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Company Registration No. 01844521 (England and Wales)

THREE CHOIRS VINEYARDS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



THREE CHOIRS VINEYARDS LIMITED

COMPANY INFORMATION

Directors

H B Shouler
T R R Shaw
S J Charnock
M H Fowke
N C D Ingham

Secretary

T R R Shaw

Company number

01844521

Registered office

Baldwins Farm
Newent
Gloucestershire
GL18 1LS

Auditors

Hazlewoods
Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

Business address

Baldwins Farm
Newent
Gloucestershire
GL18 1LS

Bankers

Barclays Bank plc
Britannia Warehouse
The Docks
Gloucester
GL1 2YJ

THREE CHOIRS VINEYARDS LIMITED

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THREE CHOIRS VINEYARDS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company continued to be that of vineyard proprietors incorporating the production and sale of wine and ancillary products, accommodation and restaurant.

Directors

The following directors have held office since 1 January 2002:

H B Shouler
T R R Shaw
S J Charnock
M H Fowke
N C D Ingham

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2002	1 January 2002
S J Charnock	3,500	3,500
M H Fowke	2,000	2,000
N C D Ingham	2,000	2,000
H B Shouler	3,500	3,500
T R R Shaw	-	-

Auditors

Hazlewoods have expressed their willingness to continue in office.

THREE CHOIRS VINEYARDS LIMITED

DIRECTORS' REPORT (CONTINUED)

for the year ended 31 December 2002

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



.....
H B Shouler

Director

26/08/03
.....

THREE CHOIRS VINEYARDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THREE CHOIRS VINEYARDS LIMITED

We have audited the financial statements of Three Choirs Vineyards Limited on pages 4 to 9 for the year ended 31 December 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out herein.

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 the 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 audit opinion

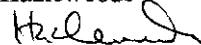
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hazlewoods



Chartered Accountants

Registered Auditor

26/08/03

Windsor House

Barnett Way

Barnwood

Gloucester

THREE CHOIRS VINEYARDS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	1,149,881	1,088,556
Cost of sales		(863,789)	(773,269)
Gross profit		286,092	315,287
Administrative expenses		(258,157)	(244,369)
Operating profit	3	27,935	70,918
Other interest receivable and similar income		2,930	1,602
Interest payable and similar charges		(261)	(1,990)
Profit on ordinary activities before taxation		30,604	70,530
Tax on profit on ordinary activities	4	-	(150)
Profit on ordinary activities after taxation		30,604	70,380
Dividends		(17,625)	(21,150)
Retained profit for the year	10	12,979	49,230

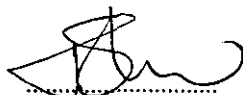
THREE CHOIRS VINEYARDS LIMITED

BALANCE SHEET as at 31 December 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	5		518,476		418,329
Current assets					
Stocks		472,660		526,821	
Debtors	6	128,195		121,210	
Cash at bank and in hand		145,177		181,755	
		<u>746,032</u>		<u>829,786</u>	
Creditors: amounts falling due within one year	7	<u>(154,925)</u>		<u>(151,511)</u>	
Net current assets			<u>591,107</u>		<u>678,275</u>
Total assets less current liabilities			<u>1,109,583</u>		<u>1,096,604</u>
Capital and reserves					
Called up share capital	9		70,500		70,500
Share premium account	10		916,693		916,693
Profit and loss account	10		122,390		109,411
Shareholders' funds			<u>1,109,583</u>		<u>1,096,604</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board on 26/08/03.



T R R Shaw
Director

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2 Turnover

Turnover represents the amounts excluding value added tax receivable during the year for goods and services supplied.

1.3 Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates:

Improvements to leasehold premises	0% on buildings/15% on furnishings of cost per annum
Plant and machinery	15% of cost per annum
Fixtures, fittings & equipment	15%-33% of cost per annum
Long term growing crops	10% of cost per annum

2 Turnover

In the year to 31 December 2002 - % (2001 - 5.20 %) of the company's turnover was to markets outside the United Kingdom.

3 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	69,467	60,954
Auditors' remuneration	4,000	4,200
Directors' emoluments	47,531	44,168

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2001 - 1).

4 Taxation

	2002	2001
	£	£
U.K. current year taxation		
U.K. corporation tax at 10 % (2001 - 10 %)	-	160
Prior years		
U.K. corporation tax	-	(10)
	-	150

The company has estimated losses of £- (2001 - £17,000) available for carry forward against future trading profits.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2002

5 Tangible fixed assets

	Improvement s to leasehold premises	Plant and machinery	Fixtures, fittings & equipment	Long term growing crops	Total
	£	£	£	£	£
Cost					
At 1 January 2002	311,755	398,413	91,704	121,337	923,209
Additions	75,656	76,908	5,826	11,224	169,614
At 31 December 2002	387,411	475,321	97,530	132,561	1,092,823
Depreciation					
At 1 January 2002	44,144	296,977	74,508	89,251	504,880
Charge for the year	18,097	35,839	8,400	7,131	69,467
At 31 December 2002	62,241	332,816	82,908	96,382	574,347
Net book value					
At 31 December 2002	325,170	142,505	14,622	36,179	518,476
At 31 December 2001	267,611	101,436	17,196	32,086	418,329

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

	Plant and machinery £
Net book values	
At 31 December 2002	-
At 31 December 2001	9,065
Depreciation charge for the year	
31 December 2002	-
31 December 2001	1,943

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2002

6 Debtors	2002 £	2001 £
Trade debtors	90,829	75,444
Other debtors	37,366	45,766
	<u>128,195</u>	<u>121,210</u>

7 Creditors: amounts falling due within one year	2002 £	2001 £
Net obligations under hire purchase contracts	-	3,736
Trade creditors	71,701	55,502
Taxation and social security	33,631	34,081
Other creditors	49,593	58,192
	<u>154,925</u>	<u>151,511</u>

8 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

9 Share capital	2002 £	2001 £
Authorised		
100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
70,500 Ordinary shares of £ 1 each	<u>70,500</u>	<u>70,500</u>

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2002	916,693	109,411
Retained profit for the year	-	12,979
Balance at 31 December 2002	<u>916,693</u>	<u>122,390</u>

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2002

11 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002	2001
	£	£
Expiry date:		
In over five years	35,000	35,000

12 Control

The company is ultimately controlled by the directors as listed on page 1 of these financial statements.

13 Related party transactions

During the year, the company incurred rent of £35,000 (2001 : £35,000) from the Three Choirs Settlement, a trust established for the children of S Charnock, a director of the company. This rent was for the use of the premises from which the company operates.

During the year, the company incurred consultancy fees of £44,000 (2001 : £40,000) from Grape 2 Wine Limited, a company in which M H Fowke and N C D Ingham have a controlling interest. The company also made purchases of £5,621 (2001 : £9,018) from, and sales of £22,250 (2001 : £30,138) to, Grape 2 Wine Limited. As at the balance sheet date the net amount owed to Grape 2 Wine Limited by this company was £7,945 (2001 : £1,002).

During the year the company incurred consultancy fees of £10,000 (2001 : £10,126) from H B Shouler, a director of the company. At the balance sheet date, the company owed a total of £Nil (2001 : £2,938), including VAT, to H B Shouler.