525,349
	<hr/>	<hr/>	<hr/>
Net book amount:			
At 30 April 1996	1,393,151	301,008	1,694,159
	<hr/>	<hr/>	<hr/>
At 30 April 1995	1,478,073	244,572	1,722,645
	<hr/>	<hr/>	<hr/>

The company's freehold land and buildings were revalued on an open market basis for existing use at £1,400,000 in February 1996 by Graham & Sibbald, Chartered Surveyors.

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

8 TANGIBLE ASSETS (CONTINUED)

Other assets held under finance leases and hire purchase agreements amount to:

	£
Cost:	
At 1 May 1995	211,813
Additions	181,370
Disposals	(46,100)
	<hr/>
At 30 April 1996	347,083
	<hr/>
Depreciation:	
At 1 May 1995	104,139
Provision for the year	77,826
Released on disposal	(29,402)
	<hr/>
At 30 April 1996	152,562
	<hr/>
Net book amount:	
At 30 April 1996	194,521
	<hr/>
At 30 April 1995	107,674
	<hr/>

Freehold land and buildings would have been included on a historical cost basis at:

	<u>1996</u>	<u>1995</u>
	£	£
Cost	711,048	711,048
Depreciation	(209,437)	(193,933)
	<hr/>	<hr/>
Net book amount	501,611	517,115
	<hr/>	<hr/>

FORTH WINES LIMITED**NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)****9 STOCKS**

Stocks in the accounts relate to goods held for resale. The replacement cost of stocks does not materially exceed the balance sheet amount.

10 DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	3,106,109	3,234,291
Other debtors	16,472	11,656
Prepayments	43,543	35,266
	<hr/>	<hr/>
	3,166,124	3,281,213
	<hr/>	<hr/>

11 CREDITORS (amounts falling due within one year)

	<u>1996</u>	<u>1995</u>
	£	£
Bank term loan (Note 12)	260,872	326,090
Bank overdraft	1,696,547	1,455,853
Finance lease and hire purchase obligations	83,933	53,920
Trade creditors	1,404,658	1,603,436
Taxation and social security	318,822	353,412
Other creditors including customs duty	537,339	513,856
Accruals	124,703	129,685
	<hr/>	<hr/>
	4,426,874	4,436,252
	<hr/>	<hr/>

The bank term loan and overdraft are secured on the company's assets.

FORTH WINES LIMITED**NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)****12 CREDITORS** (amounts falling due after more than one year)

	<u>1996</u> £	<u>1995</u> £
Bank term loan	130,422	391,294
Finance lease and hire purchase obligations	82,211	47,318
	<hr/>	<hr/>
	212,633	438,612
	<hr/>	<hr/>

The bank term loan is repayable in equal quarterly instalments. The loan bears interest at 1.75% above LIBOR and is secured on the company's assets.

There are no amounts due after more than 5 years.

13 DEFERRED TAXATION

The potential amount of deferred tax not recognised in the accounts expressed at a corporation tax rate of 25% (1995 25%) can be analysed as follows:

	<u>1996</u> £	<u>1995</u> £
Accelerated capital allowances	(38,000)	(17,000)
Unutilised tax losses	(475,000)	(550,000)
	<hr/>	<hr/>
	(513,000)	(567,000)
	<hr/>	<hr/>

No amount has been provided in respect of deferred taxation arising on the disposal of land and buildings at the revalued sums as there are no plans for their disposal. The full potential liability at a corporation tax rate of 25% is in the region of £9,000 (1995 £58,000).

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

14 SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	No	No
Authorised, allotted and fully paid:		
Equity		
"A" ordinary shares of 40 pence each	225,000	225,000
New ordinary shares of 40 pence each	275,000	275,000
	<hr/>	<hr/>
	500,000	500,000
	<hr/>	<hr/>
Non-equity		
12% "A" cumulative redeemable preference shares of £1 each	1,000,000	1,000,000
Deferred shares of £1 each	105,331	107,011
	<hr/>	<hr/>
	1,105,331	1,107,011
	<hr/>	<hr/>
Issued:	£	£
Equity		
"A" ordinary shares of 40 pence each	90,000	90,000
New ordinary shares of 40 pence each	110,000	110,000
	<hr/>	<hr/>
	200,000	200,000
	<hr/>	<hr/>
Non-equity		
12% "A" cumulative redeemable preference shares of £1 each	1,000,000	1,000,000
Deferred shares of £1 each	105,331	107,011
	<hr/>	<hr/>
	1,105,331	1,107,011
	<hr/>	<hr/>
	1,305,331	1,307,011
	<hr/>	<hr/>

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

14 SHARE CAPITAL (CONTINUED)

Redemption

The 12% "A" cumulative redeemable preference shares are redeemable at par in equal annual instalments of £250,000 on 30 April in each of the years 1994 to 1997 inclusive. There were insufficient reserves to fund the redemptions due on 30 April 1994, 1995 and 1996.

The deferred shares became redeemable on 30 October 1991 at a premium of 25 pence per share. During the year the holders of 1,680 shares (1995 2,640 shares) submitted valid claims to have their shares redeemed.

Dividends

The holders of the "A" cumulative redeemable preference shares are entitled to a fixed cumulative preferential dividend at a rate of 12% per annum.

The deferred shares carry no entitlement to dividend.

The holders of the "A" ordinary shares are, prior to any ordinary dividend declared by the directors, entitled to a cumulative preferential dividend of 15% of the net profits of the company. Dividends in arrears at 30 April 1996 are disclosed in note 17. Holders of new ordinary shares are then entitled to a dividend equal to that received by the "A" ordinary shareholders, thereafter both classes are treated as equal in respect of any further distribution of profits.

Voting rights

The holders of the "A" cumulative redeemable preference shares are entitled to receive notice of and to attend general meetings. Where dividends or redemptions are in arrears these shares carry one vote each.

Both class of ordinary share carry one vote each, the deferred shares carry no voting rights.

Priority

On a return of assets to the members, the holders of the "A" cumulative redeemable preference shares are firstly entitled, to be paid £1 per share together with any arrears of dividend calculated to the date of the return of capital.

The holders of "A" ordinary shares are secondly entitled to be paid any arrears of dividend calculated to the date of the return of capital. The holders of "A" ordinary and new ordinary shares are thirdly entitled to £2 per share.

The deferred shareholders are fourthly entitled to the nominal value of £1 plus a premium of 25 pence per share.

Finally, the holders of both classes of ordinary shares jointly participate in any remaining surplus.

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Profit for the financial year	6,530	50,379
Increase in provision for dividends payable to non-equity shareholders	120,000	120,000
Revaluation of land and buildings	(56,578)	-
Redemption of deferred shares, including premium on redemption	(2,100)	(3,300)
Net increase to shareholders' funds	<u>67,852</u>	<u>167,079</u>
Opening shareholders' funds	2,118,049	1,950,970
Closing shareholders' funds	<u>2,185,901</u>	<u>2,118,049</u>
Shareholders' funds - equity	480,570	531,038
Shareholders' funds - non-equity	<u>1,705,331</u>	<u>1,587,011</u>
	<u>2,185,901</u>	<u>2,118,049</u>

16 RESERVES

	<u>Share Premium</u>	<u>Special Capital Reserve</u>	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>
	£	£	£	£
At 1 May 1995 (as previously stated)	129,346	16,345	960,957	(295,610)
Restatement - dividend provision to non-equity shareholders	-	-	-	(480,000)
At 1 May 1995 as restated	<u>129,346</u>	<u>16,345</u>	<u>960,957</u>	<u>(775,610)</u>
Premium on the redemption of deferred shares		(420)		
Transfer			(12,840)	12,840
Profit for the financial year				6,530
Revaluation of land and buildings			(56,578)	
At 30 April 1996	<u>129,346</u>	<u>15,925</u>	<u>891,539</u>	<u>(756,240)</u>

The transfer from revaluation reserve to profit and loss account represents depreciation of the revaluation surplus on freehold buildings.

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

17 COMMITMENTS

The company has the following commitments:

	<u>1996</u> £	<u>1995</u> £
Capital expenditure authorised and contracted	5,500	5,500
Redemption of deferred shares at £1.25	131,664	133,764
Foreign currency arrangements	1,393,191	346,710
	<hr/>	<hr/>
	1,530,355	485,974
	<hr/>	<hr/>

The company has foreign currency arrangements to cover the cost of future foreign stock purchases.

In addition, the company has dividend arrears on the "A" Ordinary shares of £102,002 (1995 £82,981) (see Note 14 for details of the priority for dividend payments).

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
Operating profit	285,801	336,224
Depreciation	150,729	119,023
(Gain)/loss on sale of tangible fixed assets	(2,453)	12,011
Decrease/(increase) in stocks	24,453	(370,831)
Decrease/(increase) in debtors	115,089	(68,047)
(Decrease)/increase in creditors	(214,413)	200,314
	<hr/>	<hr/>
Net cash inflow from operating activities	359,206	228,694
	<hr/>	<hr/>

19 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	<u>1996</u> £	<u>1995</u> £
Opening balance	(1,452,250)	(1,162,570)
Net cash outflow	(240,171)	(289,680)
	<hr/>	<hr/>
Closing balance	(1,692,421)	(1,452,250)
	<hr/>	<hr/>

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

20 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1996</u>	<u>1995</u>
	£	£	£	Change	Change
				£	£
Cash at bank and in hand	4,126	3,603	6,940	523	(3,337)
Bank overdrafts	(1,696,547)	(1,455,853)	(1,169,510)	(240,694)	(286,343)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(1,692,421)	(1,452,250)	(1,162,570)	(240,171)	(289,680)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21 PENSIONS

The company operates a defined contribution scheme which replaced a final salary scheme from 1 August 1994. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The pension cost charge represents contributions payable by the company to the fund and amounted to £38,742 (1995 £45,580). Contributions totalling £1,333 (1995 £5,504) were payable to the fund at the year end and are included in creditors.

22 OPERATING LEASES

Annual commitments in respect of operating leases which expire:	<u>1996</u>	<u>1995</u>
	£	£
Plant and Machinery		
In one year	-	3,076
In two to five years	1,742	1,742
Over five years	1,468	-
	<u> </u>	<u> </u>
	3,210	4,818
	<u> </u>	<u> </u>
Other		
In two to five years	-	5,526
	<u> </u>	<u> </u>
Total operating leases	<u>3,210</u>	<u>10,344</u>

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1996 (CONTINUED)

23 DIRECTORS' EMOLUMENTS

Directors' emoluments, which are included in staff costs, were £109,287 (1995 £105,909) including pension contributions and taxable benefits.

The emoluments, excluding pension contributions of the individual directors were as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Chairman	10,000	10,000
	<hr/>	<hr/>
The highest paid director	69,672	66,133
	<hr/>	<hr/>

The other directors each received emoluments as set out below.

	<u>1996</u>	<u>1995</u>
£5,001 - £10,000	3	3

The Company paid emoluments by way of a management fee in respect of the services of the Chairman to WBM associates.