

COMPASS BOX UNEXPECTED AND DELICIOUS TASTING
GRACE WHISKY LIMITED

DIRECTOR'S REPORT

205193

The director presents his annual report with the financial statements of the company for the period ending 30 June 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company in the period under review was manufacturing distilled potable alcoholic drinks.

The company was incorporated on 17 March 2000 and commenced trading on 26 October 2000.

REVIEW OF THE BUSINESS

In the first financial reporting period, a net loss was fully anticipated. The money invested in the company during this period was viewed as investment to scope the potential of the business concept. The response to the concept from trade and consumers was overwhelmingly positive. Given this positive response, we anticipate significantly stronger financial results going forward.

DIRECTOR AND HIS INTERESTS

The director in office in the period and his beneficial interest in the company at the balance sheet date (or on appointment if later) were as follows:

		Number of Shares
		2001
J R Glaser	Ordinary shares	1

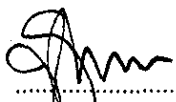
AUDITORS

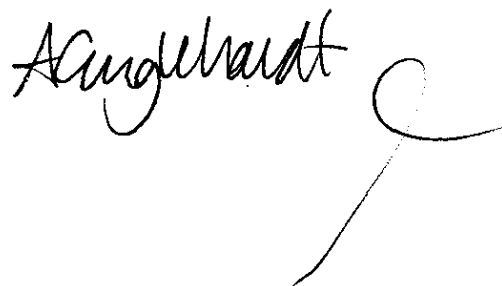
The company is entitled to the exemption conferred by section 249A of the Companies Act 1985 from the requirement to have its accounts audited. At the annual general meeting no resolution will be put to the members for the appointment of auditors.

SMALL COMPANY EXEMPTIONS

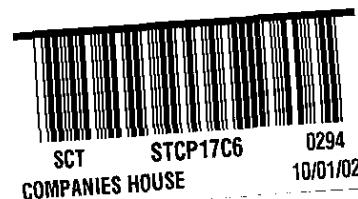
This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board:


.....
J R Glaser
Director



Approved by the board: November 2001



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PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDING 30 JUNE 2001

	Notes	£	2001 £
TURNOVER			10,660
Raw materials and consumables			5,522
			5,138
Depreciation		5,517	
Other operating charges		25,527	
			31,044
OPERATING LOSS	2		(25,906)
Interest payable and similar charges	3		(2)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(25,908)
LOSS FOR THE FINANCIAL PERIOD			(25,908)

The notes on pages 5 to 7 form part of these financial statements.

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BALANCE SHEET
AT 30 JUNE 2001

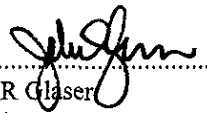
	Notes	£	2001 £
FIXED ASSETS			
Tangible assets	4		7,509
CURRENT ASSETS			
Stocks		15,916	
Debtors	5	3,120	
Cash at bank and in hand		340	
		<u>19,376</u>	
CREDITORS: amounts falling due within one year	6	<u>4,169</u>	
NET CURRENT ASSETS			<u>15,207</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,716</u>
CREDITORS: amounts falling due after more than one year	7		<u>(48,623)</u>
NET LIABILITIES			<u>(25,907)</u>
CAPITAL AND RESERVES			
Called up share capital	8		1
Profit and loss account	9		<u>(25,908)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>(25,907)</u>

The director has taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirms that no notice has been deposited under section 249B(2) of the Companies Act 1985. The director acknowledges his responsibilities for ensuring that:

- i) The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- ii) The financial statements give a true and fair view of the state of affairs of the company as at 30 June 2001 and of its profit or loss for the period then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved on November 2001
and signed by:

X 
J R Glaser
Director

The notes on pages 5 to 7 form part of these financial statements.

COMPASS BOX UNEXPECTED AND DELICIOUS TASTING
GRACE WHISKY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

(b) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

(c) Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Office equipment, fixtures and fittings	25% per annum reducing balance
Design costs	33.33% per annum reducing balance

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

2. OPERATING LOSS

Operating loss is stated:	2001 £
After charging:	
Depreciation of fixed assets	5,517

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £
On bank loans and overdrafts	2

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30 JUNE 2001

4. TANGIBLE FIXED ASSETS

**Plant and
machinery
etc.**

£

Cost:

Additions

13,026

Depreciation:

Charge for period

5,517

Net book value:

At 30 June 2001

7,509

5. DEBTORS

2001

£

Trade debtors

2,167

Other debtors

953

3,120

6. CREDITORS: amounts falling due within one year

2001

£

Other creditors

4,169

7. CREDITORS: amounts falling due after more than one year

2001

£

Director's loan account

28,129

Other loans

20,494

48,623

8. SHARE CAPITAL

2001

£

Authorised:

1,000 Ordinary shares of £1

1,000

Allotted, called up and fully paid:

1 Ordinary shares of £1 each

1

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30 JUNE 2001

9. PROFIT AND LOSS ACCOUNT

	2001
	£
Loss for the period	(25,908)
Accumulated losses at 30 June 2001	<u>(25,908)</u>

10. RELATED PARTY DISCLOSURES

For the whole period, the company was under the control of Mr J R Glaser, the sole shareholder and director of the company.