

Company Registration No. SC220179 (Scotland)

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2002



THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

COMPANY INFORMATION

Directors
Alexander Bulloch (Appointed 4 July 2001)
Carol Anne Bulloch (Appointed 4 July 2001)
Henry J Jagielko (Appointed 4 July 2001)
Alexander Reynolds (Appointed 4 July 2001)

Secretary Henry J Jagielko

Company number SC220179

Registered office
7 Laigh Road
Catrine
Ayrshire
KA5 6SQ

Auditors
Wylie & Bisset
135 Buchanan Street
Glasgow
G1 2JH

Business address
Viewfield Park
Viewfield Road
Coatbridge
ML5 5QS

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 8

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2002

The directors present their report and financial statements for the period ended 31 July 2002.

Principal activities

The company was incorporated on 13 June 2001 to carry on the principal activity of blending and bottling fruit squashes and other drinks.

Directors

The following directors have held office since 1 July 2001:

Alexander Bulloch	(Appointed 4 July 2001)
Carol Anne Bulloch	(Appointed 4 July 2001)
Gerard W Dunn	(Appointed 4 July 2001 and resigned 19 July 2002)
Henry J Jagielko	(Appointed 4 July 2001)
Iain Martin	(Appointed 4 July 2001 and resigned 19 July 2002)
Alexander Reynolds	(Appointed 4 July 2001)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary £1 shares of £ 1 each	
	31 July 2002	1 July 2001
Alexander Bulloch	5,000	-
Carol Anne Bulloch	5,000	-
Henry J Jagielko	5,000	-
Alexander Reynolds	5,000	-

Auditors

Wylie & Bisset were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE PERIOD ENDED 31 JULY 2002**

Directors' responsibilities

Company law requires the directors 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 directors are 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 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 financial statements 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.

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

On behalf of the board



Carol Anne Bulloch

Director

7 November 2003

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

We have audited the financial statements of THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED on pages 4 to 8 for the period ended 31 July 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone 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 directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are 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 directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read the directors' 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 directors 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosure made in the financial statements in note 1.1 concerning the insolvency of the company and the commitment of the holding company to provide financial support. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Wylie & Bisset

Wylie & Bisset
Chartered Accountants
Registered Auditor

7 November 2003
135 Buchanan Street
Glasgow
G1 2JH

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 JULY 2002

	Notes	2002 £
Turnover		1,256,516
Cost of sales		(785,593)
Gross profit		<u>470,923</u>
Administrative expenses		(816,128)
Operating loss	2	<u>(345,205)</u>
Interest payable and similar charges		(1,164)
Loss on ordinary activities before taxation		<u>(346,369)</u>
Tax on loss on ordinary activities	3	(75,359)
Loss on ordinary activities after taxation	9	<u><u>(421,728)</u></u>

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

BALANCE SHEET AS AT 31 JULY 2002

	Notes	2002 £	£
Fixed assets			
Tangible assets	4		1,342,972
Current assets			
Stocks		335,242	
Debtors	5	629,665	
Cash at bank and in hand		100,392	
		1,065,299	
Creditors: amounts falling due within one year	6	(1,704,640)	
Net current liabilities			(639,341)
Total assets less current liabilities			703,631
Creditors: amounts falling due after more than one year	7		(950,000)
Provisions for liabilities and charges			(75,359)
			(321,728)
Capital and reserves			
Called up share capital	8		100,000
Profit and loss account	9		(421,728)
Shareholders' funds			(321,728)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 7 November 2003



Henry J Jagielko
Director

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company, although insolvent, meets its day to day working capital requirements through an overdraft facility and the support of the holding company. On the basis of the assurances from the directors of the holding company that they will continue to support the company, the directors consider that the company will continue to have sufficient resources to meet its day to day obligations. The directors, therefore, consider it appropriate to prepare financial statements on the going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of the support of the holding company and/or the withdrawal of the overdraft facility.

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15 years straight line
Fixtures, fittings & equipment	4 years straight line
Motor vehicles	4 years straight line

2 Operating loss

2002

£

Operating loss is stated after charging:

Depreciation of tangible assets	34,398
Auditors' remuneration	5,000
Directors' emoluments	2,791

3 Taxation

2002

Current tax charge

-

Deferred tax

Deferred tax charge/credit current year

75,359

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2002

4 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2001	-	-	-	-
Additions	1,344,270	9,593	30,495	1,384,358
At 31 July 2002	1,344,270	9,593	30,495	1,384,358
Depreciation				
At 1 July 2001	-	-	-	-
Charge for the period	32,000	2,398	6,988	41,386
At 31 July 2002	32,000	2,398	6,988	41,386
Net book value				
At 31 July 2002	1,312,270	7,195	23,507	1,342,972

5 Debtors

2002
£

Trade debtors	279,643
Other debtors	350,022
	<u>629,665</u>

6 Creditors: amounts falling due within one year

2002
£

Trade creditors	616,951
Taxation and social security	6,956
Other creditors	1,080,733
	<u>1,704,640</u>

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2002

7 Creditors: amounts falling due after more than one year 2002 £

Amount due to group undertaking	950,000
---------------------------------	---------

Analysis of loans

Not wholly repayable within five years other than by instalments	950,000
--	---------

8 Share capital 2002 £

Authorised

1,000,000 Ordinary £1 shares of £ 1 each	1,000,000
--	-----------

Allotted, called up and fully paid

100,000 Ordinary £1 shares of £ 1 each	100,000
--	---------

During the year 100,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide working capital.

9 Statement of movements on profit and loss account

**Profit and
loss
account
£**

Retained loss for the period	(421,728)
------------------------------	-----------

10 Control

The ultimate controlling party is Loch Lomond Distillers Limited being the holder of 75% of the issued share capital.

11 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

The following transactions took place during the period between the company and Glen Catrine Bonded Warehouse Company Limited with which the company is related under the terms of a cross guarantee given for banking purposes :-

Purchase of goods £1,221,067 : balances due £403,667 (trade creditors), £1,041,285 (other creditors)

Sale of goods £137,654 : balance due £137,654.