

Company Registration No. 220179 (Scotland)

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004



THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

COMPANY INFORMATION

Directors	Alexander Bulloch Carol Anne Bulloch Henry J Jagielko
Secretary	Henry J Jagielko
Company number	220179
Registered office	7 Laigh Road Catrine Ayrshire KA5 6SQ
Auditors	Wylie & Bisset 168 Bath Street Glasgow G2 4TP
Business address	Viewfield Park Viewfield Road Coatbridge ML5 5QS

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

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THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2004

The directors present their report and financial statements for the year ended 31 July 2004.

Principal activities

The principal activity of the company continued to be the blending and bottling of fruit squashes and other drinks.

Directors

The following directors have held office since 1 August 2003:

Alexander Bulloch
Carol Anne Bulloch
Henry J Jagielko

Directors' interests

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

	Ordinary £1 shares of £ 1 each	
	31 July 2004	1 August 2003
Alexander Bulloch	5,000	5,000
Carol Anne Bulloch	5,000	5,000
Henry J Jagielko	5,000	5,000

Henry J Jagielko also has a non beneficial holding of 5,000 shares. Carol Anne Bulloch holds 30,000 Ordinary Shares in the parent company, Loch Lomond Distillers Limited.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Wylie & Bisset be reappointed as auditors of the company will be put to the Annual General Meeting.

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

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

29 July 2005

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 5 to 10 for the year ended 31 July 2004. 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

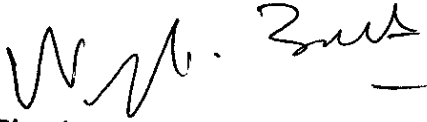
In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements in note 1.1 concerning the insolvency of the company and the commitment of the holding company to continue to provide financial support. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Wylie & Bisset

29 July 2005

Chartered Accountants
Registered Auditor

168 Bath Street
Glasgow
G2 4TP

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2004

	Notes	2004 £	2003 £
Turnover		1,355,692	1,339,141
Cost of sales		(931,153)	(921,840)
Gross profit		424,539	417,301
Administrative expenses		(1,095,165)	(1,025,105)
Other operating income		44,030	-
Operating loss	2	(626,596)	(607,804)
Interest payable and similar charges		-	(343)
Loss on ordinary activities before taxation		(626,596)	(608,147)
Tax on loss on ordinary activities	3	30,745	(55,257)
Loss on ordinary activities after taxation	10	(595,851)	(663,404)

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

BALANCE SHEET AS AT 31 JULY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	4		1,272,904		1,367,637
Current assets					
Stocks		342,577		363,815	
Debtors	5	303,150		582,525	
Cash at bank and in hand		29,803		88,876	
		<u>675,530</u>		<u>1,035,216</u>	
Creditors: amounts falling due within one year	6	<u>(1,479,548)</u>		<u>(1,757,370)</u>	
Net current liabilities			<u>(804,018)</u>		<u>(722,154)</u>
Total assets less current liabilities			468,886		645,483
Creditors: amounts falling due after more than one year	7		(1,950,000)		(1,500,000)
Provisions for liabilities and charges	8		<u>(99,871)</u>		<u>(130,616)</u>
			<u>(1,580,985)</u>		<u>(985,133)</u>
Capital and reserves					
Called up share capital	9		100,000		100,000
Profit and loss account	10		<u>(1,680,985)</u>		<u>(1,085,133)</u>
Shareholders' funds			<u>(1,580,985)</u>		<u>(985,133)</u>

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 29 July 2005



Henry J Jagielko
Director

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

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 Balance Sheet at 31 July 2004 shows net current liabilities of £804,018 (2003:£722,154) and net liabilities of £1,580,985 (2003:£985,133). The company meets its day to day working capital requirements through 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.

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

1.4 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.5 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2	Operating loss	2004	2003
		£	£
	Operating loss is stated after charging:		
	Depreciation of tangible assets	113,103	111,513
	Auditors' remuneration	5,500	6,544
		<u> </u>	<u> </u>
3	Taxation	2004	2003
		£	£
	Deferred tax		
	Deferred tax charge/credit current year	(30,745)	55,257
		<u> </u>	<u> </u>

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

4 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2003	1,463,249	9,593	47,695	1,520,537
Additions	18,370	-	-	18,370
	<u>1,481,619</u>	<u>9,593</u>	<u>47,695</u>	<u>1,538,907</u>
At 31 July 2004	1,481,619	9,593	47,695	1,538,907
Depreciation				
At 1 August 2003	129,550	4,796	18,554	152,900
Charge for the year	98,781	2,398	11,924	113,103
	<u>228,331</u>	<u>7,194</u>	<u>30,478</u>	<u>266,003</u>
At 31 July 2004	228,331	7,194	30,478	266,003
Net book value				
At 31 July 2004	<u>1,253,288</u>	<u>2,399</u>	<u>17,217</u>	<u>1,272,904</u>
At 31 July 2003	<u>1,333,698</u>	<u>4,797</u>	<u>29,142</u>	<u>1,367,637</u>

5 Debtors	2004 £	2003 £
Trade debtors	252,493	508,107
Other debtors	50,657	74,418
	<u>303,150</u>	<u>582,525</u>

6 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	372,639	646,002
Taxation and social security	16,569	35,461
Other creditors	1,090,340	1,075,907
	<u>1,479,548</u>	<u>1,757,370</u>

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

7	Creditors: amounts falling due after more than one year	2004 £	2003 £
	Amount due to group undertaking	1,950,000	1,500,000

Analysis of loans

Not wholly repayable within five years other than by instalments	1,950,000	1,500,000
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8 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 August 2003	130,616
Profit and loss account	(30,745)
Balance at 31 July 2004	99,871

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	119,501	130,616
Tax losses available	(19,630)	-
	99,871	130,616

9	Share capital	2004 £	2003 £
	Authorised		
	1,000,000 Ordinary £1 shares of £1 each	1,000,000	1,000,000
	Allotted, called up and fully paid		
	100,000 Ordinary £1 shares of £1 each	100,000	100,000

THE NATURAL FRUIT & BEVERAGE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2003	(1,085,134)
Retained loss for the year	<u>(595,851)</u>
Balance at 31 July 2004	<u><u>(1,680,985)</u></u>

11 Control

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

12 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 by reason of directors and operational interests in common :-

Purchase of goods £335,974 (2003: £1,774,267) : balances due £104,060 (2003 :£732,982) included within trade creditors, £1,041,285 (2003 :£1,041,285) included within other creditors.

Sale of goods £22,182 (2003:£20,580) : balance due £22,182 (2003:£20,580) included within other debtors. Balance due within trade debtors £nil (2003:£161,743).