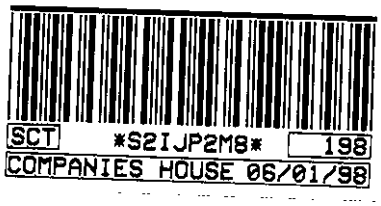
FORTH WINES LIMITED

Registered number SC39321

DIRECTORS' REPORT AND ACCOUNTS

30 APRIL 1997



FORTH WINES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 30 April 1997.

REVIEW OF THE BUSINESS

The company's principal activity during the year has continued to be that of wholesale wine and spirit merchants.

FUTURE DEVELOPMENTS

The company will continue to improve the quality of its business by the sale of appropriate products, including agency brands, into appropriate markets. The Computer systems will shortly be upgraded to cater for the millenium date change.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £201,566 (1996: £126,808), from which a provision for the payment of preference share dividends of £120,000 (1996: £120,000) has been deducted. No dividends were paid and the profit was deducted from the Profit and Loss Account deficit of £756,240, leaving a closing deficit of £663,729 after taking account of a £11,015 transfer from the Revaluation Reserve.

The Deferred Shares became due for redemption on 30 October 1991 at a premium of 25p per share. Valid claims for redemption were received during the year in respect of 1,080 shares (1995 1,680 shares). These were settled and the premium on their redemption was transferred to the Special Capital Reserve.

DIRECTORS AND THEIR INTERESTS

The persons who at 30 April 1997 were directors of the company and their interests in the share capital of the company at 1 May 1996 and 30 April 1997 are given below:

	'A' Cumulative Redeemable Preference Shares	'A' Ordinary Shares	New Ordinary Shares
David J Cameron	283,333	75,000	25,567
Nicholas T Harvey-Miller	-	-	50,000
William B Marnoch	-	-	-
Anthony R Wood	-	-	-

J Gow who holds 25,000 New Ordinary shares retired as a director on 7 December 1996.

Mr Cameron's shares are held by Upland Development Limited in which he has a controlling interest.

FORTH WINES LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF 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 and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies 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 accounts
- 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. 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.

FIXED ASSETS

Details of movements in tangible assets during the year are given in Note 8 to the accounts.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

M J Younger
Secretary

7 July 1997

Albany House
58 Albany Street
Edinburgh
EH1 3QR

Telephone: 0131-557-9900
Telex: 884657 PRIWAT G
Facsimile: 0131-225-5352

Price Waterhouse

REPORT OF THE AUDITORS TO THE MEMBERS OF FORTH WINES LIMITED

We have audited the accounts on pages 4 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain heritable properties, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of 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 30 April 1997 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

7 July 1997

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, London, Manchester, Middlesbrough, Newcastle, Nottingham, St. Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

FORTH WINES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 1997

	Note	1997		1996	
		£	£	£	£
TURNOVER	2		26,452,577		24,755,775
COST OF SALES			(23,508,939)		(22,114,639)
GROSS PROFIT			2,943,638		2,641,136
Distribution costs		(684,082)		(590,644)	
Administrative expenses		(1,901,852)		(1,765,652)	
Other operating income		264		961	
			(2,585,670)		(2,355,335)
OPERATING PROFIT			357,968		285,801
Interest receivable			6		671
Interest payable and similar charges	5		(156,408)		(159,664)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		201,566		126,808
Tax on profit on ordinary activities	6		(70)		(278)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			201,496		126,530
Additional finance costs of non-equity shares	7		(120,000)		(120,000)
PROFIT TRANSFERRED TO RESERVES	16		81,496		6,530

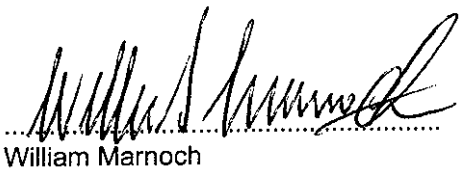
A Statement of Total Recognised Gains or Losses is given on page 7. All operations are continuing.

FORTH WINES LIMITED

BALANCE SHEET AT 30 APRIL 1997

	Note	1997		1996	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		1,608,328		1,694,159
CURRENT ASSETS					
Stocks	9	2,352,233		1,960,999	
Debtors	10	3,547,365		3,166,124	
Cash at bank and in hand		5,552		4,126	
		5,905,150		5,131,249	
CREDITORS (amounts falling due within one year)	11	(5,093,548)		(4,426,874)	
NET CURRENT ASSETS			811,602		704,375
TOTAL ASSETS LESS CURRENT LIABILITIES			2,419,930		2,398,534
CREDITORS (amounts falling due after more than one year)	12		(33,883)		(212,633)
			2,386,047		2,185,901
CAPITAL AND RESERVES					
Called up share capital:					
Equity	14	200,000		200,000	
Non equity	14	1,104,251		1,105,331	
			1,304,251		1,305,331
Share premium account	16		129,346		129,346
Special capital reserve	16		15,655		15,925
Revaluation reserve	16		880,524		891,539
Profit and loss account	16		(663,729)		(756,240)
Provision for dividends payable to non-equity shareholders	7		720,000		600,000
SHAREHOLDERS' FUNDS INCLUDING NON EQUITY INTERESTS	15		2,386,047		2,185,901

Approved by the Board on 7 July 1997



William Marnoch
Director

FORTH WINES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1997

	1997		1996	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 18)		496,249		359,206
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Interest received	6		671	
Interest paid	(135,364)		(140,115)	
Interest element of finance lease and hire purchase payments	(19,222)		(20,108)	
		(154,580)		(159,552)
TAXATION		(107)		(173)
CAPITAL EXPENDITURE				
Purchase of tangible fixed assets	(72,882)		(201,883)	
Sale of tangible fixed assets	7,921		25,515	
		(64,961)		(176,368)
FINANCING				
Redemption of deferred shares	(1,350)		(2,100)	
Inception of finance lease	35,644		149,998	
Repayment of term loan	(260,872)		(326,090)	
Capital element of finance lease and hire purchase payments	(91,641)		(85,092)	
		(318,219)		(263,284)
DECREASE IN CASH (Note 19)		(41,618)		(240,171)

FORTH WINES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 1997

	1997 £	1996 £
Profit for the financial year	81,496	6,530
Unrealised loss on revaluation of property	-	(56,578)
Total recognised gain/(loss) for the year	81,496	(50,048)

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 30 APRIL 1997

	1997 £	1996 £
Reported profit on ordinary activities before taxation	81,496	6,530
Depreciation of the revaluation surplus on freehold buildings	11,015	12,840
Historical cost profit on ordinary activities before taxation	92,511	19,370

FORTH WINES LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 1997

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

As the accounts are prepared on a going concern basis, arrears of dividends on non-equity shares have been provided as they accrue. This is notwithstanding the fact that at present the company has a deficit on its profit and loss account. The financial impact of the treatment on dividends due to non-equity shareholders is disclosed in Notes 7, 15 and 16. If the provision for the arrears of dividend on non-equity shares had not been recognised, the surplus carried forward at 30 April would be £56,271 (1996: Deficit £156,240).

Depreciation

Depreciation is provided on tangible fixed assets, other than freehold land at annual rates designed to write off the book value of the assets over the term of their useful lives. Details of depreciation rates used are as follows:

Freehold buildings	2.3%	Straight line
Plant, fittings and equipment	20%	Reducing balance
Computer installation and related software	20%	Straight line
Motor vehicles	33.3%	Reducing balance

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost incurred is the net purchase price, together with duty where applicable.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date except where the amount is covered by a forward exchange contract where the contracted rate is used. Transactions in foreign currencies are recorded at the appropriate forward contract rate, otherwise the rate of exchange at the date of the transaction is used. All differences are taken to the cost of sales in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Employers contributions to the scheme are charged to the profit and loss account in the period to which they relate.

Promotions

The net cost of promotions is included in cost of sales. Provision is made for future redemption costs at a level which is based on expected take up. Expected take up is computed based on a combination of historic redemption experience and management estimates.

NOTES TO THE ACCOUNTS - 30 APRIL 1997 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

Provision is made for deferred taxation on timing differences arising except where the liability is not expected to crystallise in the foreseeable future.

Leases

Assets acquired under finance leases are capitalised and depreciated in the same manner as owned tangible fixed assets. Obligations under finance leases are included in creditors. Rentals payable under finance leases are allocated between capital, which reduces the outstanding obligation, and interest, which is charged to profit and loss account on a basis which produces a constant periodic rate of charge on the outstanding obligation.

Rentals payable under operating leases are charged to profit and loss account in the period in which they became payable.

2 TURNOVER

Turnover represents the invoiced value of goods sold, excluding value added tax and customers' discount. All sales were within the UK and related to the wholesaling of wines and spirits.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting):

	1997 £	1996 £
Staff costs (Note 4)	1,040,904	932,878
Depreciation	146,229	150,729
(Gain)/loss on foreign exchange	(36,460)	17,325
Auditors' remuneration		
- audit fees	17,917	17,715
- other fees	3,650	15,000
Loss/(gain) on sale of tangible fixed assets	4,563	(2,453)
Operating lease rentals		
- plant & machinery	3,210	5,649
- other	-	6,044

4 STAFF COSTS

	1997 £	1996 £
Wages and salaries	909,701	811,519
Social security costs	80,240	72,722
Other pension costs	50,963	48,637
	1,040,904	932,878

The average number of persons employed by the company during the year was 64 (1996 60). Staff costs in 1996 include £9,065 of redundancy costs. Other pension costs include a premium of £9,713 (1996 £9,895) for death in service benefits.

Directors' emoluments, which are included in staff costs, were £112,895 (1996 £109,287) including pension contributions and taxable benefits.

The emoluments, excluding pension contributions of the individual directors were as follows:

	1997 £	1996 £
Chairman	10,000	10,000
The highest paid director	75,761	69,672

The other directors each received emoluments as set out below.

	1997	1996
£5,001 - £10,000	3	3

The Company paid emoluments by way of a management fee in respect of the services of the Chairman to WBM associates.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
On bank and other borrowings repayable within five years	137,186	139,556
On finance leases and hire purchase agreements	19,222	20,108
	156,408	159,664

6 TAX ON LOSS ON ORDINARY ACTIVITIES

No taxation has been provided in respect of the current year's activities. The taxation charge in the accounts comprises:

	1997 £	1996 £
Advance corporation tax written off	70	278

The company has accumulated taxation losses amounting to £1,700,000 (1996 £1,900,000) which are available for offset against future trading profits.

7 DIVIDENDS

The company has provided for dividend arrears to non-equity shareholders on an accruals basis, in accordance with Financial Reporting Standard No 4. The provision for dividend arrears is included in non-equity shareholders' funds.

Provision for arrears:	1997 £	1996 £
At 1 May	600,000	480,000
Provided during the year	120,000	120,000
At 30 April	720,000	600,000

NOTES TO THE ACCOUNTS - 30 APRIL 1997 (CONTINUED)

8 TANGIBLE ASSETS

	Freehold land and buildings £	Other assets £	Total £
Cost or Valuation:			
At 1 May 1996	1,400,000	819,508	2,219,508
Additions	-	72,882	72,882
Disposals	-	(34,301)	(34,301)
At 30 April 1997	1,400,000	858,089	2,258,089
Depreciation:			
At 1 May 1996	6,849	518,500	525,349
Provision for the year	27,399	118,830	146,229
Disposals	-	(21,817)	(21,817)
At 30 April 1997	34,248	615,513	649,761
Net book amount:			
At 30 April 1997	1,365,752	242,576	1,608,328
At 30 April 1996	1,393,151	301,008	1,694,159

The company's freehold land and buildings were revalued on an open market basis for existing use at £1,400,000 in February 1996 by Graham & Sibbald, Chartered Surveyors.

Other assets held under finance leases and hire purchase agreements amount to:

	£
Cost:	
At 1 May 1996	347,083
Additions	45,609
Disposals	(14,130)
At 30 April 1997	378,562
Depreciation:	
At 1 May 1996	152,562
Provision for the year	81,061
Released on disposal	(8,315)
At 30 April 1997	225,308
Net book amount:	
At 30 April 1997	153,254
At 30 April 1996	194,521

8 TANGIBLE ASSETS (CONTINUED)

Freehold land and buildings would have been included on a historical cost basis at:

	1997 £	1996 £
Cost	711,048	711,048
Depreciation	(225,821)	(209,437)
Net book amount	485,227	501,611

9 STOCKS

Stocks in the accounts relate to goods held for resale. The replacement cost of stocks does not materially exceed the balance sheet amount.

10 DEBTORS

	1997 £	1996 £
Trade debtors	3,474,708	3,106,109
Other debtors	25,724	16,472
Prepayments	46,933	43,543
	3,547,365	3,166,124

11 CREDITORS (amounts falling due within one year)

	1997 £	1996 £
Bank term loan	130,422	260,872
Bank overdraft	1,739,591	1,696,547
Finance lease and hire purchase obligations	76,264	83,933
Trade creditors	2,092,563	1,404,658
Taxation and social security	339,093	318,822
Other creditors including customs duty	542,558	537,339
Accruals	173,057	124,703
	5,093,548	4,426,874

The bank term loan and overdraft are secured on the company's assets. The term loan is repayable in quarterly instalments and bears interest at 1.65% over LIBOR and is secured on the company's assets.

12 CREDITORS (amounts falling due after more than one year)

	1997 £	1996 £
Bank term loan (Note 11)	-	130,422
Finance lease and hire purchase obligations	33,883	82,211
	33,883	212,633

There are no amounts due after more than 5 years.

13 DEFERRED TAXATION

The potential amount of deferred tax not recognised in the accounts expressed at a corporation tax rate of 23% (1996 24%) can be analysed as follows:

	1997 £	1996 £
Accelerated capital allowances	(8,000)	(4,000)
Unutilised tax losses	(391,000)	(456,000)
	(399,000)	(460,000)

No material exposure to deferred taxation would arise on the disposal of land and buildings at the revalued sums. No provision has been made as there are no plans for their disposal.

14 SHARE CAPITAL

	1997 No	1996 No
Authorised, allotted and fully paid:		
Equity		
"A" ordinary shares of 40 pence each	225,000	225,000
New ordinary shares of 40 pence each	275,000	275,000
	500,000	500,000
	£	£
Non-equity		
12% "A" cumulative redeemable preference shares of £1 each	1,000,000	1,000,000
Deferred shares of £1 each	104,251	105,331
	1,104,251	1,105,331

14 SHARE CAPITAL (CONTINUED)

	£	£
Issued:		
Equity		
"A" ordinary shares of 40 pence each	90,000	90,000
New ordinary shares of 40 pence each	110,000	110,000
	200,000	200,000
Non-equity		
12% "A" cumulative redeemable preference shares of £1 each	1,000,000	1,000,000
Deferred shares of £1 each	104,251	105,331
	1,104,251	1,105,331
	1,304,251	1,305,331

Redemption

The 12% "A" cumulative redeemable preference shares are redeemable at par in equal annual instalments of £250,000 on 30 April in each of the years 1994 to 1997 inclusive. There were insufficient reserves to fund the redemptions due on any of these dates.

The deferred shares became redeemable on 30 October 1991 at a premium of 25 pence per share. During the year the holders of 1,080 shares (1996 1,680 shares) submitted valid claims to have their shares redeemed.

Dividends

The holders of the "A" cumulative redeemable preference shares are entitled to a fixed cumulative preferential dividend at a rate of 12% per annum.

The deferred shares carry no entitlement to dividend.

The holders of the "A" ordinary shares are, prior to any ordinary dividend declared by the directors, entitled to a cumulative preferential dividend of 15% of the net profits of the company. Dividends in arrears at 30 April 1997 are disclosed in note 17. Holders of new ordinary shares are then entitled to a dividend equal to that received by the "A" ordinary shareholders, thereafter both classes are treated as equal in respect of any further distribution of profits.

Voting rights

The holders of the "A" cumulative redeemable preference shares are entitled to receive notice of and to attend general meetings. Where dividends or redemptions are in arrears these shares carry one vote each.

Both class of ordinary share carry one vote each, the deferred shares carry no voting rights.

14 SHARE CAPITAL (CONTINUED)

Priority

On a return of assets to the members, the holders of the "A" cumulative redeemable preference shares are firstly entitled, to be paid £1 per share together with any arrears of dividend calculated to the date of the return of capital.

The holders of "A" ordinary shares are secondly entitled to be paid any arrears of dividend calculated to the date of the return of capital. The holders of "A" ordinary and new ordinary shares are thirdly entitled to £2 per share.

The deferred shareholders are fourthly entitled to the nominal value of £1 plus a premium of 25 pence per share.

Finally, the holders of both classes of ordinary shares jointly participate in any remaining surplus.

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	81,496	6,530
Increase in provision for dividends payable to non-equity shareholders	120,000	120,000
Revaluation of land and buildings	-	(56,578)
Redemption of deferred shares, including premium on redemption	(1,350)	(2,100)
Net increase to shareholders' funds	200,146	67,852
Opening shareholders' funds	2,185,901	2,118,049
Closing shareholders' funds	2,386,047	2,185,901
Shareholders' funds - equity	543,796	480,570
Shareholders' funds - non-equity	1,824,251	1,705,331
	2,386,047	2,185,901

NOTES TO THE ACCOUNTS - 30 APRIL 1997 (CONTINUED)

16 RESERVES

	Share Premium £	Special Capital Reserve £	Revaluation Reserve £	Profit and Loss Account £
At 1 May 1996	129,346	15,925	891,539	(756,240)
Premium on the redemption of deferred shares	-	(270)	-	-
Transfer	-	-	(11,015)	11,015
Profit for the financial year	-	-	-	81,496
At 30 April 1997	129,346	15,655	880,524	(663,729)

The transfer from revaluation reserve to profit and loss account represents depreciation of the revaluation surplus on freehold buildings.

17 COMMITMENTS

The company has the following commitments:

	1997 £	1996 £
Capital expenditure authorised and contracted	45,000	5,500
Redemption of deferred shares at £1.25	130,314	131,664
Foreign currency arrangements	1,300,188	1,393,191
	1,475,502	1,530,355

The company has foreign currency arrangements to cover the cost of future foreign stock purchases.

In addition, the company has dividend arrears on the "A" Ordinary shares of £132,237 (1996 £102,002) (see Note 14 for details of the priority for dividend payments).

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	357,968	285,801
Depreciation	146,229	150,729
Loss/(gain) on sale of tangible fixed assets	4,563	(2,453)
(Increase)/decrease in stocks	(391,234)	24,453
(Increase)/decrease in debtors	(381,241)	115,089
Increase/(decrease) in creditors	759,964	(214,413)
Net cash inflow from operating activities	496,249	359,206

NOTES TO THE ACCOUNTS - 30 APRIL 1997 (CONTINUED)

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
Decrease in cash in the period	(41,618)
Cash outflow from repayment of term loan	260,872
Cash outflow from decrease in lease financing	91,641
Change in net debt resulting from cash flows	310,895
Inception of finance leases	(35,644)
Movement in net debt in the period	275,251
Net debt at 01/05/96	(2,249,859)
Net debt at 30/04/97	(1,974,608)

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 1996 £	Cash Flows £	Other Changes £	At 30 April 1997 £
Cash in hand, at bank	4,126	1,426		5,552
Overdrafts	(1,696,547)	(43,044)		(1,739,591)
	(1,692,421)	(41,618)		(1,734,039)
Debt due within 1 year	(260,872)	130,450		(130,422)
Debt due after 1 year	(130,422)	130,422		-
Finance leases	(166,144)	91,641	(35,644)	(110,147)
	(2,249,859)	310,895	(35,644)	(1,974,608)

21 PENSIONS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The pension cost charge represents contributions payable by the company to the fund and amounted to £35,478 (1996 £38,742). Contributions totalling £215 (1996 £1,333) were payable to the fund at the year end and are included in creditors.

22 OPERATING LEASES

Annual commitments in respect of operating leases which expire:

	1997 £	1996 £
Plant and Machinery		
In two to five years	3,210	1,742
Over five years	-	1,468
Total operating leases	3,210	3,210