

BERKMANN WINE CELLARS LIMITED
ACCOUNTS
31 DECEMBER 2002

Company Registration Number 2190816



BERKMANN WINE CELLARS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J K Berkmann K D Calnan J B Kemball B Ricard M Canard W P Lowe A Bewes P Henney D Changela A Laird-Craig J G Wilson A B Cheesman (Non – Executive)
Company secretary	N R Vimala-Raj
Registered office	12 Brewery Road London N7 9NH
Auditors	Solomon Hare LLP 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

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The directors are satisfied with the performance of the company during the year.

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:

	2002 £	2001 £
Proposed dividends on ordinary shares	<u>108,000</u>	<u>101,000</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 2002	At 1 January 2002 or later date of appointment
J K Berkmann	—	—
K D Calnan	55,000	55,000
J B Kemball	10,000	10,000
B Ricard	25,000	25,000
M Canard	10,000	10,000
W P Lowe	—	—
A Bewes	25,000	25,000
P Henney	5,000	5,000
D Changela	120,000	120,000
A Laird-Craig	10,000	10,000
J G Wilson	(Appointed 1 May 2002) —	—
C Thorpe	(Resigned 31 December 2002)	
A J C McCarthy	(Resigned 28 January 2002)	
C Vian-Smith	(Resigned 30 June 2002)	

A B Cheesman was appointed as a Non-Executive director on 1 January 2003.

J K Berkmann holds 1 £1 share in the parent company. None of the other directors have any interests in the shares of the parent company.

The directors who retire by rotation are W P Lowe, A Bewes, P Henney and D Changela who, being eligible, offer themselves for re-election.

BERKMANN WINE CELLARS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

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 on a consistent basis, making judgements and estimates that are reasonable and prudent. The directors must also 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.

AUDITORS

On 1 October 2002, Solomon Hare, the Company's auditor, transferred its entire business to Solomon Hare LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The directors consented to treating the appointment of Solomon Hare as extending to Solomon Hare LLP with effect from 1 October 2002. A resolution to re-appoint Solomon Hare LLP as the Company's auditor will be put to the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors


N R Vimala-Raj
Company Secretary

Approved by the directors on 22 August 2003

BERKMANN WINE CELLARS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2002

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

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

We report to you our opinion as to whether the accounts 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 accounts, 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. Our responsibilities do not extend to any other information.

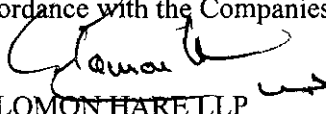
BASIS OF AUDIT OPINION

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 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 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



SOLOMON HARE LLP

Chartered Accountants

Registered Auditors

Bristol

22 August 2003

BERKMANN WINE CELLARS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2002**

	Note	2002 £	2001 £
TURNOVER	2	27,502,995	23,477,070
Cost of sales		(23,372,809)	(20,333,010)
GROSS PROFIT		4,130,186	3,144,060
Administrative expenses		(3,028,987)	(2,352,934)
Other operating income	3	-	30,000
OPERATING PROFIT	4	1,101,199	821,126
Interest receivable	7	2,386	4,681
Interest payable	8	(96,519)	(116,321)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,007,066	709,486
Tax on profit on ordinary activities	9	(298,864)	(236,303)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		708,202	473,183
Dividends	10	(108,000)	(101,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		600,202	372,183
Balance brought forward		1,654,706	1,282,523
Balance carried forward		2,254,908	1,654,706

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

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

The notes on pages 8 to 17 form part of these accounts.

BERKMANN WINE CELLARS LIMITED**BALANCE SHEET****31 DECEMBER 2002**

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	11	37,500	810
Tangible assets	12	808,451	757,406
Investments	13	273,051	273,051
		<u>1,119,002</u>	<u>1,031,267</u>
CURRENT ASSETS			
Stocks	14	4,974,338	4,592,205
Debtors	15	7,161,540	6,619,577
Cash in hand		400	4,074
		<u>12,136,278</u>	<u>11,215,856</u>
CREDITORS: Amounts falling due within one year	16	<u>(7,830,348)</u>	<u>(7,278,402)</u>
NET CURRENT ASSETS		<u>4,305,930</u>	<u>3,937,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,424,932</u>	<u>4,968,721</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(392,751)</u>	<u>(542,783)</u>
		<u>5,032,181</u>	<u>4,425,938</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	19	<u>(17,273)</u>	<u>(11,232)</u>
		<u>5,014,908</u>	<u>4,414,706</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	2,160,000	2,160,000
Share premium account		100,000	100,000
Other reserves	24	500,000	500,000
Profit and Loss Account		<u>2,254,908</u>	<u>1,654,706</u>
EQUITY SHAREHOLDERS' FUNDS	25	<u>5,014,908</u>	<u>4,414,706</u>

These accounts were approved by the directors on 22 August 2003 and are signed on their behalf by:


K D Calnan
Director


D Changela
Director

The notes on pages 8 to 17 form part of these accounts.

BERKMANN WINE CELLARS LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	26	74,577	1,168,493
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,386	4,681
Interest paid		<u>(96,519)</u>	<u>(116,321)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(94,133)	(111,640)
TAXATION		(220,723)	(287,863)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		(50,000)	—
Payments to acquire tangible fixed assets		<u>(119,462)</u>	<u>(149,581)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(169,462)	(149,581)
ACQUISITIONS AND DISPOSALS			
Cash acquired with business operation		<u>—</u>	<u>35,722</u>
Net cash inflow from acquisitions and disposals		—	35,722
EQUITY DIVIDENDS PAID		(6,000)	(6,316)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(415,741)	648,815
FINANCING			
Repayment of bank loans		(148,830)	(158,337)
Payment of further calls on allotted share capital		<u>39,000</u>	<u>26,000</u>
NET CASH OUTFLOW FROM FINANCING		(109,830)	(132,337)
(DECREASE)/INCREASE IN CASH	27	<u>(525,571)</u>	<u>516,478</u>

The notes on pages 8 to 17 form part of these accounts.

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

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

Goodwill

Goodwill arising on the acquisition of a business is capitalised as an intangible asset.

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

Goodwill - over three years

Trademarks

Trademarks 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:

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

It is the company's practice to maintain its heritable property in a continual state of sound repair. Due to the company's policy of regular revaluations of these properties the directors do not believe that any depreciation in the intervening periods would be significant. As a result no depreciation is provided in the accounts.

Works of art are not being depreciated in the accounts. In the opinion of the directors the useful economic life of these assets is so long that any depreciation charge would be insignificant. Regular impairment reviews are carried out on these assets and should any impairment value occur, full provision will be made in the accounts.

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 2002

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

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy in accordance with FRS19 'Deferred Tax'. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. However, there has been no effect on the reported profit on ordinary activities after tax for either the period or prior period as a result of this change in policy.

Foreign currencies

Assets and liabilities 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.

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 produced consolidated accounts.

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

2. TURNOVER

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

Turnover excludes additional sales of £3,329,892 (2001: £3,154,965) in respect of sales 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

	2002	2001
	£	£
Management charges receivable	—	30,000

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2002****4. OPERATING PROFIT**

Operating profit is stated after charging:

	2002 £	2001 £
Amortisation	13,310	—
Depreciation	68,417	69,373
Auditors' remuneration		
- as auditors	17,000	17,924
- for other services	9,217	5,676
Operating lease costs:		
Vehicles	247,243	190,911
Land and buildings	349,966	233,935
Telephones	12,030	8,742
Photocopiers	15,353	10,689

5. PARTICULARS OF EMPLOYEES

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

	2002 No	2001 No
Sales and distribution	123	91

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	3,124,641	2,496,470
Social security costs	274,924	220,410
Other pension costs	116,355	97,983
	<u>3,515,920</u>	<u>2,814,863</u>

6. DIRECTORS' EMOLUMENTS

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

	2002 £	2001 £
Aggregate emoluments	731,011	665,676
Value of company pension contributions to money purchase schemes	49,987	41,930
	<u>780,998</u>	<u>707,606</u>

Emoluments of highest paid director:

	2002 £	2001 £
Total emoluments (excluding pension contributions):	<u>77,449</u>	<u>79,248</u>

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2002**

6. DIRECTORS' EMOLUMENTS (*continued*)

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

	2002	2001
	No	No
Money purchase schemes	<u>12</u>	<u>10</u>

7. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest receivable	<u>2,386</u>	<u>4,681</u>

8. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	<u>96,519</u>	<u>116,321</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2002	2001
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	297,561	225,461
Over/under provision in prior year	<u>(4,738)</u>	<u>(390)</u>
Total current tax	292,823	225,071
Deferred tax:		
Increase in deferred tax provision (note 19)		
Prior year under provision	5,164	—
Capital allowances	<u>877</u>	<u>11,232</u>
Tax on profit on ordinary activities	<u>298,864</u>	<u>236,303</u>

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2002****9. TAX ON PROFIT ON ORDINARY ACTIVITIES** *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>1,007,066</u>	<u>709,486</u>
Profit/(Loss) on ordinary activities by rate of tax	302,120	212,846
Small companies relief	(12,537)	(329)
Expenses not deductible for tax purposes	8,247	16,174
Depreciation for the year in excess of capital allowances	200	(3,230)
Losses transferred in	(469)	-
Adjustment to tax charge in respect of previous periods	<u>(4,738)</u>	<u>(390)</u>
Total current tax (note 9(a))	<u>292,823</u>	<u>225,071</u>

10. DIVIDENDS

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

	2002 £	2001 £
Proposed dividend on ordinary shares	<u>108,000</u>	<u>101,000</u>

11. INTANGIBLE FIXED ASSETS

	Goodwill £	Trademarks £	Total £
COST			
At 1 January 2002	-	2,270	2,270
Additions	50,000	-	50,000
At 31 December 2002	<u>50,000</u>	<u>2,270</u>	<u>52,270</u>
AMORTISATION			
At 1 January 2002	-	1,460	1,460
Charge for the year	12,500	810	13,310
At 31 December 2002	<u>12,500</u>	<u>2,270</u>	<u>14,770</u>
NET BOOK VALUE			
At 31 December 2002	<u>37,500</u>	<u>-</u>	<u>37,500</u>
At 31 December 2001	<u>-</u>	<u>810</u>	<u>810</u>

Goodwill acquired in the year relates to the acquisition by the company of the trade of Brian Coad Fine Wines on 5 April 2002.

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

12. TANGIBLE FIXED ASSETS

	Freehold & Short Leasehold Property £	Plant, Equipment & Motor Vehicles £	Fixtures, Fittings, Tools & Equipment £	Works of Art £	Computer Equipment £	Total £
COST						
At 1 Jan 2002	422,970	458,865	377,774	49,668	8,980	1,318,257
Additions	—	30,349	88,645	—	468	119,462
Transfers	—	9,448	—	—	(9,448)	—
At 31 Dec 2002	<u>422,970</u>	<u>498,662</u>	<u>466,419</u>	<u>49,668</u>	<u>—</u>	<u>1,437,719</u>
DEPRECIATION						
At 1 Jan 2002	2,365	326,143	228,403	—	3,940	560,851
Charge for the year	1,536	41,641	24,154	—	1,086	68,417
Transfer	—	5,026	—	—	(5,026)	—
At 31 Dec 2002	<u>3,901</u>	<u>372,810</u>	<u>252,557</u>	<u>—</u>	<u>—</u>	<u>629,268</u>
NET BOOK VALUE						
At 31 Dec 2002	<u>419,069</u>	<u>125,852</u>	<u>213,862</u>	<u>49,668</u>	<u>—</u>	<u>808,451</u>
At 31 Dec 2001	<u>420,605</u>	<u>132,722</u>	<u>149,371</u>	<u>49,668</u>	<u>5,040</u>	<u>757,406</u>

13. INVESTMENTS

UNLISTED INVESTMENTS

	Subsidiary Undertakings £
COST	
At 1 January 2002 and 31 December 2002	<u>273,051</u>
NET BOOK VALUE	
At 31 December 2002	<u>273,051</u>
At 31 December 2001	<u>273,051</u>

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 31.12.2002	£nil
Capital and reserves at 31.12.2002	£100,000
Company	T.M.Robertson & Son Limited
Nature of business	Dormant
Percentage holding	100%
Profit for year ended 31.12.2002	£nil
Capital and reserves at 31.12.2002	£2,313

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2002****14. STOCKS**

	2002 £	2001 £
Goods for resale	<u>4,974,338</u>	<u>4,592,205</u>

15. DEBTORS

	2002 £	2001 £
Trade debtors	6,567,159	6,109,574
Amounts owed by group undertakings	100,000	100,000
Other debtors	10,991	306
Called up share capital not paid	6,000	45,000
Prepayments and accrued income	477,390	364,697
	<u>7,161,540</u>	<u>6,619,577</u>

16. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	1,608,755	1,085,555
Trade creditors	4,182,331	4,838,687
Amounts owed to group undertakings	102,313	103,139
Corporation tax	297,561	225,461
PAYE and social security	86,157	77,371
VAT	664,379	383,634
Dividends payable	13,000	6,000
Other creditors	3,570	21,612
Accruals and deferred income	872,282	536,943
	<u>7,830,348</u>	<u>7,278,402</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. Counter indemnities are held in respect of VAT duty deferment bonds.

Trade creditor and trade debtor balances exclude amounts of £994,832 (2001: £1,185,429) 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

	2002 £	2001 £
Bank loans and overdrafts	164,685	314,818
Amounts owed to group undertakings	228,066	227,965
	<u>392,751</u>	<u>542,783</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.

The bank loans are repayable in equal monthly instalments and incur interest at between 1.625% and 2% above the bank base rate.

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2002****18. CREDITORS - CAPITAL INSTRUMENTS**

Creditors include finance capital which is due for repayment as follows:

	2002 £	2001 £
In one year or less, or on demand	147,984	146,681
Between one and two years	118,188	148,019
Between two and five years	46,497	166,800
	<u>312,669</u>	<u>461,500</u>

19. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	11,232	—
Prior year under provision deferred tax	5,164	—
Profit and Loss Account movement arising during the year	877	11,232
Provision carried forward	<u>17,273</u>	<u>11,232</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	17,273	11,232
	<u>17,273</u>	<u>11,232</u>

20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	2002		2001	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	28,312	79,250	37,602
Within 2 to 5 years	31,000	211,040	31,000	173,306
After more than 5 years	69,450	—	42,950	—
	<u>100,450</u>	<u>239,352</u>	<u>153,200</u>	<u>210,908</u>

21. CONTINGENCIES

The company is party to an unlimited multilateral guarantee between all group companies in favour of National Westminster Bank plc. At 31 December 2002, the liability to the bank under this guarantee was £1,773,440 (2001: £1,435,683).

The company has a guarantee in favour of HM Customs and Excise which varies according to seasonal requirements. At 31 December 2002 this guarantee stood at £672,000 (2001: £672,000).

BERKMANN WINE CELLARS LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2002****22. RELATED PARTY TRANSACTIONS**

On 31 December 2001 the trade of T M Robertson & Son Limited was hived up into Berkmann Wine Cellars Limited. At 31 December 2002 a non trading balance of £2,313 (2001: £2,313) was due to T M Robertson & Son Limited

At the year-end £128,066 (2001: £127,965) was due to Berkmann Holdings Limited in respect of a general non trading account.

The company owes Pagendam Pratt and Partners Limited, a wholly owned subsidiary, £100,000 (2001: £100,000) in respect of non trading activities.

The company purchased works of art during the year, from Mr J K Berkmann, a director of the company amounting to £nil (2001: £49,668).

23. SHARE CAPITAL**Authorised share capital:**

	2002	2001
	£	£
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:

	2002		2001	
	No.	£	No.	£
Ordinary £1 shares	2,130,000	2,130,000	2,020,000	2,020,000

Allotted, called up and partly paid:

Ordinary £1 shares	30,000	30,000	140,000	140,000
	<u>2,160,000</u>	<u>2,160,000</u>	<u>2,160,000</u>	<u>2,160,000</u>

24. OTHER RESERVES

	2002	2001
	£	£
Capital redemption reserve	<u>500,000</u>	<u>500,000</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	708,202	473,183
Dividends	(108,000)	(101,000)
	<u>600,202</u>	<u>372,183</u>
Opening shareholders' equity funds	4,414,706	4,042,523
Closing shareholders' equity funds	<u>5,014,908</u>	<u>4,414,706</u>

BERKMANN WINE CELLARS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£	£
Operating profit	1,101,199	821,126
Amortisation	13,310	—
Depreciation	68,417	69,373
Increase in stocks	(382,133)	(732,977)
(Increase)/decrease in debtors	(580,963)	(205,282)
(Decrease)/increase in creditors	(145,253)	1,216,253
Net cash inflow from operating activities	<u>74,577</u>	<u>1,168,493</u>

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

	2002	2001
	£	£
(Decrease)/Increase in cash in the period	(526,874)	516,478
Net cash outflow from bank loans	<u>150,133</u>	<u>158,337</u>
	(376,741)	674,815
Change in net debt	(376,741)	674,815
Net debt at 1 January 2002	<u>(1,396,299)</u>	<u>(2,071,114)</u>
Net debt at 31 December 2002	<u>(1,773,040)</u>	<u>(1,396,299)</u>

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2002	Cash flows	Non-Cash flows	At 31 Dec 2002
	£	£	£	£
Net cash:				
Cash in hand and at bank	4,074	(3,674)	-	400
Overdrafts	(938,874)	(521,897)	-	(1,460,771)
	<u>(934,800)</u>	<u>(525,571)</u>	-	<u>(1,460,371)</u>
Debt:				
Debt due within 1 year	(146,681)	148,830	(150,133)	(147,984)
Debt due after 1 year	(314,818)	-	150,133	(164,685)
	<u>(461,499)</u>	<u>148,830</u>	-	<u>(312,669)</u>
Net debt	<u>(1,396,299)</u>	<u>(376,741)</u>	-	<u>(1,773,040)</u>

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.