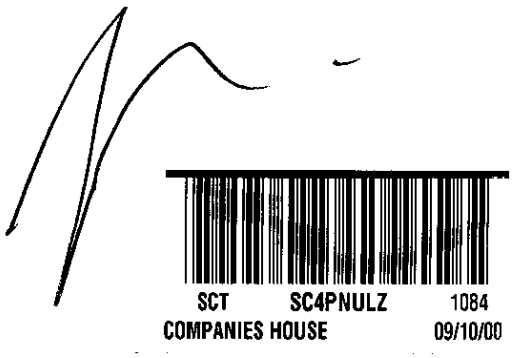
Forth Wines Limited

Directors' report and accounts

for the year ended 30 April 2000

Registered Number SC39321



Forth Wines Limited

Directors' report and accounts

for the year ended 30 April 2000

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Forth Wines Limited

Directors' report for the year ended 30 April 2000

The directors present their report and the audited accounts of the company for the year ended 30 April 2000.

Review of the business
The company's principal activity during the year has continued to be that of wholesale wine and spirit merchants. The company has built a strategic holding of fine wines over the last four years. The value of these stocks has appreciated and the company intends to realise the financial benefit of these holdings in the coming financial year.

The company did not benefit from the widely anticipated increase in the level of operating activity arising from the millennium and consequently inventory is at a level greater than that held in the normal course of business.

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.

Results and dividends
The profit for the year after taxation was £202,514 (1999 - £301,165), from which proposed ordinary and preference share dividends of £132,000 (1999 - £28,537) have been deducted. After deduction of the ordinary and preference dividend £70,514 (1999 - £272,628) was transferred to the Profit and Loss Account Reserve. The closing profit and loss reserve is £421,824, after taking account of an increase in the Capital Redemption Reserve transfer of £100,000 on the redemption of "A" Preference shares and a £11,910 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 and settled during the year in respect of 1,560 shares (1999 - 960 shares). The premium on the redemption was charged against the Special Capital Reserve.

Directors and their interests
The persons who at 30 April 2000 were directors of the company and their interests in the share capital of the company at 1 May 1999, or date of appointment, and 30 April 2000 are given below:

	"A" Cumulative Redeemable Preference Shares		**Ordinary Shares**	
	1 May 1999	**30 April 2000**	1 May 1999	**30 April 2000**
David J Cameron	226,667	**198,333**	213,899	**213,899**
Donald M Campbell	-	**-**	33,333	**33,333**
Nicholas T Harvey-Miller	-	**-**	83,334	**83,334**
Andrew Reilly	-	**-**	-	**-**
Anthony R Wood	-	**-**	-	**-**
Dr Arabella T Woodrow	-	**-**	-	**-**
Michael J Younger	-	**-**	33,333	**33,333**

Directors and their interests (continued)
Mr Cameron's shares are held by Upland Development Limited in which he has a controlling interest.

Dr Arabella T Woodrow was appointed a director on 10 June 1999. Andrew Reilly was appointed a director on 19 October 1999.

William B Marnoch resigned as a director on 16 December 1999. Subsequent to the year end, Nicholas T Harvey-Miller resigned as a director on 12 July 2000.

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 fixed assets during the year are given in Note 7 to the accounts.

Auditors
A resolution to re-appoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By Order of the Board

M J Younger
Secretary

21 August 2000

Auditors' report 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 fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibilities for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

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 at 30 April 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh
21 August 2000

Forth Wines Limited

Profit and loss account for the year ended 30 April 2000

	Notes	2000	1999
		£	£
Turnover	1	**26,817,586**	27,098,674
Cost of sales		**(23,215,035)**	(23,576,511)
Gross profit		**3,602,551**	3,522,163
Distribution costs		**(853,239)**	(835,589)
Administration expenses		**(2,368,045)**	(2,203,905)
		(3,221,284)	(3,039,494)
Operating profit	2	**381,267**	482,669
Interest receivable		**168**	364
Interest payable and similar charges	4	**(178,921)**	(181,868)
Profit on ordinary activities before taxation	2	**202,514**	301,165
Tax on profit on ordinary activities	5	**-**	-
Profit on ordinary activities after taxation		**202,514**	301,165
Dividends proposed	6	**(132,000)**	(28,537)
Profit transferred to reserves	15	**70,514**	272,628

All operations are continuing.

Statement of total recognised gains and losses for the year ended 30 April 2000

	Notes	2000	1999
		£	£
Profit for the financial year		**202,514**	301,165
Revaluation of fixed assets	7	**118,671**	-
Total recognised gains since last annual report		**321,185**	301,165

The notes on pages 8 to 19 form part of these accounts.

Forth Wines Limited

Balance sheet as at 30 April 2000

	Notes	2000	1999
		£	£
Fixed assets			
Tangible assets	7	**1,817,023**	1,740,945
Current assets			
Stocks	8	**3,648,607**	3,300,598
Debtors	9	**3,608,433**	3,751,530
Cash at bank and in hand		**6,619**	8,076
		7,263,659	7,060,204
Creditors: amounts falling due within one year	10	**(6,067,014)**	(5,845,687)
Net current assets		**1,196,645**	1,214,517
Total assets less current liabilities		**3,013,668**	2,955,462
Creditors: amounts falling due after more than one year	11	**(61,413)**	(90,442)
Net assets		**2,952,255**	2,865,020
Capital and reserves			
Called up share capital:			
Equity	13	**400,000**	400,000
Non equity	13	**800,871**	902,431
		1,200,871	1,302,431
Share premium account	15	**169,495**	169,495
Capital redemption reserve	15	**180,000**	80,000
Special capital reserve	15	**14,810**	15,200
Revaluation reserve	15	**965,255**	858,494
Profit and loss account	15	**421,824**	439,400
Shareholders' funds including non equity interests	14	**2,952,255**	2,865,020

The financial statements on pages 4 to 19 were approved by the board of directors on 21 August 2000 and were signed on its behalf by:

Andrew Reilly
Director

The notes on pages 8 to 19 form part of these accounts.

Forth Wines Limited

Cash flow statement for the year ended 30 April 2000

	Note	2000	1999
		£	£
Net cash (outflow)/inflow from operating activities	17	**(292,542)**	503,360
Returns on investment and servicing of finance			
Interest received		**168**	364
Interest paid		**(158,130)**	(186,534)
Interest element of finance lease and hire purchase payments		**(18,788)**	(17,557)
Net cash outflow from returns on investment and servicing of finance		**(176,750)**	(203,727)
Taxation		**-**	-
Capital expenditure			
Purchase of tangible fixed assets		**(172,036)**	(243,878)
Sale of tangible fixed assets		**26,898**	50,342
		(145,138)	(193,536)
Dividends paid			
"A" Preference Dividend		**(64,537)**	-
Ordinary dividend		**(60,000)**	-
		(124,537)	-
Financing			
Subscription for ordinary shares		**-**	100,000
Redemption of "A" preference shares		**(100,000)**	(180,000)
Capital reconstruction expenses		**-**	(19,851)
Redemption of deferred shares		**(1,950)**	(1,200)
Inception of finance lease		**61,594**	127,066
Capital element of finance lease and hire purchase payments		**(89,684)**	(88,329)
		(130,040)	(62,314)
(Decrease)/increase in cash	18	**(869,007)**	43,783

The notes on pages 8 to 19 form part of these accounts.

Forth Wines Limited

Note of historical cost profits and losses for the year ended 30 April 2000

	2000	1999
	£	£
Reported profit transferred to reserves	**70,514**	272,628
Depreciation of the revaluation surplus on freehold buildings	**11,910**	11,016
Historical cost profit transferred to reserves	**82,424**	283,644

The notes on pages 8 to 19 form part of these accounts.

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.

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. Employer's 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.

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.

Notes to the financial statements for the year ended 30 April 2000

1 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.

2 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging		
Depreciation	**181,091**	163,482
Auditors' remuneration		
- audit fees	**17,800**	17,060
- other fees	**5,000**	3,500
Loss on sale of tangible fixed assets	**6,642**	2,598
Operating lease rentals		
- plant and machinery	**3,775**	3,775

3 Employee costs

	2000	1999
	£	£
Wages and salaries	**1,145,867**	1,067,231
Social security costs	**100,959**	100,322
Other pension costs (note 20)	**75,456**	58,989
	1,322,282	1,226,542

The average number of persons employed by the company during the year was 69 (1999 - 68). Other pension costs include a premium of £13,780 (1999 - £13,498) for death in service benefits.

3 Employee costs (continued)

Directors' emoluments, which are included in staff costs, were £305,890 (1999 - £248,260) including taxable benefits but excluding pension contributions. Money purchase pension contributions payable on behalf of four directors (1998 - four directors) amounted to £22,577 (1999 - £15,742). The emoluments of the highest paid director are £111,178 (1999 - £95,670) and includes £12,240 (1999 - £8,599) of contributions to a money purchase pension scheme.

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

4 Interest payable and similar charges

	2000	1999
	£	£
On bank and other borrowings repayable within five years	**160,133**	164,311
On finance leases and hire purchase agreements	**18,788**	17,557
	178,921	181,868

5 Tax on profit on ordinary activities

No taxation has been provided in respect of the current year's activities.

The company has accumulated taxation losses amounting to approximately £359,214 (1999 - £767,618) which are available for offset against future trading profits.

6 Dividends

	2000	1999
	£	£
Equity – ordinary		
Paid in year	**60,000**	-
Non equity – "A" preference		
Paid	**36,000**	-
Proposed	**36,000**	28,537
	132,000	28,537

7 Tangible fixed assets

	Freehold land and buildings	Other assets	Total
	£	£	£
Cost or valuation			
At 1 May 1999	1,400,000	953,109	2,353,109
Additions	-	172,036	172,036
Disposals	-	(80,324)	(80,324)
At 30 April 2000	**1,400,000**	**1,044,821**	**2,444,821**
Accumulated depreciation			
At 1 May 1999	89,046	523,116	612,162
Provision for the year	29,625	151,466	181,091
Transfer to revaluation reserve	(118,671)	-	(118,671)
Disposals	-	(46,784)	(46,784)
At 30 April 2000	**-**	**627,798**	**627,798**
Net book amount			
At 30 April 2000	**1,400,000**	**417,023**	**1,817,023**
At 30 April 1999	1,310,965	429,993	1,740,947

The company's freehold land and buildings were revalued on an open market, existing use, basis at £1,400,000 in July 2000. This valuation is based upon an external professional valuation performed by Graham & Sibbald, Chartered Surveyors, in accordance with the relative paragraphs contained within the RICS Appraisal and Valuation Manual.

7 Tangible fixed assets (continued)

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

	£
Cost or valuation	
At 1 May 1999	394,729
Additions	94,360
Disposals	(68,824)
At 30 April 2000	**420,265**
Accumulated depreciation	
At 1 May 1999	163,265
Provision for the year	92,025
Disposals	(43,536)
At 30 April 2000	**211,754**
Net book amount	
At 30 April 2000	**208,511**
At 30 April 1999	231,464

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

	2000	1999
	£	£
Cost	**711,048**	711,048
Depreciation	**(274,972)**	(258,589)
Net book amount	**436,076**	452,459

8 Stocks

Stocks represent goods held for resale. The replacement cost of certain fine wine stocks held for investment purposes exceeds the balance sheet amount by £100,000. The replacement cost of other stocks does not materially differ from the balance sheet amount.

9 Debtors

	2000	1999
	£	£
Trade debtors	**3,536,671**	3,649,653
Other debtors	**48,922**	78,047
Prepayments	**22,840**	23,831
	3,608,433	3,751,530

10 Creditors – Amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	**3,158,908**	2,291,358
Finance lease and hire purchase obligations	**80,779**	79,840
Trade creditors	**1,612,721**	2,560,149
Taxation and social security	**432,723**	466,606
Other creditors including customs duty	**661,353**	334,022
"A" 9% preference dividend	**36,000**	28,537
Accruals	**84,530**	85,175
	6,067,014	5,845,687

The overdraft is secured against assets of the company.

11 Creditors – Amounts falling due after more than one year

	2000	1999
	£	£
Finance lease and hire purchase obligations	**61,413**	90,442

There are no amounts due after more than five years.

12 Deferred taxation

The potential amount of deferred tax not recognised in the accounts expressed at a corporation tax rate of 20% (1999 - 21%) can be analysed as follows:

	2000	1999
	£	£
Accelerated capital allowances	**(79,300)**	(58,000)
Unutilised tax losses	**(71,850)**	(161,000)
Surplus ACT	**(71,500)**	(72,000)
	(222,650)	(291,000)

No material exposure to deferred taxation would arise on the disposal of land and buildings at the revalued sums. There are no plans for their disposal.

13 Called up share capital

	2000	1999
	£	£
Authorised		
Equity		
Ordinary shares of 40 pence each	**1,000,000**	1,000,000
Non-equity		
9% "A" cumulative redeemable preference shares of £1 each	**700,000**	800,000
Deferred shares of £1 each	**100,871**	102,431
	800,871	902,431
Allotted and fully paid		
Equity		
Ordinary shares of 40 pence each	**400,000**	400,000
Non-equity		
9% "A" cumulative redeemable preference shares of £1 each	**700,000**	800,000
Deferred shares of £1 each	**100,871**	102,431
	800,871	902,431
	1,200,871	1,302,431

13 Called up share capital (continued)

Redemption
The 9% "A" Cumulative Redeemable Preference Shares are redeemable at par in equal annual instalments of £100,000 on 30 April in each of the years 2000 to 2007 inclusive.

The Deferred Shares became redeemable on 30 October 1991 at a premium of 25 pence per share. During the year the holders of 1,560 shares (1999 - 960 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 9% per annum.

Ordinary Shares are entitled to dividends as determined by the Directors, restricted to total dividends being twice covered by post tax profit.

The Deferred Shares carry no entitlement to dividend.

Voting rights
The holders of the "A" Cumulative Redeemable Preference Shares are entitled to receive notice of and to attend general meetings. These shares only carry one vote each where dividends or redemptions are in arrears.

Ordinary Shares carry one vote each, the Deferred Shares carry no voting rights.

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 Ordinary Shares are secondly entitled to be paid £2 per share.

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

Finally, the holders of Ordinary Shares are entitled to any remaining surplus.

14 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	**70,514**	272,628
Subscription for ordinary shares	-	100,000
Redemption of "A" preference shares	**(100,000)**	(180,000)
Revaluation of land and buildings	**118,671**	-
Capital restructuring costs	-	(19,851)
Redemption of deferred shares, including premium on redemption	**(1,950)**	(1,200)
Net increase to shareholders' funds	**87,235**	171,577
Opening shareholders' funds	**2,865,020**	2,693,443
Closing shareholders' funds	**2,952,255**	2,865,020
Shareholders' funds - equity	**2,151,384**	1,962,589
Shareholders' funds - non-equity	**800,871**	902,431
	2,952,255	2,865,020

15 Reserves

	Share premium account	Capital redemption reserve	Special capital reserve	Revaluation reserve	Profit and loss account
	£	£	£	£	£
At 1 May 1999	169,495	80,000	15,200	858,494	439,400
Redemption of 100,000 "A" cumulative preference shares	-	100,000	-	-	(100,000)
Premium on the redemption of deferred shares	-	-	(390)	-	-
Transfer	-	-	-	(11,910)	11,910
Revaluation of land and buildings	-	-	-	118,671	-
Retained profit for the financial year	-	-	-	-	70,514
At 30 April 2000	**169,495**	**180,000**	**14,810**	**965,255**	**421,824**

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

16 Commitments

The company has the following commitments:

	2000	1999
	£	£
Redemption of deferred shares at £1.25	**126,088**	128,039
Foreign currency arrangements	**1,703,920**	1,130,770
	1,830,008	1,258,809

The company has a policy of hedging its foreign currency commitments. Consequently it has foreign currency arrangements to cover the cost of settling existing currency accounts and those arising on future foreign stock purchases.

17 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2000	1999
	£	£
Operating profit	**381,267**	482,669
Depreciation	**181,091**	163,482
Loss on sale of tangible fixed assets	**6,642**	2,598
Increase in stocks	**(348,009)**	(515,222)
Decrease in debtors	**143,097**	77,985
(Decrease)/increase in creditors	**(656,630)**	291,848
Net cash (outflow)/inflow from continuing operations	**(292,542)**	503,360

18 Reconciliation of net cash flow to movement in net debt

	£
Decrease in cash in the year	**(869,007)**
Cash outflow from decrease in lease financing	89,684
Change in net debt resulting from cash flows	(779,323)
Inception of finance leases	(61,594)
Movement in net debt in the year	**(840,917)**
Net debt at 1 May 1999	(2,453,564)
Net debt at 30 April 2000	**(3,294,481)**

19 Analysis of changes in net debt

	At 1 May 1999	Cash flow	Acquisition	Other non cash changes	At 30 April 2000
	£	£	£	£	£
Cash at bank and in hand	8,076	(1,457)	-	-	**6,619**
Overdrafts	(2,291,358)	(867,550)	-	-	**(3,158,908)**
	(2,283,282)	(869,007)	-	-	**(3,152,289)**
Finance leases due within 1 year	(79,840)	79,840	-	(80,779)	**(80,779)**
Finance leases due after 1 year	(90,442)	9,844	(61,594)	80,779	**(61,413)**
	(2,453,564)	(779,323)	(61,594)	-	**(3,294,481)**

Non-cash charges comprise transfers between categories of finance lease.

20 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 £52,716 (1999 - £45,491). Contributions totalling £3,916 (1998 - £2,708) were payable to the fund at the year end and are included in creditors.

21 Operating leases

Annual commitments in respect of operating leases which expire:

	2000	1999
	£	£
Plant and machinery		
In two to five years	**3,775**	3,775
Total operating leases	**3,775**	3,775