

BERKMANN WINE CELLARS LIMITED

ACCOUNTS

31 DECEMBER 2000

Company Registration Number 2190816



BERKMANN WINE CELLARS LIMITED

ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

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BERKMANN WINE CELLARS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors

J K Berkmann
K D Calnan
J B Kemball
C Thorpe
B Ricard
M Canard
A J C McCarthy
C Vian-Smith
W P Lowe
A Bewes
P Henney
D Changela
A Laird Craig

Company secretary

K D Calnan

Registered office

12 Brewery Road
London
N7 9NH

Auditors

Solomon Hare
Chartered Accountants
Registered Auditors
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

Bankers

National Westminster Bank plc
3 Upper Street
Islington
London
N1 0QF

Solicitors

Kosky Seal
Ambassador House
2 Cavendish Avenue
Sudbury Hill
Harrow
Middlesex
HA1 3RW

BERKMANN WINE CELLARS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of wine merchant and importer.

The investment made in staff during 1999 has borne fruit in 2000 with both sales and profitability increasing this year. Sales increased by 21% to £20,944,895 (1999: £17,273,880) and profit on ordinary activities before taxation rose to £1,006,190 (1999: 575,310).

Year to date sales for 2001 are up on the equivalent period and we hope to maintain 2000 results. However, the foot and mouth outbreak and the effect on tourism may yet affect these targets.

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 accounts.

The directors have recommended the following dividends:

	2000 £	1999 £
Proposed dividends on ordinary shares	106,313	-
Dividends paid on preference shares	22,000	25,000
	<u>128,313</u>	<u>25,000</u>

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:

	Ordinary £1 Shares of £1 each At 31 December 2000	At 1 January 2000
J K Berkmann	-	-
K D Calnan	50,000	50,000
J B Kemball	10,000	10,000
C Thorpe	-	-
B Ricard	25,000	25,000
M Canard	10,000	10,000
A J C McCarthy	10,000	10,000
C Vian-Smith	-	-
W P Lowe	5,000	-
A Bewes	25,000	25,000
P Henney	5,000	5,000
D Changela	120,000	120,000
S Olley (Resigned 30 September 2000)	-	5,000
A Laird Craig (Appointed 1 January 2000)	-	-

The interests of the directors in the shares of the parent company are disclosed in that company's accounts.

BERKMANN WINE CELLARS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2000

The directors who retire by rotation are J K Berkmann, K D Calnan, J B Kemball and B Ricard who, being eligible, offer themselves for re-election.

EUROPEAN MONETARY UNION

The company treats the Euro as an additional currency in its systems.

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

In preparing those accounts, the directors are required to:

select suitable accounting policies, as described on pages 8 to 9, 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 accounts 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 accounts 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.

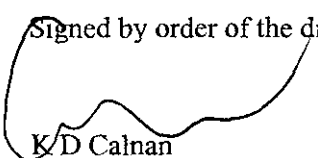
PURCHASE OF OWN SHARES

On 18 December 2000 the company redeemed 400,000 6% redeemable cumulative preference shares from Berkmann Holdings Limited. Consideration of £400,000 was paid for the shareholding which represented 100% of the issued preference share capital.

AUDITORS

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

Signed by order of the directors



K/D Calnan
Company Secretary

Approved by the directors on 10 July 2001

BERKMANN WINE CELLARS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2000

We have audited the accounts on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare

SOLOMON HARE
Registered Auditors
Chartered Accountants
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

10 July 2001

BERKMANN WINE CELLARS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2000**

	Note	2000 £	1999 £
TURNOVER	2	20,944,895	17,273,880
Cost of sales		(17,698,469)	(14,675,770)
GROSS PROFIT		3,246,426	2,598,110
Administrative expenses		(2,122,021)	(1,914,694)
Other operating income	3	15,000	-
OPERATING PROFIT	4	1,139,405	683,416
Interest receivable	7	4,082	4,222
Interest payable and similar charges	8	(137,297)	(112,328)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,006,190	575,310
Tax on profit on ordinary activities	9	(290,445)	(158,905)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		715,745	416,405
Dividends (including non-equity)	10	(128,313)	(25,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		587,432	391,405
Balance brought forward		1,095,091	803,686
Purchase of own shares		(400,000)	(100,000)
Balance carried forward		1,282,523	1,095,091

The company has no recognised gains or losses other than the results for the year as set out above.

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

The notes on pages 8 to 19 form part of these accounts.

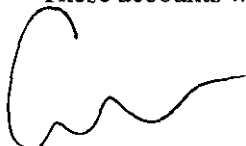
BERKMANN WINE CELLARS LIMITED

BALANCE SHEET

31 DECEMBER 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Intangible assets	11	810	810
Tangible assets	12	259,983	159,925
Investments	13	273,051	273,051
		<u>533,844</u>	<u>433,786</u>
CURRENT ASSETS			
Stocks	14	3,613,974	3,209,422
Debtors	15	7,019,585	6,297,858
Cash at bank and in hand		2,114	1,364
		<u>10,635,673</u>	<u>9,508,644</u>
CREDITORS: Amounts falling due within one year	16	<u>(6,994,098)</u>	<u>(6,410,523)</u>
NET CURRENT ASSETS		3,641,575	3,098,121
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,175,419</u>	<u>3,531,907</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(132,896)</u>	<u>(176,816)</u>
		<u>4,042,523</u>	<u>3,355,091</u>
CAPITAL AND RESERVES			
Called-up share capital	22	2,160,000	2,160,000
Share premium account	23	100,000	-
Other reserves	24	500,000	100,000
Profit and loss account		1,282,523	1,095,091
SHAREHOLDERS' FUNDS (including non-equity interests)	25	<u>4,042,523</u>	<u>3,355,091</u>

These accounts were approved by the directors on 10 July 2001, and are signed on their behalf by:



K D Calnan
Director



C Vian-Smith
Director

The notes on pages 8 to 19 form part of these accounts.

BERKMANN WINE CELLARS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2000**

	Note	2000	1999
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	26	506,524	(859,126)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,082	4,222
Interest paid		(137,297)	(112,328)
Non-equity dividends paid		(22,000)	(25,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(155,215)	(133,106)
TAXATION			
Corporation tax paid		(102,424)	(237,585)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(152,862)	(75,390)
Receipts from sale of fixed assets		12,019	851
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(140,843)	(74,539)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		108,042	(1,304,356)
FINANCING			
Issue of equity share capital		-	20,000
Payment of further calls on allotted share capital		28,000	83,000
Purchase of own non-equity share capital		-	(100,000)
Repayment of loans from group undertakings		(43,920)	25,698
NET CASH OUTFLOW/(INFLOW) FROM FINANCING		(15,920)	28,698
INCREASE/(DECREASE) IN CASH	27	92,122	(1,275,658)

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

The company, was at the end of the year, under the control of another company incorporated in the United Kingdom which prepares consolidated accounts. As a result, the company, in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published consolidated accounts.

The accounts present information about Berkmann Wine Cellars Limited as an individual undertaking and not about its group.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Trade marks

Trade marks are stated at cost and amortised in equal annual instalments over their estimated lives of 5 to 10 years.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	- over term of lease
Plant, equipment and motor vehicles	- 10 - 25% straight line
Fixtures, fittings, tools and equipment	- 10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost represents purchase cost, inclusive of import duties, freight and handling charges where appropriate.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments

Shares in group companies are stated at cost less provision for impairment in value.

2. TURNOVER

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

Turnover excludes additional sales of £2,032,025 (1999: £1,717,172) made by the company acting as commission agents only.

In the directors' opinion, disclosure of the geographical analysis of turnover would be prejudicial to the company's interests and has therefore been omitted.

3. OTHER OPERATING INCOME

	2000	1999
	£	£
Management charges receivable	15,000	-

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000****4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation	52,804	41,874
Profit on disposal of fixed assets	(12,019)	(851)
Auditors' remuneration		
- as auditors	17,400	16,000
- accountancy	5,707	6,994
Operating lease costs:		
Vehicles	196,650	184,834
Land and buildings	164,439	123,870
Telephones	8,414	5,686
Photocopiers	8,473	9,701

5. PARTICULARS OF EMPLOYEES

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

	2000	1999
	No.	No.
Sales and distribution	88	74

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	2,131,327	1,668,289
Social security costs	190,328	212,555
Other pension costs	78,798	67,777
	<u>2,400,453</u>	<u>1,948,621</u>

6. DIRECTORS' EMOLUMENTS

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

	2000	1999
	£	£
Aggregate emoluments	659,197	614,638
Value of company pension contributions to money purchase schemes	40,056	37,573
	<u>699,253</u>	<u>652,211</u>

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000****6. DIRECTORS' EMOLUMENTS** *(continued)*

Emoluments of highest paid director:

	2000	1999
	£	£
Total emoluments (excluding pension contributions):	<u>74,350</u>	<u>73,860</u>

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

	2000	1999
	No.	No.
Money purchase schemes	<u>11</u>	<u>12</u>

7. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest receivable	<u>4,082</u>	<u>4,222</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Interest payable on bank borrowing	137,297	110,221
Other similar charges payable	-	2,107
	<u>137,297</u>	<u>112,328</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 30% (1999 – 30%)	286,000	130,232
Adjustment in respect of previous years:		
Corporation tax	<u>4,445</u>	<u>28,673</u>
	<u>290,445</u>	<u>158,905</u>

£77,685 (1999: £133,176) of losses have been surrendered by a subsidiary to the company.

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000****10. DIVIDENDS**

The following dividends have been paid in respect of the year:

	2000 £	1999 £
Proposed dividends on equity shares	106,313	-
Dividends paid on non-equity shares	22,000	25,000
	<u>128,313</u>	<u>25,000</u>

11. INTANGIBLE FIXED ASSETS

	Trade marks £
COST	
At 1 January 2000 and 31 December 2000	<u>2,270</u>
AMORTISATION	
At 1 January 2000	<u>1,460</u>
At 31 December 2000	<u>1,460</u>
NET BOOK VALUE	
At 31 December 2000	<u>810</u>
At 31 December 1999	<u>810</u>

12. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Plant, Equipment & Motor Vehicles £	Fixtures, Fittings, Tools & Equipment £	Total £
COST				
At 1 January 2000	-	333,148	243,777	576,925
Additions	22,970	74,290	55,602	152,862
At 31 December 2000	<u>22,970</u>	<u>407,438</u>	<u>299,379</u>	<u>729,787</u>
DEPRECIATION				
At 1 January 2000	-	224,890	192,110	417,000
Charge for the year	829	42,719	9,256	52,804
At 31 December 2000	<u>829</u>	<u>267,609</u>	<u>201,366</u>	<u>469,804</u>
NET BOOK VALUE				
At 31 December 2000	<u>22,141</u>	<u>139,829</u>	<u>98,013</u>	<u>259,983</u>
At 31 December 1999	<u>-</u>	<u>108,258</u>	<u>51,667</u>	<u>159,925</u>

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000**

13. INVESTMENTS**UNLISTED INVESTMENTS**

	Subsidiary Undertakings £
COST	
At 1 January 2000 and 31 December 2000	273,051
NET BOOK VALUE	
At 31 December 2000	273,051
At 31 December 1999	273,051

The company's investment in the share capital of unlisted subsidiary undertakings is as follows:

Company	Pagendam Pratt & Partners Limited
Nature of business	Dormant
Percentage holding	100%
Profit for year ended 31.12.2000	£Nil
Capital and reserves at 31.12.2000	£100,000

Company	T.M.Robertson & Son Limited
Nature of business	Wholesale wine merchants
Percentage holding	100%
Loss for year ended 31.12.2000	£72,175
Capital and reserves at 31.12.2000	(£79,829)

14. STOCKS

	2000 £	1999 £
Goods for resale	3,613,974	3,209,422

15. DEBTORS

	2000 £	1999 £
Trade debtors	5,741,385	5,317,804
Amounts owed by group undertakings	910,127	663,475
Called up share capital not paid	71,000	99,000
Prepayments and accrued income	297,073	217,579
	7,019,585	6,297,858

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000****16. CREDITORS: Amounts falling due within one year**

	2000	1999
	£	£
Bank loans and overdrafts	2,073,228	2,164,600
Trade creditors	3,475,724	3,328,958
Amounts owed to group undertakings	100,000	100,000
Corporation tax	288,253	100,232
PAYE and social security	72,496	53,075
VAT	304,635	273,017
Dividends payable	6,316	-
Other creditors	10,454	7,134
Accruals and deferred income	662,992	383,507
	<u>6,994,098</u>	<u>6,410,523</u>

Bank loans and overdrafts are secured by a specific equitable charge over all freehold and leasehold properties, and fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts and the benefit of any licences. There also exists a legal mortgage over the life insurance policy of J Berkmann, a director of the company. Counter indemnities are held in respect of VAT duty deferment bonds.

Trade creditor and trade debtor balances exclude amounts of £1,013,008 (1999: £651,225) in respect of sales made by the company's suppliers to its customers on a "del credere" agency basis.

17. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Amounts owed to group undertakings	<u>132,896</u>	<u>176,816</u>

The loan from the parent company is interest free and has no fixed terms of repayment other than being due after more than one year.

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

18. DEFERRED TAXATION

No provision has been made in the accounts and the amount unprovided at the end of the year is as follows:

	2000 £	1999 £
Excess of taxation allowances over depreciation on fixed assets	<u>17,404</u>	<u>15,655</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	2000		1999	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	90,000	16,560	-	26,326
Within 2 to 5 years	83,000	74,780	97,500	172,301
After more than 5 years	42,950	75,194	26,813	-
	<u>215,950</u>	<u>166,534</u>	<u>124,313</u>	<u>198,627</u>

20. CONTINGENCIES

The company is party to an unlimited multilateral guarantee between all group companies in favour of National Westminster Bank plc. At 31 December 2000, the maximum exposure under this guarantee was £2,040,727 (1999: £2,164,600).

The company has a guarantee in favour of HM Customs and Excise which varies according to seasonal requirements. At 31 December 2000 this guarantee stood at £250,000 (1999: £300,000).

21. RELATED PARTY TRANSACTIONS

During the year the company made purchases of wine amounting to £10,888 (1999: £6,311) from T.M. Robertson & Son Limited, a wholly owned subsidiary of Berkmann Wine Cellars Limited (see note 13). At the year-end £13,021 (1999: £2,238) was outstanding.

The company also made sales of wine amounting to £708,253 and invoiced for management services totalling £15,000 (1999: £394,186 wine and £nil management services) to T.M. Robertson & Son Limited. At the year-end £454,486 (1999 £118,880) remained outstanding.

The company also has a non-trading account with T.M. Robertson & Son Limited. At 31 December 2000 the amount due to Berkmann Wine Cellars Limited stood at £368,662 (1999: £458,833).

During the year the company paid preference dividends of £22,000 (1999: £25,000) to its parent company, Berkmann Holdings Limited. At the year-end £32,896 (1999: £76,816) was due to Berkmann Holdings Limited in respect of a general non trading account.

The company also owes Pagendam Pratt and Partners Limited, a wholly owned subsidiary, £100,000 (1999: £100,000) in respect of non trading activities.

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000****22. SHARE CAPITAL**

Authorised share capital:

	2000 £	1999 £
2,250,000 Ordinary £1 shares of £1 each	2,250,000	2,250,000
1,000,000 Preference £1 shares of £1 each	1,000,000	1,000,000
	<u>3,250,000</u>	<u>3,250,000</u>

Allotted, called up and fully paid:

	2000		1999	
	No.	£	No.	£
Ordinary £1 shares	2,020,000	2,020,000	1,620,000	1,620,000
Preference £1 shares	-	-	400,000	400,000
	<u>2,020,000</u>	<u>2,020,000</u>	<u>2,020,000</u>	<u>2,020,000</u>

Allotted, called up and partly paid:

Ordinary £1 shares	140,000	140,000	140,000	140,000
	<u>2,160,000</u>	<u>2,160,000</u>	<u>2,160,000</u>	<u>2,160,000</u>

The 6% redeemable cumulative preference shares of £1 each entitle the holder to receive a cumulative preferential dividend at the rate of 6% on the paid up capital. The shares are redeemable at par at any time at the option of the company but in any event no later than 31 December 2008. On 18 December 2000 £400,000 6% redeemable cumulative preference shares of £1 each were redeemed at par leaving no preference shares in issue. The 6% redeemable cumulative preference shares do not carry any voting rights.

The 6% preference shares entitle the holder to priority over other classes of share in the event of a winding up, as well as the payment of all unpaid dividends up to the date of winding up whether or not the dividend has been declared or earned.

On 18 December 2000 the company issued to Berkmann Holdings Limited 400,000 new ordinary £1 shares at £1.25 each for the purpose of raising additional working capital.

At 31 December 2000, £71,000 (1999: £99,000) remained unpaid relating to the issue of 240,000 new ordinary shares on 31 December 1998.

23. SHARE PREMIUM ACCOUNT

	2000 £	1999 £
Premium on shares issued in the year	<u>100,000</u>	<u>-</u>

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2000****24. OTHER RESERVES**

	2000 £	1999 £
Capital redemption reserve:		
Balance brought forward	100,000	-
Purchase of own shares	400,000	100,000
	<u>500,000</u>	<u>100,000</u>

On 18 December 2000 the company purchased 400,000 6% redeemable cumulative preference shares from Berkmann Holdings Limited. Consideration of £400,000 was paid for the shareholding which represented the remaining balance of the issued preference share capital.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**EQUITY SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Profit for the financial year	715,745	416,405
Dividends	(128,313)	(25,000)
	<u>587,432</u>	<u>391,405</u>
New equity share capital subscribed	400,000	20,000
Premium on new share capital subscribed	<u>100,000</u>	-
	500,000	20,000
Purchase of own shares	400,000	100,000
less nominal value of non-equity shares repurchased	<u>(400,000)</u>	<u>(100,000)</u>
	-	-
Net addition to funds	<u>1,087,432</u>	<u>411,405</u>
Opening shareholders' equity funds	2,955,091	2,543,686
Closing shareholders' equity funds	<u>4,042,523</u>	<u>2,955,091</u>

NON-EQUITY SHAREHOLDERS' FUNDS

Opening shareholders' non-equity funds	400,000	500,000
Purchase of own non-equity shares	(400,000)	(100,000)
	<u>-</u>	<u>400,000</u>
Closing shareholders' non-equity funds	-	400,000
TOTAL SHAREHOLDERS' FUNDS	<u>4,042,523</u>	<u>3,355,091</u>

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	1,139,405	683,416
Depreciation	52,804	41,874
Profit on disposal of fixed assets	(12,019)	(851)
Increase in stocks	(404,552)	(859,929)
Increase in debtors	(749,724)	(977,847)
Increase in creditors	480,610	254,211
Net cash inflow/(outflow) from operating activities	<u>506,524</u>	<u>(859,126)</u>

27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase/(Decrease) in cash in the period	92,122	(1,275,658)
Net cash outflow/(inflow) from long-term amounts owed to group undertakings	<u>43,920</u>	<u>(25,698)</u>
	136,042	(1,301,356)
Change in net debt	136,042	(1,301,356)
Net debt at 1 January 2000	(2,340,052)	(1,038,696)
Net debt at 31 December 2000	<u>(2,204,010)</u>	<u>(2,340,052)</u>

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2000 £	Cash flows £	At 31 Dec 2000 £
Net cash:			
Cash in hand and at bank	1,364	750	2,114
Overdrafts	(2,164,600)	91,372	(2,073,228)
	<u>(2,163,236)</u>	<u>92,122</u>	<u>(2,071,114)</u>
Debt:			
Debt due after 1 year	(176,816)	43,920	(132,896)
Net debt	<u>(2,340,052)</u>	<u>136,042</u>	<u>(2,204,010)</u>

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

29. ULTIMATE PARENT COMPANY

The company is controlled by Berkmann Holdings Limited. The ultimate parent company is Camazet Stiftung, incorporated in Liechtenstein. Copies of the group financial statements of Berkmann Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. Financial statements for the ultimate parent company are not available.

The directors are not aware of the identity of the ultimate controlling party of Camazet Stiftung.