Kingston Smith

Chartered Accountants

MORENO WINE IMPORTERS COMPANY LIMITED

Company No. 2286021

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JANUARY 2001

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Moreno Wine Importers Company Limited
Company Information

Director

Mr M Moreno

Secretary

Mr C Read

Registered Office

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Bankers

Banco Bilbao Vizcaya
142 Brompton Road
London
SW3 1HY

Auditors

Kingston Smith
105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Moreno Wine Importers Company Limited
Report of the Director

The director has pleasure in presenting his report and financial statements for the year ended 31st January 2001.

Principal activity and business review

The principal activities of the company throughout the year were those of importing, wholesale and retailing of Spanish and South American wines.

The results for the year and the financial position at the year end were considered satisfactory by the director who expects continued growth in the foreseeable future.

Results and dividend

The results of the company for the year are set out on page 3.

The director does not recommend the payment of a dividend as the funds of the company are fully employed.

Director and his interests

The director who served the company throughout the year together with his interests (including family interests) in the shares of the company, at the beginning and end of the year, was as follows:

	Ordinary shares of £1 each	
	31st January 2001	1st February 2000
Mr M Moreno	2	2

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors to the company for the ensuing year.

On Behalf of the Board

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Mr M Moreno
Director

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Date: 12.2.02

Moreno Wine Importers Company Limited
Directors' Responsibilities and Report of the Auditors

Statement of 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

Independent Auditors' Report to the Shareholders of Moreno Wine Importers Company Limited

We have audited the financial statements of Moreno Wine Importers Company Limited for the year ended 31st January 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors
As described in the Statement of Directors' Responsibilities, 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 the 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 31st January 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith
Chartered Accountants
and Registered Auditors

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Date: 15/2/02

Moreno Wine Importers Company Limited
Profit and Loss Account
For the year ended 31st January 2001

	Note	2001 £	2000 £
Turnover- continuing activities	2	4,403,469	4,637,797
Cost of sales		(3,608,933)	(3,809,087)
Gross profit		794,536	828,710
Distribution costs		(439,748)	(328,513)
Administrative expenses		(339,413)	(223,686)
Operating profit- continuing activities	3	15,375	276,511
Interest receivable and similar income	5	22,624	12,143
Interest payable and similar charges	6	(1,240)	(159)
Profit on ordinary activities before taxation		36,759	288,495
Taxation	7	(10,124)	(64,282)
Profit for the financial year		26,635	224,213
Dividends on equity shares	8	-	(30,000)
Retained profit transferred to reserves	15	26,635	194,213

There are no recognised gains or losses in the year other than the profit for the year.

Moreno Wine Importers Company Limited
Balance Sheet at 31st January 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed Assets					
Tangible assets	9		33,231		27,021
Current Assets					
Stock	10	527,416		586,930	
Debtors	11	1,271,368		1,151,378	
Cash at bank and in hand		542,612		449,035	
		2,341,396		2,187,343	
Creditors: Amounts falling due within one year	12	(1,246,034)		(1,112,915)	
Net Current Assets			1,095,362		1,074,428
Total Assets Less Current Liabilities			1,128,593		1,101,449
Provision for Liabilities and Charges					
Deferred taxation	14		(509)		-
Net Assets			1,128,084		1,101,449
Capital and Reserves					
Called up share capital - equity interests	15		2		2
Profit and loss account	15		1,128,082		1,101,447
Shareholders' Funds			1,128,084		1,101,449

Approved by the sole director on .....

Mr M Moreno.....12-2-02.....

Moreno Wine Importers Company Limited
Cash Flow Statement for the year ended 31st January 2001

	Note	2001 £	2001 £	2000 £	2000 £
Net Cash Inflow/(Outflow) from Operating Activities	17		320,180		(205,787)
Returns on Investment and Servicing of Finance					
Interest received		22,624		12,143	
Interest paid		(1,240)		(159)	
Net Cash Inflow from Returns on Investments and Servicing of Finance			21,384		11,984
Taxation					
Corporation tax paid		(64,282)		(100,241)	
			(64,282)		(100,241)
Capital Expenditure and Financial Investment					
Payments made to acquire tangible assets		(17,219)		(14,108)	
Net Cash (Outflow) from Capital Expenditure and Financial Investment			(17,219)		(14,108)
Equity dividends paid			-		(30,000)
Increase/(Decrease) in cash	18		260,063		(338,152)

Moreno Wine Importers Company Limited
Notes to the Financial Statements
For the year ended 31st January 2001

1 Principal Accounting Policies

Accounting basis and standards

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

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost less estimated residual value, of each asset, over its expected useful life as follows:

Leasehold property	15% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

Deferred taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension scheme arrangements

The company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme.

Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

2 Turnover

Turnover is attributable to the principal activities of the company which arose wholly in the United Kingdom.

3 Operating Profit

	2001 £	2000 £
The operating profit is stated after charging:		
Auditors' remuneration	9,000	8,000
Auditors' remuneration for non-audit services	9,000	1,230
Depreciation - owned tangible fixed assets	11,009	8,932
Other operating lease rentals	15,000	11,250
Loss on sale of fixed assets	-	422
(Profit) on foreign exchange	(19,138)	(71,263)

4 Directors and Employees

	2001 £	2000 £
Staff costs during the year were as follows:		
Wages and salaries	400,676	249,010
Social security costs	41,131	24,855
Pension costs - money purchase scheme	5,795	2,786
	447,602	276,651

The average weekly number of persons employed by the company, including directors, during the year was 14 (2000 - 12). Due to the size of the company there is no formal classification of duties.

	2001 £	2000 £
Directors' Emoluments:		
Emoluments	74,000	26,091

5 Interest Receivable and Similar Income

	2001 £	2000 £
Bank interest received	22,624	12,143

6 Interest Payable and Similar Charges

	2001 £	2000 £
Other interest payable	1,240	159

7 Taxation

	2001 £	2000 £
U.K. Corporation tax at the rate of 20% (2000 - 22.75%)	9,615	54,884
Deferred taxation	509	-
Prior year adjustments - corporation tax	-	9,398
	10,124	64,282

Moreno Wine Importers Company Limited
Notes to the Financial Statements
For the year ended 31st January 2001

8 Dividends

	2001	2000
	£	£
Ordinary share dividends - Interim	-	30,000

9 Tangible Assets

	Leasehold Land and Buildings	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£
At 1st February 2000	3,000	24,310	36,679	63,989
Additions	-	6,915	10,304	17,219
Disposals	-	-	-	-
At 31st January 2001	3,000	31,225	46,983	81,208
Depreciation				
At 1st February 2000	2,483	14,420	20,065	36,968
Charge for the year	78	4,201	6,730	11,009
Eliminated on disposal	-	-	-	-
At 31st January 2001	2,561	18,621	26,795	47,977
Net Book Value				
At 31st January 2001	439	12,604	20,188	33,231
At 31st January 2000	517	9,890	16,614	27,021

10 Stocks

	2001	2000
	£	£
Finished goods	527,416	586,933

11 Debtors

	2001	2000
	£	£
Trade debtors	1,271,368	1,045,428
Prepayments and accrued income	-	105,950
	1,271,368	1,151,378

12 Creditors: Amounts Falling Due Within One Year

	2001	2000
	£	£
Bank loans and overdrafts	11,857	178,343
Trade creditors	1,082,965	777,929
Corporation tax	9,615	64,282
Social security and other taxes	24,899	20,547
Other creditors	29,320	42,983
Accruals and deferred income	87,378	28,831
	1,246,034	1,112,915

13 Future Financial Commitments

(a) Operating leases

At 31st January 2001 the company had annual commitments under operating leases as set out below:

	2001 Land and buildings £	2000 Land and buildings £
Operating leases which expire:		
in the second to fifth year	15,000	15,000

14 Provisions for Liabilities and Charges

a) Deferred taxation

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in Note 1. The amounts provided and the full potential liability are as follows:

	2001 Amount provided £	2001 Potential liability £	2000 Amount provided £	2000 Potential liability £
Accelerated capital allowances	509	509	-	-

	2001 £	2000 £
Transferred to Profit and Loss Account (Note: 7)	509	-
At 31st January 2001	509	-

Moreno Wine Importers Company Limited
Notes to the Financial Statements
For the year ended 31st January 2001

15 Shareholders' Funds

2001	Profit and Loss Account £	Share Capital £	Total £
At 1st February 2000	1,101,447	2	1,101,449
Profit for the year	26,635	-	26,635
At 31st January 2001	1,128,082	2	1,128,084

	2001 £	2000 £
The share capital comprises:		
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
2 Ordinary shares of £1 each	2	2

The movements in shareholders' funds in the previous year are set out below:

2000	Profit and Loss Account £	Share Capital £	Total £
At 1st February 1999	907,234	2	907,236
Profit for the year	194,213	-	194,213
At 31st January 2000	1,101,447	2	1,101,449

16 Parent Undertakings and Related Parties

Mr Manuel Moreno is the controlling party of Moreno Wine Importers Company Limited by virtue of his position and shareholding of the company.

Administrative Expenses include rent of £7,200 (2000 - £7,800) payable to Mr Moreno.

At the balance sheet date there was a balance due to Mr Moreno on his current account of £26,000 (2000: £30,000).

		2001	2000
		£	£
17	Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) from Operating Activities		
	Operating profit	15,375	276,511
	Depreciation charge	11,009	8,932
	Loss on sale of tangible fixed assets and investments	-	422
	Decrease/(Increase) in stock	59,514	(99,438)
	(Increase) in debtors	(119,990)	(210,621)
	Increase/(Decrease) in creditors	354,272	(181,593)
	Net Cash Inflow/(Outflow) from continuing Operating Activities	320,180	(205,787)

		£	£
18	Reconciliation of Net Cash Flow to movement in Net Funds		
	Increase in cash in the period	260,063	
	Cash inflow from increase in debt and lease financing	-	
	Movement in net funds in the year		260,063
	Net funds at 1st February 2000		270,692
	Net funds at 31st January 2001		530,755

		At 1st February 2000	Cash Flow	Other changes	At 31st January 2001
		£	£	£	£
19	Analysis of changes in Net Funds				
	Cash at bank and in hand	449,035	93,577		542,612
	Bank overdrafts	(178,343)	166,486		(11,857)
			260,063		
	Total	270,692	260,063	-	530,755