Co House

Kingston Smith

Chartered Accountants

Moreno Wine Importers Company Limited

Company No. 2286021

Financial Statements

For the year ended

31 January 2003



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
108 Cannon Street
London
EC4N 6EU

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 31 January 2003.

Principal activities and review of the business

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 disappointing by the director who expects a return to profitability in the foreseeable future.

Results and dividends

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

The director does not recommend payment of an ordinary dividend.

Director

The following director has held office since 1 February 2002:

Mr M Moreno

Director's interests

The director who served the company during the year together with his interest in the shares of the company at the beginning and end of the year, was as follows:

	Ordinary of £1 each	
	31 January 2003	1 February 2002
Mr M Moreno	2	2

Purchase of own shares

Auditors

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

On behalf of the Board

Mr M Moreno
Director

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

Date: 12/2/04

Moreno Wine Importers Company Limited
Director's Responsibilities & Report of the Auditors

Statement of director's responsibilities
Company law requires the director 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 director is 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 a going concern basis unless it is inappropriate to assume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 31 January 2003 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.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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 director and auditors
As described in the statement of director's responsibilities, the company's director is 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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 January 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ
Date: 16 February 2004

Kingston Smith

Kingston Smith
Chartered Accountants
and Registered Auditors

Moreno Wine Importers Company Limited
Profit and Loss Account
For the year ended 31 January 2003

	Notes	2003 £	2002 £
Turnover	2	4,775,324	5,233,567
Cost of sales		(3,912,139)	(4,172,236)
Gross profit		863,185	1,061,331
Distribution costs		(616,053)	(573,920)
Administrative expenses		(400,159)	(378,211)
Operating (loss)/profit	3	(153,027)	109,200
Other interest receivable and similar income		10,974	14,280
Interest payable and similar charges	6	(14)	(4,646)
(Loss)/Profit on ordinary activities before taxation		(142,067)	118,834
Taxation	7	24,097	(28,903)
Retained (loss)/profit for the year	13	(117,970)	89,931

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Moreno Wine Importers Company Limited
Balance Sheet
As at 31 January 2003

	Notes	2003 £	£	2002 £	£
Fixed Assets					
Tangible assets	8		21,678		22,392
Current Assets					
Stocks	9	529,731		578,606	
Debtors	10	1,240,673		1,489,204	
Cash at bank and in hand		404,413		630,067	
		2,174,817		2,697,877	
Creditors: Amounts falling due within one year	11	(1,096,450)		(1,502,254)	
Net Current Assets			1,078,367		1,195,623
Total Assets Less Current Liabilities			1,100,045		1,218,015
Capital and Reserves					
Called up share capital	12		2		2
Profit and loss account	13		1,100,043		1,218,013
Shareholders' Funds - Equity Interests			1,100,045		1,218,015

Approved by the Board on 13/2/04

Mr M Moreno
Director

Moreno Wine Importers Company Limited
Cash Flow Statement
For the year ended 31 January 2003

	2003		2002	
	£	£	£	£
Net Cash (Outflow)/Inflow from Operating Activities (Note 1)		(196,076)		95,930
Returns on Investments and Servicing of Finance				
Interest received	10,974		14,280	
Interest paid	(4,416)		(244)	
Net Cash Inflow for Returns on Investments and Servicing of Finance		6,558		14,036
Taxation		(30,871)		(18,850)
Capital Expenditure				
Payments to acquire tangible assets	(6,463)		(7,581)	
Receipts from sales of tangible assets	-		475	
Net Cash Outflow for Capital Expenditure		(6,463)		(7,106)
(Decrease)/Increase in Cash (Note 2)		(226,852)		84,010

The notes referred to above are on page 6.

Moreno Wine Importers Company Limited
Notes to the Cashflow Statement
For the year ended 31 January 2003

1	**Reconciliation of Operating (Loss)/Profit to Net Cash (Outflow)/Inflow from Operating Activities**	**2003**	**2002**
		£	£
	Operating (loss)/profit	(153,027)	109,200
	Depreciation of tangible assets	7,177	7,405
	Loss on disposal of tangible assets	-	10,540
	Decrease/(increase) in stocks	48,875	(51,190)
	Decrease/(increase) in debtors	273,218	(207,732)
	(Decrease)/Increase in creditors within one year	(372,319)	227,707
	Net Cash (Outflow)/Inflow from Operating Activities	(196,076)	95,930

2	**Reconcilation of Net Cash Flow to Movement in Net Funds (Note 3)**	**2003**	**2002**
		£	£
	(Decrease)/increase in cash in the year	(226,852)	84,010
	Movement in net funds in the year	(226,852)	84,010
	Opening net funds	614,765	530,755
	Closing net funds	387,913	614,765

3	**Analysis of Net Funds**	**1 February 2002**	**Cash flow**	**Other non-cash changes**	**31 January 2003**
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	630,067	(225,654)	-	404,413
	Bank overdrafts	(15,302)	(1,198)	-	(16,500)
	Net funds	614,765	(226,852)	-	387,913

Moreno Wine Importers Company Limited
Notes to the Financial Statements
For the year ended 31 January 2003

1 Accounting Policies

a) Accounting basis and standards

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

b) 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:

Land and buildings Leasehold	15% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

c) 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.

d) Turnover

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

e) 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.

f) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange 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.

g) Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

h) Pension scheme arrangements

The pension costs charged in the financial statements represent the contributions payable by the company during the year to certain individuals personal pension plans.

2 Turnover

Geographical analysis:

	Turnover	
	2003	2002
	£	£
United Kingdom	4,632,696	5,177,747
Europe	134,440	55,820
Rest of the World	8,188	-
	4,775,324	5,233,567

3 Operating (Loss)/Profit

	2003	2002
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	7,177	7,405
Loss on disposal of tangible assets	-	10,659
Loss on foreign exchange transactions	75,579	-
Operating lease rentals - other assets	23,233	17,933
Auditors' remuneration	9,000	9,000
and after crediting:		
Profit on disposal of tangible assets	-	(119)
Profit on foreign exchange transactions	-	(15,745)

4 Employee Information

The average number of employees (including directors) during the year was:

	2003 Number	2002 Number
Sales	7	5
Accounting	5	4
Administration	7	5
	19	14

The total remuneration was:

	£	£
Wages and salaries	547,502	484,795
Social security costs	52,710	51,450
Contributions to defined benefit pension scheme	15,612	8,656
	615,824	544,901

5 Director's Emoluments

	2003	2002
	£	£
Emoluments	80,000	66,333

6 Interest Payable and Similar Charges

	2003	2002
	£	£
On bank loans and overdrafts	14	244
Other interest	-	4,402
	14	4,646

7 Taxation	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	-	30,281
Adjustment for prior years	(24,992)	27
Current tax charge	(24,992)	30,308
Deferred tax		
Deferred tax charge credit current year	895	(1,405)
	(24,097)	28,903
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(142,067)	118,834
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00 % (2002 : 20.00 %)	(28,413)	23,767
Effects of:		
Non deductible expenses	4,370	5,019
Difference between capital allowances for the year and depreciation	(425)	1,495
Tax losses utilised	24,468	-
Adjustments to previous periods	(24,992)	27
	3,421	6,541
Current tax charge	(24,992)	30,308

8 **Tangible Assets**

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2002	3,000	54,089	4,610	61,699
Additions	-	6,463	-	6,463
At 31 January 2003	3,000	60,552	4,610	68,162
Depreciation				
At 1 February 2002	2,627	33,529	3,151	39,307
Charge for the year	56	6,756	365	7,177
At 31 January 2003	2,683	40,285	3,516	46,484
Net book value				
At 31 January 2003	317	20,267	1,094	21,678
At 31 January 2002	373	20,560	1,459	22,392

9 **Stocks**

	2003	2002
	£	£
Finished goods and goods for resale	529,731	578,606

10 **Debtors**

	2003	2002
	£	£
Trade debtors	1,202,549	1,476,033
Corporation tax	34,791	9,208
Other debtors	-	896
Prepayments and accrued income	3,333	3,067
	1,240,673	1,489,204

At 31 January 2003 the company had a deferred tax asset of £nil (2002 - £896) included in other debtors. The movement in the deferred tax asset of £896 has been debited in the profit and loss account.

11 Creditors: Amounts Falling Due Within One Year

	2003	2002
	£	£
Bank loans and overdrafts	16,500	15,302
Trade creditors	915,869	1,301,340
Corporation tax	-	30,281
Other taxes and social security costs	35,477	95,090
Other creditors	116,604	42,641
Accruals and deferred income	12,000	17,600
	1,096,450	1,502,254

12 Called Up Share Capital

	2003	2002
	£	£
Authorised		
1,000 Ordinary of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
2 Ordinary of £ 1 each	2	2

13 Shareholders' funds

2003	Share capital	Profit and loss account	Total
	£	£	£
Balance at 1 February 2002	2	1,218,013	1,218,015
Retained loss for the year	-	(117,970)	(117,970)
Balance at 31 January 2003	2	1,100,043	1,100,045

2002	Share capital	Profit and loss account	Total
	£	£	£
Balance at 1 February 2001	2	1,128,082	1,128,084
Retained profit for the year	-	89,931	89,931
Balance at 31 January 2002	2	1,218,013	1,218,015

14 Future Financial Commitments

Operating leases

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

	Land and buildings	
	2003	2002
	£	£
Operating lease which expire:		
in the second to fifth year	35,000	33,000

15 Related Party Transactions

Administrative expenses include rent of £8,320 (2002 - £7,200) payable to Mr M. Moreno, the sole director and shareholder of the company.

At the balance sheet date there was a balance due to Mr M. Moreno of £47,692 (2002 - £26,000) included in other creditors falling due within one year.

During the year the company paid £30,385 (2002 - £nil) for sales consultancy services from Mr J. Moreno, the father of Mr M. Moreno.

16 Controlling Party

Mr M. Moreno is the controlling party of Moreno Wine Importers Company Limited by virtue of his directorship and shareholding in the company.