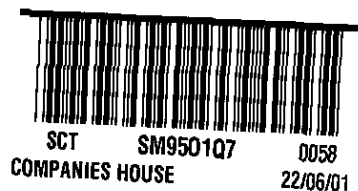


SIGNED

**WALLACES OF AYR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2001**

Company Registration Number SC081527



AD

ROBERT J HART & COMPANY
Chartered Accountants & Registered Auditors
Riversleigh
9 Kilwinning Road
Irvine
Ayrshire KA12 8RR

WALLACES OF AYR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

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WALLACES OF AYR LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	D.S. Cosh E. A.Y. Cosh B.J. Calder C. Cosh L. Simpson
Company secretary	E.A.Y. Cosh
Registered office	17/19 Burns Statue Square Ayr
Auditors	Robert J Hart & Company Chartered Accountants & Registered Auditors Riversleigh 9 Kilwinning Road Irvine Ayrshire KA12 8RR
Bankers	Clydesdale Bank 43 Alloway Street Ayr KA7 1SP
Solicitors	McMillan Kilpatrick 12 Alloway Place Ayr

WALLACES OF AYR LIMITED

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was conducted in the retail and wholesale licensed trade.

During the year the company has expanded its wholesale operations by acquiring another business and has disposed of four public houses.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2001	At 1 April 2000
D.S. Cosh	Beneficial Interests	287,500	287,500
E. A.Y. Cosh	Beneficial Interests	200,000	200,000
B.J. Calder	As Trustee	12,500	12,500
C. Cosh		-	-
L. Simpson		-	-
		<hr/>	<hr/>

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 at the end of the year and of the profit, or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

WALLACES OF AYR LIMITED

THE DIRECTORS' REPORT *(continued)*

FOR THE YEAR ENDED 31ST MARCH 2001

DIRECTORS' RESPONSIBILITIES *(continued)*

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 financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

A resolution to re-appoint Robert J Hart & Company as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
17/19 Burns Statue Square
Ayr

Signed by order of the directors



E.A.Y. COSH
Company Secretary

Approved by the directors on 4th June 2001

WALLACES OF AYR LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31ST MARCH 2001

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Riversleigh
9 Kilwinning Road
Irvine
Ayrshire KA12 8RR

5th June 2001


ROBERT J HART & COMPANY
Chartered Accountants
& Registered Auditors

WALLACES OF AYR LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2001

	Note	2001 £	2000 £
TURNOVER	2	44,702,298	37,897,238
Cost of sales		38,210,383	32,178,116
GROSS PROFIT		6,491,915	5,719,122
Administrative expenses		4,344,287	4,108,201
Other operating income	3	(175,259)	(226,556)
OPERATING PROFIT	4	2,322,887	1,837,477
Interest receivable	7	73,296	32,498
Interest payable	8	(7,108)	(10,941)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,389,075	1,859,034
Tax on profit on ordinary activities	9	(833,251)	(575,596)
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,555,824	1,283,438

All of the activities of the company are classed as continuing.

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED
FOR THE YEAR ENDED 31ST MARCH 2001

NOTE OF HISTORICAL COST PROFITS

	2001	2000
	£	£
Reported profit on ordinary activities before taxation	2,389,075	1,859,034
Realisation of gains recognised in previous periods	1,072,777	12,000
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	9,999	9,998
Historical cost profit on ordinary activities before taxation	<u>3,471,851</u>	<u>1,881,032</u>
Historical cost profit for the year retained after taxation and dividends	<u>2,638,600</u>	<u>1,305,436</u>

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED

BALANCE SHEET

AS AT 31ST MARCH 2001

	Note	2001	2000
		£	£
FIXED ASSETS			
Intangible assets	10	498,949	120,000
Tangible assets	11	3,970,896	6,008,743
		<u>4,469,845</u>	<u>6,128,743</u>
CURRENT ASSETS			
Stocks	12	4,469,316	3,081,381
Debtors	13	5,677,628	4,292,002
Cash at bank and in hand		2,792,706	1,259,496
		<u>12,939,650</u>	<u>8,632,879</u>
CREDITORS: Amounts falling due within one year	14	<u>(6,158,296)</u>	<u>(5,073,828)</u>
NET CURRENT ASSETS		<u>6,781,354</u>	<u>3,559,051</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,251,199</u>	<u>9,687,794</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(176,217)	(168,636)
		<u>11,074,982</u>	<u>9,519,158</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	500,000	500,000
Share premium account		97,377	97,377
Revaluation reserve	18	474,615	1,547,392
Profit and Loss Account	19	10,002,990	7,374,389
SHAREHOLDERS' FUNDS	20	<u>11,074,982</u>	<u>9,519,158</u>

These financial statements were approved by the directors on the 4th June 2001 and are signed on their behalf by:



D.S. COSH
Director

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2001

	Note	2001	2000
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	519,763	2,448,888
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		73,296	32,498
Interest paid		(7,108)	(11,827)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		66,188	20,671
TAXATION		(582,528)	(651,769)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		(414,683)	-
Payments to acquire tangible fixed assets		(428,557)	(802,867)
Receipts from sale of fixed assets		2,167,826	112,976
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE		1,324,586	(689,891)
INCREASE IN CASH	22	<u>1,328,009</u>	<u>1,127,899</u>

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

1. ACCOUNTING POLICIES *(continued)*

(h) Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2001 £	2000 £
United Kingdom	<u>44,702,298</u>	<u>37,897,238</u>

3. OTHER OPERATING INCOME

	2001 £	2000 £
Profit on disposal of fixed assets	52,453	9,096
Other operating income	122,806	217,460
	<u>175,259</u>	<u>226,556</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001 £	2000 £
Amortisation	35,734	15,000
Depreciation	351,031	346,997
Profit on disposal of fixed assets	(52,453)	(9,096)
Auditors' remuneration		
- as auditors	4,500	4,250
Operating lease costs:		
Vehicles	<u>42,819</u>	<u>-</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2001 No.	2000 No.
Number of retail and distribution staff	178	212
Number of administrative staff	27	20
	<u>205</u>	<u>232</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

5. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	2,520,329	2,436,581
Social security costs	197,000	179,252
Other pension costs	17,716	17,995
	<u>2,735,045</u>	<u>2,633,828</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2001	2000
	£	£
Emoluments receivable	308,290	291,887
Value of company pension contributions to money purchase schemes	14,681	15,177
	<u>322,971</u>	<u>307,064</u>

Emoluments of highest paid director:

	2001	2000
	£	£
Total emoluments (excluding pension contributions):	96,260	95,480
Value of company pension contributions to money purchase schemes	-	500
	<u>96,260</u>	<u>95,980</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2001	2000
	No.	No.
Money purchase schemes	<u>5</u>	<u>5</u>

7. INTEREST RECEIVABLE

	2001	2000
	£	£
Bank interest receivable	<u>73,296</u>	<u>32,498</u>

8. INTEREST PAYABLE

	2001	2000
	£	£
Interest payable on bank borrowing	<u>7,108</u>	<u>10,941</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001		2000
	£	£	£
In respect of the year:			
Corporation Tax based on the results for the year at 30% (2000 - 30%)	825,670		532,527
Increase in deferred tax provision (Note 15):			
Capital allowances	4,178		39,338
Other	3,403		4,675
	<u>7,581</u>		<u>44,013</u>
	833,251		576,540
Adjustment in respect of previous years:			
Corporation Tax	-		(944)
	<u>833,251</u>		<u>575,596</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1st April 2000	150,000
Additions	414,683
At 31st March 2001	<u>564,683</u>
AMORTISATION	
At 1st April 2000	30,000
Charge for the year	35,734
At 31st March 2001	<u>65,734</u>
NET BOOK VALUE	
At 31st March 2001	<u>498,949</u>
At 31st March 2000	<u>120,000</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

11. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Fixtures & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2000	5,202,720	146,419	975,526	1,069,385	7,394,050
Additions	15,807	-	56,537	356,213	428,557
Disposals	(2,065,000)	-	(296,797)	(205,578)	(2,567,375)
At 31 March 2001	<u>3,153,527</u>	<u>146,419</u>	<u>735,266</u>	<u>1,220,020</u>	<u>5,255,232</u>
DEPRECIATION					
At 1 April 2000	63,754	-	705,220	616,333	1,385,307
Charge for the year	63,071	-	83,325	204,635	351,031
On disposals	(1,000)	-	(287,249)	(163,753)	(452,002)
At 31 March 2001	<u>125,825</u>	<u>-</u>	<u>501,296</u>	<u>657,215</u>	<u>1,284,336</u>
NET BOOK VALUE					
At 31 March 2001	<u>3,027,702</u>	<u>146,419</u>	<u>233,970</u>	<u>562,805</u>	<u>3,970,896</u>
At 31 March 2000	<u>5,138,966</u>	<u>146,419</u>	<u>270,306</u>	<u>453,052</u>	<u>6,008,743</u>

Revaluation of fixed assets

The directors carried out a valuation of the company's properties as at 31st March 1999 in conjunction with Chris Hart & Co. The valuation, which was incorporated in the financial statements, was on an open market basis for existing use.

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

11. TANGIBLE FIXED ASSETS *(continued)*

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2001 £	2000 £
Historical cost:		
At 1 April 2000	3,253,608	3,328,608
Disposals in year	(1,009,859)	(75,000)
At 31 March 2001	<u>2,243,749</u>	<u>3,253,608</u>
Depreciation:		
At 1 April 2000	66,572	-
On disposals	(20,197)	-
Charge for year	44,875	66,572
At 31 March 2001	<u>91,250</u>	<u>66,572</u>
Net historical cost value:		
At 31 March 2001	<u>2,152,499</u>	<u>3,187,036</u>
At 1 April 2000	<u>3,187,036</u>	<u>3,328,608</u>
NBV of revalued tangible fixed assets:		
Net book value at end of year	<u>2,626,560</u>	<u>4,737,246</u>

12. STOCKS

	2001 £	2000 £
Goods for resale	<u>4,469,316</u>	<u>3,081,381</u>

In the opinion of the directors, the replacement cost of stocks is not materially different from the value at which they are stated in the accounts.

13. DEBTORS

	2001 £	2000 £
Trade debtors	5,204,108	3,922,984
Other debtors	154,246	136,110
Prepayments and accrued income	319,274	232,908
	<u>5,677,628</u>	<u>4,292,002</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

14. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	676,555	471,354
Trade creditors	4,273,092	3,458,462
Corporation tax	625,669	382,527
Other taxation and social security	389,547	276,437
Other creditors	148,702	361,110
Accruals and deferred income	44,731	123,938
	<u>6,158,296</u>	<u>5,073,828</u>

The bank overdrafts are secured by a Floating charge over the assets and undertakings of the company.

15. DEFERRED TAXATION

	2001 £	2000 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	168,636	124,623
Increase in provision	7,581	44,013
Provision carried forward	<u>176,217</u>	<u>168,636</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2001		2000	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	165,968	-	161,790	-
Other timing differences	10,249	142,385	6,846	150,000
	<u>176,217</u>	<u>142,385</u>	<u>168,636</u>	<u>150,000</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2001 £	2000 £
Operating leases which expire:		
Within 2 to 5 years	<u>50,000</u>	<u>-</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

17. SHARE CAPITAL

Authorised share capital:

	2001 £	2000 £
500,000 Ordinary shares of £1.00 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	<u>500,000</u>	<u>500,000</u>

18. REVALUATION RESERVE

	2001 £	2000 £
Balance brought forward	1,547,392	1,559,392
Transfer to the Profit and Loss Account on realisation	<u>(1,072,777)</u>	<u>(12,000)</u>
Balance carried forward	<u>474,615</u>	<u>1,547,392</u>

19. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
Balance brought forward	7,374,389	6,078,951
Retained profit for the financial year	1,555,824	1,283,438
Transfer from revaluation reserve	<u>1,072,777</u>	<u>12,000</u>
Balance carried forward	<u>10,002,990</u>	<u>7,374,389</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	1,555,824	1,283,438
Opening shareholders' equity funds	<u>9,519,158</u>	<u>8,235,720</u>
Closing shareholders' equity funds	<u>11,074,982</u>	<u>9,519,158</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001

**21. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2001	2000
	£	£
Operating profit	2,322,887	1,837,477
Amortisation	35,734	15,000
Depreciation	351,031	346,997
Profit on disposal of fixed assets	(52,453)	(9,096)
Increase in stocks	(1,387,935)	(201,902)
Increase in debtors	(1,385,626)	(542,636)
Increase in creditors	636,125	1,003,048
Net cash inflow from operating activities	<u>519,763</u>	<u>2,448,888</u>

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001	2000
	£	£
Increase in cash in the period	1,328,009	1,127,899
	<u>1,328,009</u>	<u>1,127,899</u>
Change in net funds	1,328,009	1,127,899
Net funds at 1 April 2000	788,142	(339,757)
Net funds at 31 March 2001	<u>2,116,151</u>	<u>788,142</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2000 £	Cash flows £	At 31 Mar 2001 £
Net cash:			
Cash in hand and at bank	1,259,496	1,533,210	2,792,706
Overdrafts	(471,354)	(205,201)	(676,555)
Net funds	<u>788,142</u>	<u>1,328,009</u>	<u>2,116,151</u>