

Company Registration No. 01844521 (England and Wales)

THREE CHOIRS VINEYARDS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



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 2003

The directors present their report and financial statements for the year ended 31 December 2003.

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 2003:

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 2003	1 January 2003
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 2003

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

7/5/03

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 10 for the year ended 31 December 2003. 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 auditors' 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 2003 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

7/3/03

Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

THREE CHOIRS VINEYARDS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

		2003	2002
			as restated
	Notes	£	£
Turnover		1,114,203	1,149,881
Cost of sales		(772,104)	(890,689)
Gross profit		342,099	259,192
Administrative expenses		(314,719)	(258,157)
Operating profit	3	27,380	1,035
Other interest receivable and similar income		3,214	2,930
Interest payable and similar charges		-	(261)
Profit on ordinary activities before taxation		30,594	3,704
Tax on profit on ordinary activities	4	(5,257)	-
Profit on ordinary activities after taxation		25,337	3,704
Dividends	5	(17,625)	(17,625)
Retained profit/(loss) for the year	12	7,712	(13,921)

THREE CHOIRS VINEYARDS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2003

	Note	2003 £	2002 £
Profit for the financial year		25,337	3,704
Prior year adjustment	2	(26,900)	-
Total gains and losses recognised since last financial statements		(1,563)	3,704

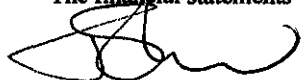
THREE CHOIRS VINEYARDS LIMITED

BALANCE SHEET as at 31 December 2003

		2003		2002 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		497,719		518,476
Current assets					
Stocks		512,198		445,760	
Debtors	7	99,798		128,195	
Cash at bank and in hand		148,004		145,177	
		<u>760,000</u>		<u>719,132</u>	
Creditors: amounts falling due within one year	8	<u>(165,788)</u>		<u>(154,925)</u>	
Net current assets			594,212		564,207
Total assets less current liabilities			1,091,931		1,082,683
Provisions for liabilities and charges	9		<u>(1,536)</u>		<u>-</u>
			<u>1,090,395</u>		<u>1,082,683</u>
Capital and reserves					
Called up share capital	11		70,500		70,500
Share premium account	12		916,693		916,693
Profit and loss account	12		103,202		95,490
Shareholders' funds			<u>1,090,395</u>		<u>1,082,683</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 7/5/03.....



T R R Shaw
Director

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

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:

Improvement 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 Prior year adjustment

During the year the directors identified an error in the stock listings at 31 December 2002 which resulted in the stock balance being overstated by £26,900. The directors consider this to be a fundamental error and have therefore corrected the 2002 results via a prior year adjustment. This has resulted in the stock balance and the retained profit for 2002 both being reduced by £26,900.

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	74,065	69,467
Auditors' remuneration	4,100	4,000
Directors' emoluments	42,933	41,792

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002 - 1).

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

4	Taxation	2003 £	2002 £
	U.K. current year taxation		
	U.K. corporation tax at 14 % (2002 - 0 %)	3,647	-
	Deferred taxation	949	-
		<u>4,596</u>	<u>-</u>
	Prior years		
	U.K. corporation tax	74	-
	Deferred taxation	587	-
		<u>5,257</u>	<u>-</u>
5	Dividends	2003 £	2002 £
	Ordinary final proposed	<u>17,625</u>	<u>17,625</u>

The Board has recommended a dividend of 25p per share (2002: 25p per share).

6	Tangible fixed assets	Improvement to leasehold premises	Plant and machinery	Fixtures, fittings & equipment	Long term growing crops	Total
		£	£	£	£	£
	Cost					
	At 1 January 2003	387,411	475,321	97,530	132,561	1,092,823
	Additions	11,634	23,339	12,545	5,790	53,308
		<u>399,045</u>	<u>498,660</u>	<u>110,075</u>	<u>138,351</u>	<u>1,146,131</u>
	Depreciation					
	At 1 January 2003	62,241	332,816	82,908	96,382	574,347
	Charge for the year	18,851	39,128	8,281	7,805	74,065
		<u>81,092</u>	<u>371,944</u>	<u>91,189</u>	<u>104,187</u>	<u>648,412</u>
	Net book value					
	At 31 December 2003	<u>317,953</u>	<u>126,716</u>	<u>18,886</u>	<u>34,164</u>	<u>497,719</u>
	At 31 December 2002	<u>325,170</u>	<u>142,505</u>	<u>14,622</u>	<u>36,179</u>	<u>518,476</u>

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

7 Debtors	2003 £	2002 £
Trade debtors	72,232	90,829
Other debtors	27,566	37,366
	<u>99,798</u>	<u>128,195</u>

8 Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	74,116	71,701
Taxation and social security	41,031	33,631
Other creditors	50,641	49,593
	<u>165,788</u>	<u>154,925</u>

9 Provisions for liabilities and charges	Deferred taxation £
Profit and loss account	1,536
Balance at 31 December 2003	<u>1,536</u>

Deferred taxation provided in the financial statements is as follows:

	Fully provided 2003 £	2002 £
Accelerated capital allowances	<u>1,536</u>	<u>-</u>

10 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.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

11 Share capital	2003	2002
	£	£
Authorised		
100,000 Ordinary shares of £ 1 each	100,000	100,000
Allotted, called up and fully paid		
70,500 Ordinary shares of £ 1 each	70,500	70,500
12 Statement of movements on reserves		
	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2003 as previously reported	916,693	122,390
Prior year adjustment	-	(26,900)
Balance at 1 January 2003 as restated	916,693	95,490
Retained profit for the year	-	7,712
Balance at 31 December 2003	916,693	103,202

13 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003	2002
	£	£
Expiry date:		
In over five years	35,000	35,000

14 Related party transactions

During the year, the company incurred rent of £35,000 (2002 : £35,000) from the Three Choirs Settlement, a trust established for the family 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 (2002 : £44,000) 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 £Nil (2002 : £5,621) from, and sales of £4,036 (2002 : £22,250) to, Grape 2 Wine Limited. As at the balance sheet date the net amount owed to Grape 2 Wine Limited by this company was £4,479 (2002 : £7,945).

During the year the company incurred consultancy fees of £10,000 (2002 : £10,126) from H B Shouler, a director of the company.