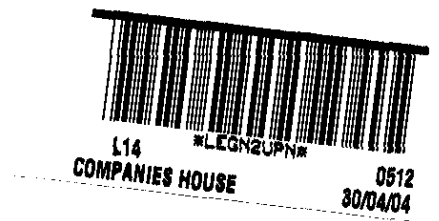


Company Registration No. SC102559 (Scotland)

**HUNTER & CURRIE (SCOTLAND) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**



**BOOTH ANDERSON CHESTER LLP**  
**Chartered Accountants**

# HUNTER & CURRIE (SCOTLAND) LIMITED

## COMPANY INFORMATION

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### Directors

Salvatore Alfano  
Calogero Alfano  
Antonio Alfano  
Carmelo Alfano  
Gaetano Alfano  
Gaetano S. Alfano  
Giovanni Alfano  
Giuseppe Alfano  
Paul E. Alfano  
David Gregory

### Secretary

David Gregory

### Company number

SC102559

### Registered office

588 Glasgow Road  
Clydebank  
Glasgow  
Dunbartonshire G81 1NH

### Auditors

Booth Anderson Chester LLP  
1 Peterborough Road  
Harrow  
Middlesex  
HA1 2AX

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# HUNTER & CURRIE (SCOTLAND) LIMITED

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Independent auditors' report	3
Profit and loss account	4
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# HUNTER & CURRIE (SCOTLAND) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

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The directors present their report and financial statements for the year ended 30 June 2003.

### Principal activities and review of the business

The principal activity is the supply of grocery goods, alcoholic and non alcoholic beverages.

Whilst sales for the year are lower than the previous year improvements in our sales mix have resulted in an increase in percentage gross profit from 28.43% last year to 30.47% this year. This increase, coupled with reductions in our distribution costs, has meant that our operating profit achieved is only £2,097 below the previous year.

Increased borrowing costs have, however, reduced the profit achieved in the year to £13,124.

### Results and dividends

A summary of results of the year's trading is given on page 4 of the financial statements.

The directors do not at this time propose the payment of a dividend.

It is proposed that the loss after tax of £13,124 be transferred to the company's reserves.

### Fixed assets

Movements occurring in fixed assets during the year appear in notes 6 and 7 to the financial statements.

### Market value of land and buildings

In the opinion of the directors, the market value of the company's freehold land and buildings is substantially in excess of book value.

### Directors

The following directors have held office since 1 July 2002:

Salvatore Alfano  
Calogero Alfano  
Antonio Alfano  
Carmelo Alfano  
Gaetano Alfano  
Gaetano S. Alfano  
Giovanni Alfano  
Giuseppe Alfano  
Paul E. Alfano  
David Gregory

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 June 2003	1 July 2002
Salvatore Alfano	-	-
Calogero Alfano	-	-
Antonio Alfano	-	-
Carmelo Alfano	-	-
Gaetano Alfano	-	-
Gaetano S. Alfano	-	-
Giovanni Alfano	-	-

# HUNTER & CURRIE (SCOTLAND) LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

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Giuseppe Alfano

Paul E. Alfano

David Gregory

- -  
- -  
- -

The directors' interests in the share capital of the parent undertaking are disclosed in the consolidated financial statements of Alfano Brothers Limited.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Booth Anderson Chester LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

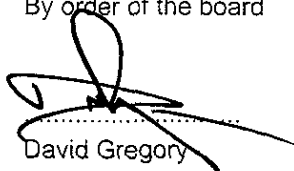
### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- prepare the financial statements 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 financial statements 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.

By order of the board



David Gregory  
Director  
20.1.2004

# HUNTER & CURRIE (SCOTLAND) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HUNTER & CURRIE (SCOTLAND) LIMITED

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We have audited the financial statements of HUNTER & CURRIE (SCOTLAND) LIMITED on pages 4 to 14 for the year ended 30 June 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of 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 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Booth Anderson Chester LLP*

Booth Anderson Chester LLP

Chartered Accountants  
Registered Auditor

*21st January 2004*

1 Peterborough Road  
Harrow  
Middlesex  
HA1 2AX

# HUNTER & CURRIE (SCOTLAND) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 £	2002 £
Turnover	2	3,782,923	4,154,667
Cost of sales		(2,630,228)	(2,973,409)
<b>Gross profit</b>		<b>1,152,695</b>	<b>1,181,258</b>
Distribution costs		(469,699)	(499,570)
Administrative expenses		(531,773)	(528,368)
<b>Operating profit</b>	3	<b>151,223</b>	<b>153,320</b>
Other interest receivable and similar income		2,324	-
Interest payable and similar charges	4	(140,423)	(98,944)
<b>Profit on ordinary activities before taxation</b>		<b>13,124</b>	<b>54,376</b>
Tax on profit on ordinary activities	5	-	-
<b>Profit on ordinary activities after taxation</b>	14	<b>13,124</b>	<b>54,376</b>

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

There are no recognised gains and losses other than those passing through the profit and loss account.

### Note of historical cost profits and losses

	2003 £	2002 £
<b>Reported profit on ordinary activities before taxation</b>	<b>13,124</b>	<b>54,376</b>
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	876	571
<b>Historical cost profit on ordinary activities before taxation</b>	<b>14,000</b>	<b>54,947</b>
<b>Historical cost profit for the year retained after taxation, extraordinary items and dividends</b>	<b>14,000</b>	<b>54,947</b>

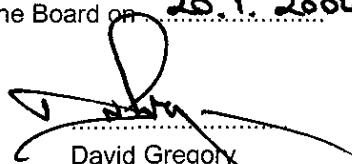
# HUNTER & CURRIE (SCOTLAND) LIMITED

## BALANCE SHEET AS AT 30 JUNE 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Intangible assets	6		7,939		10,063
Tangible assets	7		356,887		402,044
			<u>364,826</u>		<u>412,107</u>
<b>Current assets</b>					
Stocks	8	299,457		292,164	
Debtors	9	1,201,532		1,187,170	
Cash at bank and in hand		9,585		1,481	
		<u>1,510,574</u>		<u>1,480,815</u>	
<b>Creditors: amounts falling due within one year</b>	10	(1,130,406)		(1,121,669)	
<b>Net current assets</b>			<u>380,168</u>		<u>359,146</u>
<b>Total assets less current liabilities</b>			<u>744,994</u>		<u>771,253</u>
<b>Creditors: amounts falling due after more than one year</b>	11		(76,962)		(116,345)
			<u>668,032</u>		<u>654,908</u>
<b>Capital and reserves</b>					
Called up share capital	13	40,000		40,000	
Revaluation reserve	14	47,037		47,037	
Profit and loss account	14	580,995		567,871	
<b>Shareholders' funds - equity interests</b>	15		<u>668,032</u>		<u>654,908</u>

The financial statements were approved by the Board on 20.1.2004

  
Calogero Alfano  
Director

  
David Gregory  
Director



# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable accounting standards in the United Kingdom.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking incorporated in Great Britain. The parent undertaking publishes consolidated financial statements which includes a consolidated cash flow statement.

The financial statements have been prepared on the going concern basis and the directors confirm their belief in the company's ability to continue as a going concern for the period of at least 12 months from the date of approval of these financial statements.

#### 1.2 Turnover

Turnover represents amounts receivable for the supply of grocery goods, alcoholic and non-alcoholic beverages.

#### 1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over 20 years. In the opinion of the directors, this rate of amortisation is reasonable.

#### 1.4 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	2% on cost or valuation
Plant and machinery	25% reducing balance
Motor vehicles	25% reducing balance

#### 1.5 Leasing and hire purchase commitments

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.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year. The Group Personal Pension Scheme is for eligible employees and is funded by company contribution based on salary. Further details of this pension are given in note 12.

#### 1.8 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.

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 2 Turnover

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

3 Operating profit	2003 £	2002 £
Operating profit is stated after charging:		
Amortisation of intangible assets	2,124	2,124
Depreciation of tangible assets	65,118	75,302
Loss on disposal of tangible assets	1,270	-
Auditors' remuneration	6,000	5,000
	<u>          </u>	<u>          </u>

4 Interest payable	2003 £	2002 £
On bank loans and overdrafts	129,591	86,398
Hire purchase interest	10,832	12,546
	<u>          </u>	<u>          </u>
	140,423	98,944
	<u>          </u>	<u>          </u>

### 5 Taxation

#### Current tax charge

-	-
<u>          </u>	<u>          </u>

#### Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	13,124	54,376
	<u>          </u>	<u>          </u>

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.23% (2002: 20.00%)

2,524	10,875
<u>          </u>	<u>          </u>

Effects of:

Non deductible expenses	-	1,261
Depreciation add back	-	15,485
Capital allowances	-	(13,866)
Tax losses utilised	(2,524)	(13,755)
	<u>          </u>	<u>          </u>
	(2,524)	(10,875)
	<u>          </u>	<u>          </u>

#### Current tax charge

-	-
<u>          </u>	<u>          </u>

The company has estimated losses of £ 160,000 (2002: £ 186,413) available for carry forward against future trading profits.

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 6 Intangible fixed assets

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 July 2002 & at 30 June 2003	42,410
<b>Amortisation</b>	
At 1 July 2002	32,347
Charge for the year	2,124
At 30 June 2003	34,471
<b>Net book value</b>	
At 30 June 2003	7,939
At 30 June 2002	10,063

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 July 2002	213,315	126,007	356,320	695,642
Additions	-	1,350	35,281	36,631
Disposals	-	-	(50,850)	(50,850)
At 30 June 2003	213,315	127,357	340,751	681,423
<b>Depreciation</b>				
At 1 July 2002	49,928	84,100	159,570	293,598
On disposals	-	-	(34,180)	(34,180)
Charge for the year	4,272	10,477	50,369	65,118
At 30 June 2003	54,200	94,577	175,759	324,536
<b>Net book value</b>				
At 30 June 2003	159,115	32,780	164,992	356,887
At 30 June 2002	163,387	41,907	196,750	402,044

A policy of revaluation has not been adopted under Financial Reporting Standard number 15, but the carrying amount of freehold land and buildings reflects previous revaluations and those amounts are retained.

The last revaluation was accounted for on 30 June 1991 and since this date no further revaluations have been made.

A valuation of all the company's freehold land and buildings was carried out by an external surveyor on the basis of an open market valuation for existing use on 30th June 2001. The market value of the company's freehold land and buildings is substantially in excess of the book value.

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

	£
<b>Cost</b>	
At 1 July 2002 & at 30 June 2003	169,811
<b>Depreciation based on cost</b>	
At 1 July 2002	48,120
Charge for the year	3,396
At 30 June 2003	51,516
<b>Net book value</b>	
At 30 June 2003	118,295
At 30 June 2002	121,691

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 7 Tangible fixed assets (continued)

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

	Plant and machinery £	Motor vehicles £	Total £
<b>Net book values</b>			
At 30 June 2003	8,125	144,318	152,443
At 30 June 2002	-	181,240	181,240
<b>Depreciation charge for the year</b>			
30 June 2003	1,625	41,889	43,514
30 June 2002	-	55,772	55,772

8 Stocks	2003 £	2002 £
Finished goods and goods for resale	299,457	292,164

9 Debtors	2003 £	2002 £
Trade debtors	498,964	570,309
Amounts owed by parent and fellow subsidiary undertakings	571,270	547,173
Corporation tax	925	925
Other debtors	114,089	54,693
Prepayments and accrued income	16,284	14,070
	1,201,532	1,187,170

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

10 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	-	60,794
Net obligations under hire purchase contracts	57,290	55,253
Trade creditors	114,572	155,944
Amounts owed to parent and fellow subsidiary undertakings	938,685	839,182
Taxes and social security costs	7,642	-
Accruals and deferred income	12,217	10,496
	<u>1,130,406</u>	<u>1,121,669</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

11 Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under hire purchase contracts	<u>76,962</u>	<u>116,345</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	70,296	65,756
Repayable between one and five years	<u>89,998</u>	<u>140,000</u>
	160,294	205,756
Finance charges and interest allocated to future accounting periods	<u>(26,032)</u>	<u>(34,158)</u>
	134,262	171,598
Included in liabilities falling due within one year	<u>(57,290)</u>	<u>(55,253)</u>
	<u>76,972</u>	<u>116,345</u>

### 12 Pension costs

#### Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>9,998</u>	<u>15,301</u>

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

13 Share capital	2003 £	2002 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

14 Statement of movements on reserves	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2002	47,037	567,871
Retained profit for the year	-	13,124
Balance at 30 June 2003	<u>47,037</u>	<u>580,995</u>

15 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit for the financial year	13,124	54,376
Opening shareholders' funds	<u>654,908</u>	<u>600,532</u>
Closing shareholders' funds	<u>668,032</u>	<u>654,908</u>

### 16 Contingent liabilities

The company has given unlimited guarantees to its bankers in respect of the borrowings of the following group undertakings. The total borrowing at the balance sheet date was: Ciborio Limited £4,371,780 (2002: £2,009,085); Alfano Brothers Limited £3,605,000 (2002: £4,035,559); and Struthers (Lochwinnoch) Limited £341,594 (2001: £411,609).

17 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	<u>162,303</u>	<u>87,547</u>

# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

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### 18 Employees

#### Number of employees

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

	2003 Number	2002 Number
Office and management	11	10
Distribution and sales	14	17
	<u>25</u>	<u>27</u>

#### Employment costs

	£	£
Wages and salaries	548,136	474,481
Social security costs	64,400	56,155
Other pension costs	9,998	15,301
	<u>622,534</u>	<u>545,937</u>

### 19 Control

The ultimate parent company is Alfano Brothers Limited, a company registered in England and Wales.



# HUNTER & CURRIE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

### 20 Related party transactions

The company's transactions during the period under review included the following:

Name of Related Party	Nature of Related Party	Transaction Type	Transaction	Year end balance
			Value £	Debtors (Creditors) 30 June 2003 £
(i) Alfano Brothers Limited	Parent company	Intercompany balance		(222,790)
		Bank and loan interest recharged	66,200	
(ii) Ciborio Limited	Common control	Sales	55,711	
		Purchases	1,980,194	
		Management fees receivable	120,000	
		Bank and loan interest recharged	62,900	
		Administration expenses recharged	74,402	
		Intercompany balance		(715,895)
(iii) Struthers (Lochwinnoch) Limited	Common control	Purchases	100,608	
		Sales	2,063	
		Intercompany balance		468,098
(iv) The 5 Alfanos Limited	Common control	Intercompany balance		103,172