

**FORTH WINES LIMITED**

**REGISTERED NUMBER SC39321**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 APRIL 1995**



## **FORTH WINES LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited accounts of the company for the year ended 30 April 1995.

### **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 £170,379 (1994 profit £120,229). No dividends were paid and the profit was deducted from the Profit and Loss Account deficit of £479,416, leaving a closing deficit of £295,610 after taking account of a £13,427 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 2,640 shares (1994 5,400 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 1995 were directors of the company and their interests in the share capital of the company at that date 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 Marnoch	-	-	-
Anthony 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 7 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

21 July 1995

*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 1995 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

21 July 1995

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Redhill, St. Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

# FORTH WINES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
<b>TURNOVER</b>	2	24,737,762	25,686,379
<b>COST OF SALES</b>		(22,203,417)	(23,162,612)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		2,534,345	2,523,767
Distribution costs	(509,843)	(507,455)	
Administrative expenses	(1,689,102)	(1,736,447)	
Other operating income	824	1,436	
		<hr/>	<hr/>
		(2,198,121)	(2,242,466)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		336,224	281,301
Interest receivable		2,967	6,547
Interest payable and similar charges	5	(163,930)	(167,619)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	175,261	120,229
Tax on profit on ordinary activities	6	(4,882)	-
		<hr/>	<hr/>
<b>PROFIT TRANSFERRED TO RESERVES</b>	15	170,379	120,229
		<hr/>	<hr/>

There were no recognised gains or losses except for the profit for the year and all operations are continuing.

# FORTH WINES LIMITED

## BALANCE SHEET AT 30 APRIL 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,722,645	1,758,503
		<hr/>	<hr/>
			1,758,503
<b>CURRENT ASSETS</b>			
Stocks	8	1,985,452	1,614,621
Debtors	9	3,281,213	3,218,026
Cash at bank and in hand		3,603	6,940
		<hr/>	<hr/>
		5,270,268	4,839,587
<b>CREDITORS</b> (amounts falling due within one year)	10	(4,436,252)	(3,866,758)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		834,016	972,829
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,556,661	2,731,332
<b>CREDITORS</b> (amounts falling due after more than one year)	11	(438,612)	(780,362)
		<hr/>	<hr/>
		2,118,049	1,950,970
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital:			
Equity	13	200,000	200,000
Non equity	13	1,107,011	1,109,651
		<hr/>	<hr/>
		1,307,011	1,309,651
Share premium account	15	129,346	129,346
Special capital reserve	15	16,345	17,005
Revaluation reserve	15	960,957	974,384
Profit and loss account	15	(295,610)	(479,416)
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS INCLUDING NON EQUITY INTERESTS</b>	14	2,118,049	1,950,970
		<hr/>	<hr/>

Approved by the Board on 21 July 1995

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William Marnoch  
Director

# FORTH WINES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1995

	<u>1995</u>	<u>1994</u>
£	£	£
<b>NET CASH INFLOW</b>		
<b>FROM OPERATING ACTIVITIES</b> (Note 17)	228,694	964,693
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		
Interest received	2,967	6,547
Interest paid	(155,769)	(161,229)
Interest element of finance lease and hire purchase payments	(10,916)	(11,917)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	(163,718)	(166,599)
<b>TAXATION</b>		
Tax paid	(22)	(2,747)
Tax repaid	-	13,534
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(109,726)	(59,954)
Sale of tangible fixed assets	14,550	21,743
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	(95,176)	(38,211)
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>	(30,222)	770,670
<b>FINANCING</b>		
<b>Loans and Finance Obligations</b>		
Inception of finance lease	44,358	18,169
Repayment of term loan	(260,872)	(195,654)
Capital element of finance lease and hire purchase payments	(39,644)	(29,295)
<b>Share Capital</b>		
Redemption of deferred shares	(3,300)	(6,750)
<b>NET CASH OUTFLOW FROM FINANCING</b>	(259,458)	(213,530)
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b> (Note 18)	(289,680)	557,140

# FORTH WINES LIMITED

## NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 30 APRIL 1995

	<u>1995</u> £	<u>1994</u> £
Reported profit on ordinary activities before taxation	170,379	120,226
Depreciation of the revaluation surplus on freehold buildings	13,427	13,427
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	183,806	133,656
	<hr/>	<hr/>



# **FORTH WINES LIMITED**

## **NOTES TO THE ACCOUNTS - 30 APRIL 1995**

### **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.

The company has dividend arrears to non-equity shareholders which are not accounted for on an accruals basis as the directors are of the opinion that ultimate payment is remote based on the company's current financial position. The amounts involved are disclosed in Note 16 on page 18 of these accounts.

#### **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	2.1%	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.

#### **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.

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 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>1995</u>	<u>1994</u>
	£	£
Staff costs (Note 4)	916,646	925,013
Depreciation	119,023	117,758
(Profit)/Loss on foreign exchange	(4,244)	2,017
Auditors' remuneration - audit fees	17,380	17,783
- other fees	4,200	4,500
Loss on sale of tangible fixed assets	12,011	2,319
Operating lease rentals - plant & machinery	5,843	5,843
- other	22,104	22,104
	<u>          </u>	<u>          </u>

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

4	STAFF COSTS	<u>1995</u> £	<u>1994</u> £
	Wages and salaries	790,637	800,575
	Social security costs	73,976	66,300
	Other pension costs	52,033	58,138
		<hr/>	<hr/>
		916,646	925,013
		<hr/>	<hr/>

The average number of persons employed by the company during the year was 59 (1994 59). Staff costs include £Nil (1994 £16,214) of redundancy costs incurred during the year. Other pension costs include a premium of £6,453 (1994 £Nil) for death in service benefits.

5	INTEREST PAYABLE AND SIMILAR CHARGES	<u>1995</u> £	<u>1994</u> £
	On bank and other borrowings repayable within five years	151,902	155,702
	On finance leases and hire purchase agreements	12,028	11,917
		<hr/>	<hr/>
		163,930	167,619
		<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>1995</u> £	<u>1994</u> £
<u>Prior year adjustment</u>		
Advance corporation tax written off	4,882	-
	<hr/>	<hr/>

The company has accumulated taxation losses amounting to £2,200,000 (1994 £2,450,000) which are available for offset against future trading profits.

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

### 7 TANGIBLE ASSETS

	<u>Freehold land and buildings</u>	<u>Other assets</u>	<u>Total</u>
	£	£	£
<b>Cost or Valuation:</b>			
At 1 May 1994	1,550,000	707,198	2,257,198
Additions	-	109,726	109,726
Disposals	-	(116,915)	(116,915)
	<hr/>	<hr/>	<hr/>
At 30 April 1995	1,550,000	700,009	2,250,009
	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>			
At 1 May 1994	43,267	455,428	498,695
Provision for the year	28,660	90,363	119,023
Disposals	-	(90,354)	(90,354)
	<hr/>	<hr/>	<hr/>
At 30 April 1995	71,927	455,437	527,364
	<hr/>	<hr/>	<hr/>
<b>Net book amount:</b>			
At 30 April 1995	1,478,073	244,572	1,722,645
	<hr/>	<hr/>	<hr/>
At 30 April 1994	1,506,733	251,770	1,758,503
	<hr/>	<hr/>	<hr/>

The company's freehold land and buildings were revalued at £1,550,000 in September 1992.

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

### 7 TANGIBLE ASSETS (CONTINUED)

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

	£
<b>Cost:</b>	
At 1 May 1994	160,214
Additions	51,599
	<hr/>
At 30 April 1995	211,813
	<hr/>
<b>Depreciation:</b>	
At 1 May 1994	64,185
Provision for the year	39,954
	<hr/>
At 30 April 1995	104,139
	<hr/>
<b>Net book amount:</b>	
At 30 April 1995	107,674
	<hr/>
At 30 April 1994	96,029
	<hr/>

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

	<u>1995</u>	<u>1994</u>
	£	£
Cost	711,048	711,048
Depreciation	(193,933)	(178,700)
	<hr/>	<hr/>
Net book amount	517,115	532,348
	<hr/>	<hr/>

# **FORTH WINES LIMITED**

## **NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)**

### **8 STOCKS**

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

### **9 DEBTORS**

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	3,234,291	3,177,920
Other debtors	11,656	12,455
Prepayments	35,266	27,651
	<hr/>	<hr/>
	3,281,213	3,218,026
	<hr/>	<hr/>

### **10 CREDITORS (amounts falling due within one year)**

	<u>1995</u>	<u>1994</u>
	£	£
Bank term loan (Note 11)	326,090	260,872
Bank overdraft	1,455,853	1,169,510
Finance lease and hire purchase obligations	53,920	33,546
Trade creditors	1,603,436	1,735,785
Taxation and social security	353,412	109,973
Other creditors including customs duty	513,856	476,862
Accruals	129,685	80,210
	<hr/>	<hr/>
	4,436,252	3,866,758
	<hr/>	<hr/>

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

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

### 11 CREDITORS (amounts falling due after more than one year)

	<u>1995</u>	<u>1994</u>
	£	£
Bank term loan	391,294	717,384
Finance lease and hire purchase obligations	47,318	62,978
	<hr/>	<hr/>
	438,612	780,362
	<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.

### 12 DEFERRED TAXATION

The potential amount of deferred tax not recognised in the accounts expressed at a corporation tax rate of 25% (1994 25%) can be analysed as follows:

	<u>1995</u>	<u>1994</u>
	£	£
Accelerated capital allowances	(17,000)	1,000
Unutilised tax losses	(550,000)	(610,000)
	<hr/>	<hr/>
	(567,000)	(609,000)
	<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 £58,000 (1994 £70,000).

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

### 13 SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	No	No
Authorised, allotted and fully paid:		
<b>Equity</b>		
"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/>
<b>Non-equity</b>		
12% "A" cumulative redeemable preference shares of £1 each	1,000,000	1,000,000
Deferred shares of £1 each	107,011	109,651
	<hr/>	<hr/>
	1,107,011	1,109,651
	<hr/>	<hr/>
Issued:	£	£
<b>Equity</b>		
"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/>
<b>Non-equity</b>		
12% "A" cumulative redeemable preference shares of £1 each	1,000,000	1,000,000
Deferred shares of £1 each	107,011	109,651
	<hr/>	<hr/>
	1,107,011	1,109,651
	<hr/>	<hr/>
	1,307,011	1,309,651
	<hr/>	<hr/>



## **FORTH WINES LIMITED**

### **NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)**

#### **13 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 and 30 April 1995.

The deferred shares became redeemable on 30 October 1991 at a premium of 25 pence per share. During the year the holders of 2,640 shares (1994 5,400 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. Dividends in arrears at 30 April 1995 are disclosed in note 16.

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 1995 are disclosed in note 16.

##### **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 1995 (CONTINUED)

### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	170,379	120,229
Redemption of deferred shares, including premium on redemption	(3,300)	(6,750)
	<hr/>	<hr/>
Net increase to shareholders' funds	167,079	113,479
Opening shareholders' funds	1,950,970	1,837,491
	<hr/>	<hr/>
Closing shareholders' funds	2,118,049	1,950,970
	<hr/>	<hr/>
Shareholders' funds - equity	1,011,038	841,319
Shareholders' funds - non-equity	1,107,011	1,109,651
	<hr/>	<hr/>
	2,118,049	1,950,970
	<hr/>	<hr/>

### 15 RESERVES

	<u>Share Premium</u> £	<u>Special Capital Reserve</u> £	<u>Revaluation Reserve</u> £	<u>Profit and Loss Account</u> £
At 1 May 1994	129,346	17,005	974,384	(479,416)
Premium on the redemption of deferred shares		(660)		
Transfer			(13,427)	13,427
Profit for the financial year				170,379
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1995	129,346	16,345	960,957	(295,610)
	<hr/>	<hr/>	<hr/>	<hr/>

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 1995 (CONTINUED)

### 16 COMMITMENTS

The company has the following commitments:

	<u>1995</u>	<u>1994</u>
	£	£
Capital expenditure authorised and contracted	5,500	5,300
Redemption of deferred shares at £1.25	133,764	137,064
Dividend arrears on 12% "A" Cumulative redeemable preference shares	480,000	360,000
Dividend arrears on "A" Ordinary shares	82,981	57,424
	<hr/>	<hr/>
	702,245	559,788
	<hr/>	<hr/>

In addition, the company has foreign currency arrangements totalling £346,710 (1994 £1,080,000) to cover the cost of future foreign stock purchases.

### 17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1995</u>	<u>1994</u>
	£	£
Operating profit	336,224	281,301
Depreciation	119,023	117,758
Loss on sale of tangible fixed assets	12,011	2,319
(Increase)/Decrease in stocks	(370,831)	22,186
(Increase)/Decrease in debtors	(68,047)	3,770
Increase in creditors	200,314	537,359
	<hr/>	<hr/>
Net cash inflow from operating activities	228,694	964,693
	<hr/>	<hr/>

### 18 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	<u>1995</u>	<u>1994</u>
	£	£
Opening balance	(1,162,570)	(1,719,710)
Net cash (outflow)/inflow	(289,680)	557,140
	<hr/>	<hr/>
Closing balance	(1,452,250)	(1,162,570)
	<hr/>	<hr/>

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

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

	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1995</u>	<u>1994</u>
	£	£	£	Change	Change
				£	£
Cash at bank and in hand	3,603	6,940	4,193	(3,337)	2,747
Bank overdrafts	(1,455,853)	(1,169,510)	(1,723,903)	(286,343)	554,393
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(1,452,250)	(1,162,570)	(1,719,710)	(289,680)	557,140
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 20 PENSIONS

Up until 31 July 1994, the company operated a pension scheme (the scheme) providing benefits based on final pensionable pay. The assets of the scheme were held separately from those of the company, being invested with insurance companies. Contributions to the scheme were charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the company. The contributions were determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was dated December 1993 and related to service by members up to 1 May 1994. The valuation showed no significant deficiency or surplus, and a new funding rate of 14.3% was recommended.

On 31 July 1994 the company ceased to make contributions to the above scheme and a new defined contribution scheme (the new scheme) commenced with immediate effect. The surplus arising on termination of the scheme has been utilised to fund the equalisation of members' retirement ages and to index-link pension entitlements for all members. The remaining balance has been applied across all members proportionally as have the costs associated with the changed arrangements.

The assets of the new 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 £45,580 (1994 £58,138) contributions totalling £5,504 (1994 Nil) were payable to the fund at the year end and are included in creditors.

# FORTH WINES LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 1995 (CONTINUED)

### 21 OPERATING LEASES

Annual commitments in respect of operating leases which expire:	<u>1995</u> £	<u>1994</u> £
<b>Plant and Machinery</b>		
In one year	3,076	5,843
In two to five years	1,742	-
	<u>          </u>	<u>          </u>
	4,818	5,843
	<u>          </u>	<u>          </u>
<b>Other</b>		
In two to five years	5,526	22,104
	<u>          </u>	<u>          </u>
Total operating leases	10,344	27,947
	<u>          </u>	<u>          </u>

### 22 DIRECTORS' EMOLUMENTS

Directors' emoluments, which are included in staff costs, were £105,909 (1994 £103,962) including pension contributions and taxable benefits.

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

	<u>1995</u> £	<u>1994</u> £
Chairman	10,000	10,000
	<u>          </u>	<u>          </u>
The highest paid director	66,133	61,997
	<u>          </u>	<u>          </u>

The other directors each received emoluments as set out below.

	<u>1995</u>	<u>1994</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.