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C.R.O. EDINBURGH
23 MAY 1986

DIRECTORS, OFFICERS, ETC.

Directors	James D. Robertson, C.A. (Chairman)	
	John Gow (Vice-Chairman)	
	John M. Cran, C.A. (Managing Director)	
	Peter T. Bell	
	James L. E. Hogg, B.Sc., M.F.	
	Edward P. Watson	
	W.A.S. McNeil Smith	
	John B. Richardson	
Registered Office, Warehouse and Administration	Crawford Place, Milnathort, KY13 7XF Telephone Kinross (0577) 62513	
Management Committee	Joseph W. Duffy	— U.K. Sales Manager
	Thomas McColgan	— Computer Manager
	Walter Dixon, C.A.	— Chief Accountant
	James G. Smith	— Executive Manager
Secretary	David R. Birrell, C.A., 3 High Street, Kinross, KY13 7AW. Telephone Kinross (0577) 63611	
Auditors	Condie + Co., Chartered Accountants, 10 Abbey Park Place, Dunfermline, KY12 7NX	
Bankers	The Royal Bank of Scotland plc, 31 South Street, Milnathort, KY13 7XE	
Solicitors	Morton, Fraser & Milligan W.S. 15 & 19 York Place, Edinburgh, EH1 3EL	

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First ANNUAL GENERAL MEETING OF FORTH WINES LIMITED, will be held in Peebles Hydro Hotel, Peebles, on Tuesday 22nd October, 1985 at 3.30 p.m. for the following purposes:—

1. To approve the Minutes of the Twentieth Annual General Meeting.
2. To receive and adopt the Annual Report and Accounts for the year ended 30th April, 1985.
3. To elect Directors
4. To re-appoint the Auditors and authorise the Directors to fix their remuneration.
5. To transact any other business of the Company.

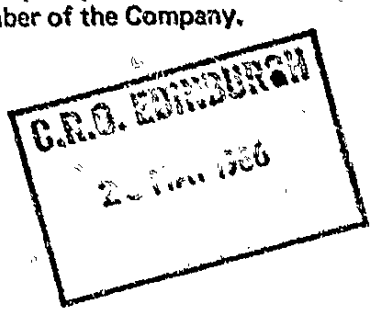
By order of the Board,

DAVID R. BIRRELL, C.A., Secretary.

Crawford Place,
MILNATHORT, KY13 7XF
27th September, 1985

NOTES

1. The transfer books and register of members of the Company will be closed during the period of one week as from and after the date of this notice.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him. Such proxy need not be a member of the Company.



STATEMENT BY THE CHAIRMAN

There is no doubt that the year to 30th April, 1985, represented one of the most difficult year's trading in the Company's existence, coinciding as it did with the national miners' strike. However, in spite of generally depressed trading conditions, I am pleased to report that the Company earned a modest profit after again distributing a bonus to our members. We have also been able to further strengthen our reserves to £1,470,000. During the year our membership continued to increase and is now in excess of 2,700.

The sales of our own label products — STRATHFILLAN Scotch Whisky, VORSOV Vodka and GROSVENOR Gin — all showed satisfactory increases although, not surprisingly, at a reduced rate of increase. The growing national acceptance of these brands is quite gratifying. It can only be in the mutual interests of your Company and its members for these house brands to be adopted by as many members as possible.

The growth of our wine sales continues aided by the supply of our free hire of Wine Chill Cabinets and Dispensers. Competition from cheap, poor quality wine continues to cause us concern but we remain convinced that we would be doing a dis-service to our members in the long term by stocking wines whose quality was not beyond reproach. In the light of the recent Austrian wine scandal, we have obtained an assurance from all our suppliers of our agency lines that no illegal additives have been introduced into their products.

In April, a trade agreement was signed with Drybrough Limited to supply their range of ales and agency lines to our members at extremely competitive prices. This embraces not only Drybrough's own products but bottled and draught Guinness, Fosters Lager, Carlsberg Lager, etc. Those members who have not already done so are urged to consider purchasing these products through Forth Wines Limited with a view to increasing substantially their gross margins.

The Company was represented at the Hotel and Catering Exhibition at the Kelvin Hall, Glasgow, in March. A full range of our products was on display and a record number visited the stand.

It is with a heavy heart that I must record a double loss to the Company with the death of Mr. Andrew Muirhead on 19th May followed by the death of Mr. Philip Hopcroft on 4th August. Both were founder directors of the Company and in both its embryonic and formative stages they gave freely of their leisure time to forge the sound business principles on which the Company prospered and from which all its members continue to benefit. Both will be sadly missed by all their colleagues.

I have pleasure in confirming the appointment to the Board of Mr. John Richardson. Mr. Richardson is currently Senior Vice-Chairman of the South East of Scotland Licensed Trade Association and is also a Director of the Edinburgh Licensed Trade Association. His long standing knowledge and experience of the licensed trade will, I am sure, greatly assist the Company's progress.

It is with some trepidation that I look at the current year as, while it has got off to a promising start, trading conditions remain extremely difficult. However, I am confident that your Company has an excellent portfolio of products that will continue to serve us well in the market place.

Finally, I must thank all our members for their continued support, and Mr. John Cran and his entire staff who have worked so well on the Company's behalf over the past year.

JAMES D. ROBERTSON
CHAIRMAN

DIRECTORS' REPORT

The Directors submit this, their Twenty-Second Report, together with the Accounts for the year ended 30th April, 1985.

Status

The Company which is incorporated in the United Kingdom and is registered in Scotland is not a close Company as defined by the Income and Corporation Taxes Act, 1970, but is a Private Company under the terms of the Companies Act, 1985.

Trading Results

The Net Profit for the year, after Taxation and Extraordinary Items was £48,714 (1984: £163,206). This figure is after charging the exceptional depreciation on the Wine Chill Cabinets and Computer.

Provision has been made in the accounts to transfer the following amounts (from)/to reserves:

	1985	1984
	£	£
General Reserve	—	500,000
Capital Commitments Reserve	9,145	(389,145)
Brand Development Reserve	30,000	50,000

The Directors recommend that no Dividend be paid for the year

Review of the Business

The Company has continued throughout the year to carry on the business of Wholesale Wine and Spirit Merchants.

Turnover for the year amounted to £52,488,826 (1984: £52,688,176). The Directors are of the opinion that the state of affairs of the Company is satisfactory.

Fixed Assets

Details of the Fixed Assets and the changes which have taken place during the year are given in Note 7 to the Accounts.

Future Developments

The Directors expect that another year of difficult trading conditions lie ahead. However, they are confident that their present policies will continue to provide the sound financial base required to meet the challenges of the coming year.

Directors and their Interests

The Directors who served on the Board throughout the year and their beneficial interests in the share capital of the Company were as follows:—

	1985	1984
Peter T. Bell	1	1
John M. Cran, C.A.	1	1
John Gow	121	121
James L.E. Hogg, B.Sc., M.F.	121	121
Philip A. Hopcroft (died 4.8.85)	1	1
Andrew A. Muirhead (resigned 11.6.84)	—	121
James D. Robertson, C.A.	241	241
Edward P. Watson	121	121
W.A.S. McNeil Smith (appointed 11.6.84)	—	—
John Richardson (appointed 4.9.85)	—	—

Mr. W.A.S. McNeil Smith, having been appointed as a Director on 11th June 1984, was required to retire at the last Annual General Meeting held on 17th October 1984, at which he was subsequently re-appointed. However his qualifying share was not issued timeously by the Company as laid down in the Articles of Association and he automatically vacated his post, as a director, under the Companies Act 1985. Having now obtained the qualifying share he offers himself for re-election at the Annual General Meeting.

Mr. J.D. Robertson and Mr. J.L.E. Hogg both retire by rotation and offer themselves for re-election.

Mr. John Richardson having been appointed on 4th September, 1985, requires to retire at this time and offers himself for re-election.

Auditors

Messrs. Condie + Co., Chartered Accountants retire under Section 384(1) of the Companies Act 1985 and offer themselves for re-appointment.

Milnathort,
15th August, 1985

By Order of the Board

DAVID R. BIRRELL, C.A.,
Secretary.

PROFIT AND LOSS ACCOUNT
for the year ended 30th April 1985

	Notes	£	1985 £	1984 £
Turnover	2		52,488,826	52,688,176
Less: Cost of Sales			51,159,225	51,503,900
Gross Profit			1,329,601	1,184,276
Distribution Costs			346,874	351,667
			982,727	832,609
Other Operating Income	1			
Interest on Deposits			200,567	203,980
Other Income			6,644	3,781
Profit on Sale of Fixed Assets			—	979
			1,189,938	1,041,293
Administrative Expenses				
Directors' Emoluments	3	108,468		80,451
Auditors' Remuneration		8,938		8,256
Depreciation	1,7	54,153		59,785
Loss on Sale of Fixed Assets		2,467		—
Staff Costs	4	453,804		412,005
Other Administrative Expenses		436,510		412,217
			1,064,340	973,708
			125,598	67,585
Exceptional Charges — Depreciation	1,7		69,790	174,651
Operating Profit/(Loss)			55,808	(107,066)
Interest Payable			14,973	3,066
Profit/(Loss) on Ordinary Activities before Taxation			40,835	(110,132)
Tax on Profit on Ordinary Activities	5		—	(487,950)
Profit/(Loss) on Ordinary Activities after Taxation			40,835	377,818
Extraordinary Items	8		121	214,612
Profit for the Financial Year			40,714	163,206
Transfers to Reserves	12		39,145	160,855
Retained Profits for the Year			1,569	2,351
Retained Profits Brought Forward			10,757	8,406
Retained Profits Carried Forward			12,325	10,757

The notes on pages 10 to 15 form part of these accounts

BALANCE SHEET
As at 30th April 1985

	Notes	£	1985 £	1984 £
Fixed Assets				
Tangible Assets:	7			
Land and Buildings			388,523	372,690
Plant, Fittings, Motors and Computer			171,250	186,745
			559,773	559,435
Investments	7		1,643	1,643
			561,416	558,388
Current Assets				
Stock	9	7,374,923		7,144,942
Debtors	10	4,847,877		3,310,560
Cash and Bank Balances		3,581,997		2,663,873
		15,804,797		13,119,375
Creditors	11			
Amounts falling due within one year		14,575,499		11,939,803
Net Current Assets			1,229,298	1,179,572
			1,790,714	1,737,960
CAPITAL AND RESERVES				
Called Up Share Capital	13		308,388	296,288
Reserves	12		1,470,000	1,430,855
Profit and Loss Account			12,326	10,757
			1,790,714	1,737,900

J.M. CRANT: DIRECTOR G.D. ROBERTSON : DIRECTOR

Approved by the Board — 15th August, 1985

The notes on pages 10 to 15 form part of these accounts

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th APRIL 1985

	1985	1984
	£	£
Source of Funds		
Profit after tax and Extraordinary Items	40,714	163,205
Adjustment for items not involving the movement of Funds:		
Depreciation (including exceptional charges)	123,943	284,440
(Profit)/Loss on Sale of Assets	2,467	(970)
Deferred Tax	—	(487,950)
Revaluation of Land and Buildings	—	214,429
Total Funds Generated from Operations	167,124	129,218
Funds from Other Sources		
Disposal of Fixed Assets	16,008	24,950
Shares issued during the period	12,100	12,000
	195,232	166,168
Application of Funds		
Purchase of Investments	—	(1,043)
Additions to Fixed Assets.		
Land and Buildings	(18,523)	(172,925)
Plant, Fittings, Motors and Computer	(126,923)	(316,195)
Working Capital — Increase/(Decrease)	49,786	(331,195)
Components of Increase/(Decrease) in Working Capital		
Stock	229,981	1,392,389
Debtors	1,537,317	759,361
Creditors	(2,635,636)	(1,777,222)
	(868,338)	374,528
Movement in Net Liquid Funds:		
Cash and Bank	918,124	(705,723)
	49,786	(331,195)

The notes on pages 10 to 15 form part of these accounts

NOTES TO THE ACCOUNTS INCLUDING DETAILS OF ACCOUNTING POLICIES USED AT 30th April 1985.

1. Accounting Policies

Accounting Convention:
The Accounts are prepared under the historical cost convention, modified to include the re-valuation of Freehold Land and Buildings.

Depreciation:
The charge for Depreciation has been calculated on the reducing balance method at the following rates:—

	1985	1984
	%	%
Computer Installation	100	100
Wine Chill Cabinets	100	100
Motor Vehicles	33.3	33.3
Plant, Fittings and Equipment	20	20

Due to the results of the property valuation explained under Note 7 and the Company's policy on repairs and renewals, the directors are of the opinion that there is no need to depreciate buildings as in previous accounting periods.

Other Operating Income:
The Directors consider that Other Operating Income should be presented before Administrative Expenses in order to reflect correctly the nature of Interest on Deposits as being directly related to the trading operation of the Company. This treatment has no effect on the results presented for these Accounts.

Stocks:
Stocks are stated at the lower of cost or net realisable value. Cost incurred is the net purchase price and net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

Foreign Currencies:
Assets and Liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. All differences are taken to the profit and loss account.

2. Turnover

This represents the invoiced value of goods sold, excluding Value Added Tax, less members' discounts.

Notes to the Accounts (Continued)

3. Directors' Emoluments

The table below shows the remuneration of the Chairman and highest paid Director, and the number of other Directors who received emoluments:

	1985 £	1984 £
Chairman	13,400	12,175
Highest Paid Director	33,654	29,601

Directors who received emoluments, other than those detailed above:

	1985	1984
Nil to £5,000	—	1
£5,001 to £10,000	5	5
£10,001 to £15,000	—	—
£15,001 to £20,000	—	—
£20,001 to £25,000	1	—

Directors' remuneration consists of:

	1985 £	1984 £
Fees	30,800	25,025
Other emoluments (including pension contributions)	77,668	55,426
	108,468	80,451

4. Staff Costs

	1985 £	1984 £
Wages and Salaries	376,810	348,155
Social Security Costs	34,021	29,149
Other Pension Costs	42,973	35,691
	453,804	412,995

The average weekly number of employees during the year was 60 made up as follows:—

	No.	No.
Office and Management	41	42
Warehouse	19	19
	60	61

5. Taxation

The figure shown in the Accounts for taxation is arrived at as follows:—

	1985 £	1984 £
Transfer from Deferred Tax Account	—	(487,950)
Taxation for Year	—	(487,950)

Notes to the Accounts (Continued)

6. Deferred Taxation

The amount of Deferred Taxation [illegible] been calculated on the deferral method and represents Corporation Tax at 30% on accelerated Capital Allowances, as offset by losses for tax purposes carried forward.

	1985 £	1984 £
Provision at 30th April, 1984	—	497,950
Provided in respect of:—		
Stock Relief	—	(256,300)
Accelerated Capital Allowances	89,723	13,550
	89,723	243,200
Offset by Taxation Losses carried forward:	(89,723)	(243,200)
Provision at 30th April, 1985	—	—

7. Fixed Assets

Tangible Assets:	Land and Buildings £	Plant Fittings, Motor Vehicles and Computer £
Cost or Valuation:		
At 30th April, 1984	370,000	642,535
Additions at cost	18,523	126,923
	388,523	769,458
Disposals	—	38,607
Cost or Valuation:		
At 30th April, 1985	388,523	730,851
Depreciation:		
At 30th April 1984	—	455,790
Elimated on Disposals	—	20,132
	—	435,658
Provided for period	—	123,943
At 30th April 1985	—	559,601
Net Book Value at 30th April 1985	388,523	171,250
Net Book Value at 30th April 1984	370,000	186,745

Notes to the Accounts (Continued)

7. Fixed Assets (Continued)

On 29th March, 1984 the directors obtained from Messrs. Graham & Sibbald, Chartered Surveyors, Kirkcaldy, a valuation of the Company's Land and Buildings. The Valuation stated that on an existing use basis the property was worth £1,110,000. However if the Company were to sell the property in the open market they would be likely to receive as little as one third of this exisiting use value, i.e. £370,000. Accordingly the directors have shown the value of Land and Buildings in the accounts at this lower figure with additions since the valuation at cost. The directors intend to have this valuation reviewed every three years and future years' accounts will be adjusted if appropriate. The above figures, therefore, show Land and Buildings at valuation with additions between valuations at cost, but the remaining assets are valued at cost less depreciation.

Exceptional Charges — Depreciation

As explained in Note 1, the company have depreciated the Computer Installation and Wine Chill Cabinets as follows:—

	1985 £	1984 £
Computer Installation	7,977	126,106
Wine Chill Cabinets	61,813	48,545
	69,790	174,651

Investments:

These consist of nominal holdings in the Shares of three major suppliers to the Company. These suppliers are listed on the London Stock Exchange. The investments are valued at cost.

8. Extraordinary Items

	1985 £	1984 £
Expenses of Increase in Share Capital	121	120
Write Down of Land and Buildings (See notes 1 & 7)	—	214,492
	121	214,612

9. Stocks

Stocks in the accounts relate to Finished Goods. If valued at Replacement Cost at 30th April, 1985 they would amount to £7,538,953 (At 30th April, 1984: £7,299,277)

Notes to the Accounts (Continued)

10. Debtors

	1985 £	1984 £
Trade Debtors	4,242,288	3,253,428
Other Debtors	584,442	48,367
Prepayments	21,147	8,745
	4,847,877	3,310,560

Included in Other Debtors is a house bridging loan to a senior employee, amounting to £64,476. This consists of the following:—

	1985 £
Principal Sum	61,000
Interest thereon @ 10% per annum	3,476
	64,476

The Company holds a Standard Security over the house. The repayment of the principal sum is dependant upon the sale of another property. As no realisation date can be determined the Debtor has been shown as falling due within one year.

11. Creditors

	1985 £	1984 £
Bank Loans and overdrafts	10,716	638,559
Payments received on account	7,920	10,920
Trade Creditors	12,386,862	10,600,030
Bills of Exchange Payable	418,543	—
Taxation and Social Security	31,766	52,467
Other Creditors including Customs Duty	1,519,934	469,738
Accruals	197,758	168,149
	14,575,499	11,939,863

12. Reserves

	General Reserve £	Bad Debts Reserve £	Capital Commitments Reserve £	Brand Development Reserve £	Total £
At 30th April 1984	1,170,000	100,000	110,855	50,000	1,430,855
Transferred from Profit and Loss Account	—	—	9,145	30,000	39,145
At 30th April 1985	1,170,000	100,000	120,000	80,000	1,470,000

Notes to the Accounts (Continued)

13. Share Capital

	Authorised		Alloted Issued and Fully Paid	
	1985	1984	1985	1984
	No.	No.	£	£
Ordinary Shares of £1 each	350,000	350,000	308,388	296,288

During the year 12,100 Ordinary Shares of £1 each with an aggregate nominal value of £12,100 were issued, fully paid, for cash.

14. Charges over Assets

The Royal Bank of Scotland plc, holds a bond and floating charge dated 1st December, 1977 over all assets of the Company.

AUDITORS' REPORT TO THE MEMBERS OF FORTH WINES LIMITED

We have audited the foregoing financial statements and accompanying notes in accordance with approved Auditing Standards.

In our opinion, the financial statements, on pages five to fifteen, which have been prepared under the historical cost convention, as modified by the revaluation of Land and Buildings, give a true and fair view of the state of the Company's financial affairs at 30th APRIL 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

CONDIE & CO.,

Chartered Accountants,
10 Abbey Park Place,
DUNFERMLINE, KY12 7NX

15th August, 1985