

**EHRMANN'S GROUP PLC**

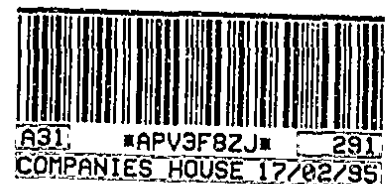
**COMPANY NUMBER:1302718**

**FINANCIAL STATEMENTS**

**- for the year ended -**

**30 SEPTEMBER 1994**

**GOODMAN JONES**  
Chartered Accountants  
29/30 Fitzroy Square,  
London, W1P 6LQ



**Reference MPGA/JRF/3841/JMB**

**EHFMANN'S GROUP PLC**

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## **EHRMANN'S GROUP PLC**

### **DIRECTORS**

D. Harris  
P.D. Dauthieu  
W.L. Page  
Major N. Chamberlayne-MacDonald

### **SECRETARY**

R. Vadher

### **BUSINESS ADDRESS**

29 Corsica Street,  
London,  
N5 1JT.

### **REGISTERED OFFICE**

29 Corsica Street,  
London,  
N5 1JT.

### **AUDITORS**

Goodman Jones,  
Chartered Accountants  
29/30 Fitzroy Square,  
London,  
W1P 6LQ

### **PRINCIPAL BANKERS**

Barclays Bank PLC,  
Strand Business Centre  
357 Strand  
London,  
WC2R 0NX

**EHARMANNS GROUP PLC**

**CHAIRMAN'S STATEMENT**

Sales for the year at £26,731,422 (1993: £22,332,420) show an encouraging increase of almost 20%.

Although margins continue to be under pressure the company has nevertheless achieved a profit before tax of £707,441.

Towards the end of the financial year the company acquired the whole of the issued share capital of G. Belloni & Co. Limited - a very old established and prestigious distributor of mainly Italian wines with an important customer base in the Italian restaurant trade and with the exclusive agency for the distribution of Antinori wines throughout the U.K.

This acquisition, which has contributed a small loss in the year under review, will make a substantial contribution to group profitability in the year ahead, largely because of the considerable saving in cost of operation which will result from the re-location of all Belloni personnel into the company's freehold office headquarters in Islington.

Ehrmanns is now in a strong financial position and well placed to take advantage of any opportunities which may present themselves.

We look forward with confidence to a year of increased sales and increased profitability.

**D. HARRIS  
CHAIRMAN**



Date: 16 January 1995

## **EHRMANN'S GROUP PLC**

### **REPORT OF THE DIRECTORS**

### **FINANCIAL STATEMENTS**

The directors present their report and the audited financial statements for the year ended 30 September 1994.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The company is a holding company and also carries on the business of importers, wholesalers and distributors of wines, beers and spirits.

The subsidiaries' activities are disclosed in Note 12 to the accounts.

A full review of the Group's activities and results are contained in the Chairman's Statement.

### **DIVIDENDS**

The directors have paid interim dividends amounting to £22,684 as set out in note 9 to the accounts. They now recommend payment of final dividends amounting to £28,960.

It is proposed that the retained profit of £395,443 is transferred to reserves.

### **FIXED ASSETS**

All movements in fixed assets are disclosed in the notes to the financial statements.

### **DIRECTORS**

The directors who held office during the year and their interests in the company were as stated below.

		Number of shares	
	Class of shares	1994	1993
P.D. Dauthieu	Ordinary shares	25,620	25,620
	10% Preference shares	-	-
	"A" Ordinary shares	-	-
D. Harris	Ordinary shares	18,970	18,970
	10% Preference shares	47,390	47,390
	"A" Ordinary shares	-	-
W.L. Page	Ordinary shares	-	-
	10% Preference shares	-	-
	"A" Ordinary shares	3,000	2,000
Major N. Chamberlayne-MacDonald	Ordinary shares	-	-
	10% Preference shares	-	-
	"A" Ordinary shares	-	-

On 1 October 1994 the holders of the 202,610 £1 Cumulative Preference Shares exercised their right to convert the shares into 405,220 Ordinary Shares of 50p each.

### **DIRECTORS AND THEIR 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 group and of the profit or loss of the group 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group or the company will continue in business.
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the notes to the accounts.

# **EHREMANNS GROUP PLC**

## **REPORT OF THE DIRECTORS**

### **DIRECTORS AND THEIR 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 of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **TAXATION STATUS**

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

### **AUDITORS**

The auditors, Goodman Jones, Chartered Accountants, are willing to be re-appointed in accordance with section 385 of the Companies Act 1985.

By order of the Board

D. Harris

Director

Date: 16 January 1995

**EHRMANN'S GROUP PLC**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF EHRMANN'S GROUP PLC**

We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

**Respective responsibilities of the directors and auditors**

As described in the Directors' Report the group's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, 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 affairs of the company and of the group as at 30 September 1994 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Goodman Jones

Registered Auditor  
Chartered Accountants

29/30 Fitzroy Square,  
London,  
W1P 6LQ

Date: 18 January 1995

**EHREMANNS GROUP PLC**
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1994**

	NOTES	1994 £	1993 £
<b>TURNOVER</b>			
Continuing operations		26,132,426	22,332,420
Acquisitions		598,996	-
		26,731,422	22,332,420
Cost of sales	2	(24,233,086)	(20,102,342)
<b>GROSS PROFIT</b>	2	2,498,336	2,230,078
Distribution costs		(54,752)	-
Administrative expenses		(1,724,963)	(1,597,484)
<b>OPERATING PROFIT</b>	3		
Continuing operations		745,894	632,594
Acquisitions		(27,273)	-
		718,621	632,594
Other Income		5,291	-
Interest receivable		37,663	71,281
Interest payable	4	(54,134)	(53,371)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		707,441	650,504
Tax on profit on ordinary activities	7	(260,354)	(223,559)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAX</b>	8	447,087	426,945
Dividends	9	(51,644)	(51,393)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	11	£395,443	£375,552

The notes on pages 10 to 23 form a part of these financial statements.



**EHRMANN'S GROUP PLC**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

		<b>1994</b>	<b>1993</b>
<b>PROFIT FOR THE YEAR</b>	<b>21</b>	<b>395,443</b>	<b>375,552</b>
<b>Movement arising from foreign exchange differences</b>		<b>(14,200)</b>	<b>(41,858)</b>
<b>TOTAL RECOGNISED NET GAINS</b>		<b>£381,243</b>	<b>£333,694</b>

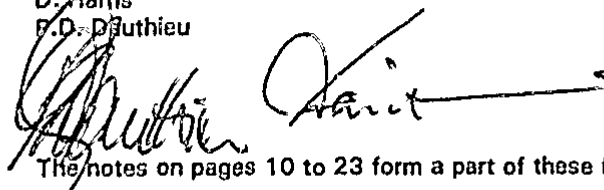
The notes on pages 10 to 23 form a part of these financial statements.

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 1994

	NOTES	£	1994	£	£	1993	£
<b>FIXED ASSETS</b>							
Intangible assets	10			2,835			3,668
Tangible assets	11			692,432			663,214
Goodwill	13			229,889			211,487
				925,156			878,369
<b>CURRENT ASSETS</b>							
Stocks	14	1,051,217			419,784		
Debtors	15	7,070,341			4,646,975		
Cash at bank and in hand		999,513			279,069		
			9,121,071			5,345,828	
<b>CREDITORS: Amounts falling due within one year</b>	16	(7,549,284)			(4,282,686)		
<b>NET CURRENT ASSETS</b>				1,571,787			1,063,142
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				2,496,943			1,941,511
<b>CREDITORS: Amounts falling due after more than one year</b>	17			(355,702)			(185,263)
				£2,141,241			£1,756,248
<b>CAPITAL AND RESERVES</b>							
Called up share capital	19			265,375			264,875
Share premium	20			147,299			144,049
Profit and loss account	21			1,692,517			1,311,274
Capital redemption reserve				36,050			36,050
				£2,141,241			£1,756,248

The financial statements were approved by the board on 16 January 1995 and signed on its behalf by

D. Harris  
F.D. Dauthieu



The notes on pages 10 to 23 form a part of these financial statements.

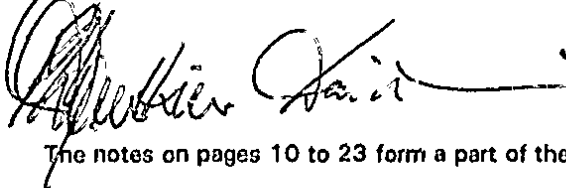
**ENRMANN'S GROUP PLC**

**BALANCE SHEET AT 30 SEPTEMBER 1994**

	NOTES	£	1994	£	£	1993	£
<b>FIXED ASSETS</b>							
Intangible assets	10			1,998			2,402
Tangible assets	11			605,547			637,372
Investments	12			642,502			53,613
				1,250,047			693,393
<b>CURRENT ASSETS</b>							
Stock	14	339,017				410,527	
Debtors	15	5,369,794				4,181,513	
Cash at bank and in hand		722,799				91,010	
		6,431,610				4,683,050	
<b>CREDITORS: Amounts falling due within one year</b>	16	(6,062,316)				(4,116,622)	
<b>NET CURRENT ASSETS</b>				369,294			566,428
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				1,619,341			1,259,821
<b>CREDITORS: Amounts falling due after more than one year</b>	17			(238,948)			(185,263)
				£1,380,393			£1,074,558
<b>CAPITAL AND RESERVES</b>							
Called up share capital	19			265,375			264,875
Share premium	20			147,299			144,049
Capital redemption reserve				36,050			36,050
Profit and loss account				931,669			629,584
				£1,380,393			£1,074,558

The financial statements were approved by the board on 16 January 1995 and signed on its behalf by

D. Harris  
P.D. Dauthieu



The notes on pages 10 to 23 form a part of these financial statements.

**EHRMANN'S GROUP PLC**

**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1994**

	NOTES	1994	1993
		£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>22</b>	<b>607,667</b>	<b>249,362</b>
Return on investments and servicing of finance:			
Interest received	37,663	71,281	
Interest paid	(54,134)	(52,201)	
Dividends paid	(51,494)	(32,714)	
Interest element on hire purchase and finance lease contracts	-	(1,170)	
<b>NET CASH OUTFLOWS FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(67,965)</b>	<b>(14,804)</b>
<b>Taxation:</b>			
UK Corporation tax paid	(178,823)	(65,373)	
Overseas taxation paid	(115,391)	(52,162)	
<b>TAX PAID</b>		<b>(294,214)</b>	<b>(117,535)</b>
<b>Investing activities:</b>			
Purchase of tangible assets	(18,996)	(55,259)	
Purchase of subsidiary undertaking (net of cash & cash equivalents acquired)	25 (617,673)	-	
Receipts from sale of tangible assets	11,950	11,976	
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(624,719)</b>	<b>(43,283)</b>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(£379,231)</b>	<b>£73,740</b>
<b>Financing:</b>			
Share issue	(3,750)	-	
Receipts from long term creditors	(216,754)	-	
Repayment of capital on hire purchase and finance lease contracts	-	8,888	
Bank loan repayment	46,315	46,316	
		<b>(174,189)</b>	<b>55,204</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>23</b>	<b>(205,042)</b>	<b>18,536</b>
		<b>(£379,231)</b>	<b>£73,740</b>

The notes on pages 10 to 23 form a part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

1. ACCOUNTING POLICIES

*Basis of accounting*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

*Turnover*

Turnover represents the total invoice value, excluding value added tax, of the sale of wines and spirits and beers during the year.

*Stocks*

Stocks are valued at the lower of cost and estimated net realisable value.

*Depreciation*

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:-

Trade marks	Straight line over ten years
Freehold property	Straight line over fifty years
Plant and machinery	25% Straight line
Fixtures, fittings and equipment	15% & 33% Straight line
Motor vehicles	25% Reducing balance and straight line

*Deferred tax*

Deferred tax is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

*Leasing and hire purchase*

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit & loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

1. ACCOUNTING POLICIES (continued)

*Consolidation*

The consolidated profit and loss account and balance sheet comprise the financial statements of the holding company and its subsidiaries at 30 September 1994.

The cost of investment is recorded in the holding company's books at the nominal value of shares issued.

On consolidation the excess of the cost of investment over the nominal value of the shares in the subsidiary is disclosed as goodwill on consolidation.

Goodwill arising on consolidation which is not written off directly to reserves, and representing the excess of the purchase price over the fair value of the net assets acquired, is amortised over 10 years from the start of the financial year or its estimated useful economic life.

No profit and loss account is presented for Ehrmann's Group PLC as provided by section 230 of the Companies Act 1985.

*Foreign exchange*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the exchange rate prevailing at the accounting date. All differences are taken to profit and loss account.

*Pensions*

Pension contributions are charged to the profit & loss account so as to spread the cost of the pensions over the employees' working lives with the Group. These contributions are invested separately from the group's assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

2. ANALYSIS OF OPERATIONS

	Continuing	1994 Acquis- itions	Total
Gross Profit	2,399,656	98,680	2,498,336
Cost of sales	(23,732,770)	(500,316)	(24,233,086)
Net operating expenses:			
Distribution costs	-	(54,752)	(54,752)
Administrative expenses	(1,653,762)	(71,201)	(1,724,963)
Other operating income	5,114	177	5,291
	(1,648,648)	(125,776)	(1,774,424)

	Continuing	1993 Acquis- itions	Total
Gross Profit	2,230,078	-	2,230,078
Cost of sales	(20,102,342)	-	(20,102,342)
Net operating expenses:			
Distribution costs	-	-	-
Administrative expenses	(1,597,484)	-	(1,597,484)
Other operating income	-	-	-
	(1,597,484)	-	(1,597,484)

3. OPERATING PROFIT

	1994 £	1993 £
The operating profit is stated after charging:-		
Amortisation of goodwill	28,133	16,254
Depreciation	53,765	44,285
Auditors' remuneration	25,387	24,296
Non-audit remuneration	15,076	14,787
Hire of equipment	4,627	9,552

4. INTEREST PAYABLE

On bank loans and overdrafts and on loans repayable in full within five years	54,134	52,201
Lease finance charges and hire purchase interest	-	1,170
	£54,134	£53,371

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

	1994 £	1993 £
<b>5. DIRECTORS AND EMPLOYEES</b>		
Staff costs		
Wages and salaries	792,123	754,729
Social security costs	79,480	85,618
Other pension costs	127,438	88,628
	<b>£999,021</b>	<b>£928,975</b>
The average number of persons employed by the group is analysed as follows:-	Number	Number
Administration and sales	26	25
Directors' emoluments for the year: Remuneration for management services (including pension costs)	<b>£400,944</b>	<b>£305,529</b>
The division of directors' emoluments, excluding pension contributions, is as follows:-		
Chairman	<b>£95,646</b>	<b>£80,105</b>
Highest paid director	<b>£-</b>	<b>£-</b>
	Number	Number
Other directors:-		
Nil - £5,000	2	2
£75,001 - £80,000	1	1

**6. PENSION COSTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions payable by the group amounted to £127,438 (1993: £88,628). All contributions were paid in the year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

	1994 £	1993 £
<b>7. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
The taxation charge based on the profit before tax comprises:-		
U.K. corporation tax at 33% (1993 33%)	188,531	178,295
Overseas taxation	71,823	42,036
Adjustment in respect of prior years	-	3,228
	<b>£260,354</b>	<b>£223,559</b>
<b>8. PROFIT FOR THE FINANCIAL YEAR</b>		
The amount of profit dealt with in the accounts of the holding company after tax is £353,730 (1993: £335,225).		
<b>9. DIVIDENDS</b>	1994 £	1993 £
Preference shares:		
- Interim dividend paid 25 April 1994	10,131	10,131
- Final dividend proposed	10,130	10,130
Ordinary shares and ordinary "A" shares:		
- Interim dividend paid 11 July 1994	12,553	12,453
- Final dividend proposed	18,830	18,679
	<b>£51,644</b>	<b>£51,393</b>
<b>10. INTANGIBLE ASSETS</b>		
<u>Group</u>		
<u>Trade Marks</u>		
	£	£
<u>Cost</u>		
At beginning of year	8,078	8,545
Exchange difference	(110)	(467)
At end of year	<b>£7,968</b>	<b>£8,078</b>
<u>Amortisation</u>		
At beginning of year	4,410	3,882
Exchange difference	(76)	(277)
Provided in year	799	805
At end of year	<b>£5,133</b>	<b>£4,410</b>
Net book value		
At end of year	<b>£2,835</b>	<b>£3,668</b>

**EHRMANN'S GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994**

**10. INTANGIBLE ASSETS (CONTINUED)**

	<b>1994</b>	<b>1993</b>
<u>Company</u>	<b>£</b>	<b>£</b>
<u>Trade Marks</u>		
<u>Cost</u>		
At beginning of year and end of year	<b>£4,020</b>	<b>£4,020</b>
<u>Amortisation</u>		
At beginning of year	<b>1,612</b>	<b>1,207</b>
Provided in year	<b>410</b>	<b>405</b>
At end of year	<b>£2,022</b>	<b>£1,612</b>
Net book value		
At end of year	<b>£1,998</b>	<b>£2,408</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

11. TANGIBLE ASSETS

<u>Group</u>	<u>Freehold</u>	<u>Plant</u>	<u>Equipment,</u>	<u>Motor</u>	
<u>Cost</u>	<u>property</u>	<u>and</u>	<u>fixtures</u>	<u>vehicles</u>	<u>Total</u>
	<u>£</u>	<u>machinery</u>	<u>and</u>	<u>£</u>	<u>£</u>
			<u>fittings</u>		
			<u>£</u>		
At beginning of year	578,730	16,462	196,915	147,956	940,063
On acquisition of subsidiary	-	20,475	164,624	147,119	332,218
Exchange difference	-	-	(1,968)	(832)	(2,800)
Additions	-	-	5,347	13,649	18,996
Disposals	-	-	-	(15,236)	(15,236)
At end of year	578,730	36,937	364,918	292,656	1,273,241
Depreciation					
At beginning of year	28,764	343	170,759	76,983	276,849
On acquisition of subsidiary	-	17,135	154,926	87,528	259,589
Exchange difference	-	-	(1,469)	(631)	(2,100)
On disposals	-	-	-	(6,496)	(6,496)
Charge for year	5,796	4,456	9,617	33,098	52,967
At end of year	34,560	21,934	333,833	190,482	580,809
Net book values					
At end of year	£544,170	£15,003	£31,085	£102,174	£692,432
At beginning of year	£549,966	£16,119	£26,156	£70,973	£663,214

In the opinion of the directors the market value with full vacant possession of the freehold property is £400,000 (1993: £400,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

11. TANGIBLE ASSETS (continued)

<u>Company</u>	<u>Freehold property</u>	<u>Plant and machinery</u>	<u>Equipment, fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>	£		£	£	£
At beginning of year	578,730	16,462	40,295	96,058	731,545
Additions	-	-	2,463	13,649	16,112
Disposals	-	-	-	(15,236)	(15,236)
At end of year	578,730	16,462	42,758	94,471	732,421
Depreciation					
At beginning of year	28,764	343	32,565	32,501	94,173
Charge for the year	5,796	4,116	4,027	25,258	39,197
On disposals	-	-	-	(6,496)	(6,496)
At end of year	34,560	4,459	36,592	51,263	126,874
Net book values					
At end of year	£544,170	£12,003	£6,166	£43,208	£605,547
At beginning of year	£549,966	£16,119	£7,730	£63,557	£637,372

In the opinion of the directors the market value with full vacant possession of the freehold property is £400,000 (1993: £400,000).

**EHRMANN'S GROUP PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994****12. INVESTMENTS****Company - Group undertakings**

<b><u>Cost</u></b>	<b>£</b>
At beginning of year	58,614
Addition in the year	588,889
Disposal in the year	(5,000)
At end of year	642,503
<b><u>Provision</u></b>	
At beginning of year	5,001
Disposal in the year	(5,000)
At end of year	1
N.B.V. carried forward	£642,502
N.B.V. brought forward	£53,613

In addition to the amount shown above for the addition to investments, the company has a contingent liability equal to 50% of the net profits of the company acquired for the accounting periods ended 30 September 1995 and 30 September 1996. This liability is subject to a maximum of £125,000, of which not more than £62,500 is payable in respect of the first period.

The following were subsidiaries at the balance sheet date:-

<b>Subsidiary undertakings</b>	<b>Description and proportion of share capital owned</b>	<b>Country of incorporation/ registration</b>	<b>Nature of Business</b>
Viniberia S.A	Ordinary 100%	Spain	Wine and spirit suppliers
Ehrmanns Wine Shippers Limited	Ordinary 100%	England	Dormant
H. Allen Smith Limited*	Ordinary 99.96%	England	Dormant
Viniberia Limited*	Ordinary 100%	England	Dormant
G. Belloni & Co. Limited	Ordinary 100%	England	Wine and spirit distributors

\*These investments are held via Ehrmanns Wine Shippers Limited.

# **EHRMANN'S GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994**

### **13. GOODWILL**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
<u><b>Cost</b></u>		
At beginning of year	579,166	579,166
Addition in the year	46,535	-
At end of year	<b>£625,701</b>	<b>£579,166</b>
<u><b>Amortisation</b></u>		
At beginning of year	367,679	344,180
Charge for year	28,133	23,499
At end of year	<b>£395,812</b>	<b>£367,679</b>
<u><b>Net book value</b></u>		
At end of year	<b>£229,889</b>	<b>£211,487</b>

### **14. STOCK**

#### **Group**

Goods for resale	<b>£1,051,217</b>	<b>£419,784</b>
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#### **Company**

Goods for resale	<b>£339,017</b>	<b>£410,527</b>
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### **15. DEBTORS**

#### **Group**

Trade debtors	6,720,398	4,430,496
Other debtors	180,961	158,118
Prepayments	168,082	58,361
	<b>£7,070,341</b>	<b>£4,646,975</b>

#### **Company**

Trade debtors	5,055,838	3,931,566
Amounts owed by subsidiary companies	33,470	33,468
Other debtors	180,961	158,118
Prepayments	99,525	58,361
	<b>£5,369,794</b>	<b>£4,181,513</b>

**EHRMANN'S GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994**

**16. CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	1994 £	1993 £
<u>Group</u>		
Bank loan and overdrafts	1,024,286	98,800
Trade creditors	5,664,934	3,804,891
Proposed dividend	26,960	28,810
Corporation tax	183,305	217,165
Other taxes and social security costs	99,068	18,131
Other creditors	244,997	31,621
Accruals	303,734	83,268
	<b>£7,549,284</b>	<b>£4,282,686</b>

Company

Bank loan and overdrafts	728,545	98,800
Trade creditors	4,815,105	3,700,837
Proposed dividend	28,960	28,810
Corporation tax	183,305	175,129
Other taxes and social security costs	16,329	18,131
Other creditors	241,521	31,621
Accruals	48,551	63,294
	<b>£6,062,316</b>	<b>£4,116,622</b>

The bank loan and overdrafts are secured by a charge over the freehold property owned by the holding company, a floating charge on all the assets, and a cross guarantee from certain group companies.

**17. CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR**

	1994 £	1993 £
<u>Group</u>		
Bank loan	138,948	185,263
Other creditors	100,000	-
Accruals	116,754	-
	<b>£355,702</b>	<b>£185,263</b>

The bank loan is secured by a charge over the freehold property owned by the holding company, is repayable in quarterly instalments of £11,579 and bears interest at 2 1/2% above London Interbank Offer Rate.

Company

Bank loan	138,948	185,263
Other creditors	100,000	-
	<b>£238,948</b>	<b>£185,263</b>

The bank loan is secured by a charge over the freehold property owned by the holding company, is repayable in quarterly instalments of £11,579 and bears interest at 2 1/2% above London Interbank Offer Rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

18. BORROWINGS	1994	1993
<u>Group</u>	£	£
<u>The group's borrowings are repayable as follows:</u>		
In one year, or less or on demand	1,024,286	98,800
Between one and two years	46,316	46,316
Between two and five years	92,632	138,947
	1,163,234	284,063
<u>Company</u>		
<u>The company's borrowings are repayable as follows:</u>		
In one year, or less or on demand	728,545	98,800
Between one and two years	46,316	46,316
Between two and five years	92,632	138,947
	867,493	284,063

19. SHARE CAPITAL - Group and company

Authorised

Equity interests:

2,344,780 ordinary shares of 50p each	1,172,390	1,172,390
250,000 ordinary "A" shares of 50p each	125,000	125,000
1,000,000 ordinary "B" shares of 50p each	500,000	500,000
	1,797,390	1,797,390

Non-equity interests:

202,610 10% preference shares of £1 each	202,610	202,610
	£2,000,000	£2,000,000

Allotted, called up and fully paid

Equity interests:

122,530 ordinary shares of 50p each	61,265	61,265
3,000 ordinary "A" shares of 50p each	1,500	1,000
	62,765	62,265

Non-equity interests:

202,610 10% preference shares of £1 each	202,610	202,610
	£265,375	£264,875

On 10 February 1994 W.L. Page was allotted 1,000 'A' Ordinary Shares of 50p each for £3.75 a share.

Class rights of shares

The Ordinary Shares have the right to receive dividends, to vote and to participate in the winding up of the company and are irredeemable.

The 'A' Ordinary Shares are to be sold back to the company at a price to be determined by the company's auditors upon the cessation of employment of the shareholder and subject to this provision shall rank pari passu in all respects with the existing Ordinary Shares.

The holders of 'B' Ordinary Shares shall have no right to receive notice of or to attend or to vote at any general meeting of the company and shall have no right to receive any dividend but shall otherwise rank pari passu in all respects with the Ordinary Shares of the company.

The holders of convertible preference shares are entitled to vote at all meetings of the company and are entitled to a fixed cumulative preferential dividend at a rate of 10% p.a..

On 1 October 1994 the holders of the 202,610 £1 Cumulative Preference Shares exercised their right to convert the shares into 405,220 Ordinary Shares of 50p each.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994**

**20. SHARE PREMIUM ACCOUNT**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Equity interests:		
At 1 October 1993	144,049	144,049
Premium on shares issued in the year	3,250	-
	<b>£147,299</b>	<b>£144,049</b>

On 10 February 1994 W.L. Page was allotted 1,000 'A' Ordinary Shares of 50p each for £3.75 a share, a premium of £3.25 per share.

**21. PROFIT AND LOSS ACCOUNT - Group**

At 1 October 1993	1,311,274	977,580
Profit for the financial year	395,443	375,552
	<b>1,706,717</b>	<b>1,353,132</b>
Exchange difference	(14,200)	(41,858)
At 30 September 1994	<b>£1,692,517</b>	<b>£1,311,274</b>

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

Operating profit	723,912	632,594
Depreciation	53,766	53,862
Amortisation	28,133	23,499
Profit on disposal of fixed assets	(3,210)	(2,468)
Exchange difference	(13,466)	(37,953)
Decrease in stocks	92,821	179,563
Increase in debtors	(1,461,324)	(454,563)
Increase in creditors due within one year	1,187,035	(145,172)
	<b>£607,667</b>	<b>£249,362</b>

**23. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS**

Cash at bank and in hand at beginning of year	279,069	389,860
Cash at bank and in hand at end of year	999,513	279,069
Net movement	<b>720,444</b>	<b>(110,791)</b>
Bank overdraft at beginning of year	(52,484)	(181,811)
Bank overdraft at end of year	(977,970)	(52,484)
Net movement	<b>(925,486)</b>	<b>129,327</b>
	<b>(£205,042)</b>	<b>£18,536</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

24. PURCHASE OF SUBSIDIARY UNDERTAKING		1994 £
Net assets acquired		
Tangible fixed assets		72,629
Stock		724,254
Debtors		962,042
Cash at bank and in hand		13,097
Bank overdrafts		(41,881)
Creditors		(1,187,787)
		542,354
Goodwill		46,535
		588,889
Satisfied by		
Cash		588,889

25. ANALYSIS OF THE NET CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF THE SUBSIDIARY UNDERTAKING

Cash consideration	588,889
Cash at bank and in hand acquired	(13,097)
Bank overdraft of the acquired subsidiary undertaking	41,881
	617,673

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		1994 £	1993 £
Profit on ordinary activities after taxation		447,087	426,945
Dividends		(51,644)	(51,393)
		395,443	375,552
New share capital subscribed		500	-
Premium on shares issued		3,250	-
Exchange difference		(14,200)	(41,858)
NET ADDITION TO SHAREHOLDERS' FUNDS		384,993	333,694
Opening shareholders funds		1,756,248	1,422,554
Closing shareholders funds		£2,141,241	£1,756,248
Represented by:-			
Equity interests		1,938,631	1,553,638
Non-equity interests		202,610	202,610
		£2,141,241	£1,756,248

27. CONTINGENT LIABILITIES

The company and its subsidiaries are party to a composite line of credit with their bankers. Under this facility the bankers have a full debenture over the assets of the group. At the balance sheet date the holding company's liability amounted to £295,741 (1993: £Nil).

In addition a counter indemnity in respect of H.M. Customs and Excise exists of £930,000 (1993: £150,000).