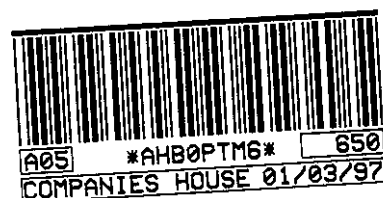


Mayor Sworder & Company Limited

Directors' report and financial statements

For the year ended 1 September 1996

Registered number 109632



Mayor Swarder & Company Limited

Directors' report and financial statements

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Mayor Sworder & Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 1 September 1996.

Principal activities

The principal activity of the company is that of wine, spirit and cigar merchants. From 4 September 1995 the business, assets and liabilities were transferred to J T Davies & Sons Limited, the immediate parent company, at net book value.

Results and dividends

The results for the year are given in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (*five months ended 3 September 1995: £nil*).

Fixed assets

Changes in the fixed assets of the company are shown in note 9 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

M A T Davies
M Challis
M T Everett

None of the directors had any interest in the share capital of the company at the beginning or at the end of the period.

The interests of the directors in the shares of both the immediate parent company, J T Davies & Sons Limited and the ultimate parent company, M A T Davies Holdings Limited, are shown in the financial statements of those companies.

Mayor Swarder & Company Limited

Directors' report

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M Challis
Director

7 Aberdeen Road
Croydon
Surrey
CR0 1EQ

14th January 1997

Mayor Swarder & Company Limited

Statement of 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Mayor Sworder & Company Limited

Report of the auditors to the members of Mayor Sworder & Company Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1 September 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
London
Chartered Accountants
Registered Auditors

14 January 1997

Mayor Swarder & Company Limited

Profit and loss account

for the year ended 1 September 1996

| | Notes | 1 September 1996 | | 5 months ended 3 September 1995 | |
|---|-------|------------------|-------|------------------------------------|---|
| | | £ | £ | £ | £ |
| Turnover | 2 | - | - | 2,004,165 | |
| Other operating income | 4 | - | - | 7,182 | |
| | | | ----- | ----- | |
| | | | - | 2,011,347 | |
| Purchases | | - | - | (1,642,078) | |
| | | | ----- | ----- | |
| Gross profit | | - | - | 369,269 | |
| Staff costs | 5 | - | - | 218,012 | |
| Depreciation | | - | - | 13,319 | |
| Other operating costs | | - | - | 232,507 | |
| Interest payable | 7 | - | - | 8,419 | |
| | | ----- | ----- | ----- | |
| | | | - | (472,257) | |
| | | | ----- | ----- | |
| Loss on ordinary activities before taxation | 6 | - | - | (102,988) | |
| Taxation on loss on ordinary activities | 8 | - | - | (272) | |
| | | | ----- | ----- | |
| Loss after taxation for the financial period | | - | - | (103,260) | |
| | | | ----- | ----- | |

There have been no recognised gains or losses other than those recognised above.

Mayor Sworder & Company Limited

Balance sheet

at 1 September 1996

| | Notes | 1 September 1996 £ | 3 September 1995 £ |
|---|--------|-----------------------|-----------------------|
| Tangible fixed assets | 9 | - | 35,067 |
| Current assets | | | |
| Debtors | 10 | 52,794 | 1,106,618 |
| Cash at bank and in hand | | - | 1,005 |
| | | <u>52,794</u> | <u>1,107,623</u> |
| Creditors: amounts falling due within one year | 11 | - | (1,089,896) |
| | | <u>-----</u> | <u>-----</u> |
| Net current assets | | <u>52,794</u> | <u>17,727</u> |
| | | <u>-----</u> | <u>-----</u> |
| Total assets less current liabilities | | <u>52,794</u> | <u>52,794</u> |
| | | <u>=====</u> | <u>=====</u> |
| Capital and reserves | | | |
| Called up share capital | 12, 13 | 8,750 | 8,750 |
| Profit and loss account | | 44,044 | 44,044 |
| | | <u>-----</u> | <u>-----</u> |
| Equity shareholders' funds | | <u>52,794</u> | <u>52,794</u> |
| | | <u>=====</u> | <u>=====</u> |

These financial statements were approved by the board of directors on
signed on its behalf by:

January 1997 and were

M A T Davies
Director

M Challis
Director

Mayor Swarder & Company Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash Flow Statement

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking and a consolidated cashflow is prepared by the ultimate parent company.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing difference between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Depreciation

Depreciation of fixed assets has been provided on the basis of writing off cost or valuation less estimated residual value over their expected useful lives, as follows:

| | | |
|-----------------------|---|----------------------------|
| Leasehold property | - | 10 years straight line |
| Fixtures and fittings | - | 25% on reducing balance |
| Motor vehicles | - | 4 or 5 years straight line |
| Office equipment | - | 4 years straight line |

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Leased assets and obligations

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Turnover

Turnover represents amounts invoices to customers, net of value added tax. All is derived from within the United Kingdom.

Mayor Swarder & Company Limited

Notes (continued)

3 Loss on ordinary activities before taxation is stated after charging

| | 1 September 1996 £ | 5 months ended 3 September 1995 £ |
|-------------------------------|-----------------------|---|
| Depreciation | - | 13,319 |
| Permanent diminution in value | - | 62,567 |
| Auditors' remuneration | - | 1,000 |
| | ===== | ===== |

4 Other operating income

| | 1 September 1996 £ | 5 months ended 3 September 1995 £ |
|-----------------|-----------------------|---|
| Rent receivable | - | 7,182 |
| | ===== | ===== |

5 Staff costs

| | 1 September 1996 £ | 5 months ended 3 September 1995 £ |
|-----------------------|-----------------------|---|
| Salaries and wages | - | 183,247 |
| Social security costs | - | 17,788 |
| Other pension costs | - | 16,977 |
| | ----- | ----- |
| | - | 218,012 |
| | ===== | ===== |

The average number of persons employed by the company (including directors) during the year/period year analysed by category was as follows:

| | 1 September 1996 | 5 months ended 3 September 1995 |
|-----------------------|------------------|------------------------------------|
| Office and management | - | 21 |
| Cellar staff | - | 10 |
| | ----- | ----- |
| | - | 31 |
| | ===== | ===== |

Mayor Swarder & Company Limited

Notes (continued)

6 Directors

| | 1 September 1996 £ | 5 months ended 3 September 1995 £ |
|---|-----------------------|---|
| <i>Remuneration of directors</i> | | |
| Emoluments (including pension contributions and benefits in kind) | - | 62,438 |
| | ===== | ===== |

The remuneration disclosed above (excluding pension contributions and benefits in kind) includes amounts paid to:

| | | |
|---------------------------|-------|--------|
| The highest paid director | - | 18,605 |
| Chairman | - | - |
| | ===== | ===== |

The other directors' emoluments (excluding pension contributions) fell within the ranges:

| | No | No |
|-------------------|-------|-------|
| £0 - £5,000 | 3 | |
| £5,001 - £10,000 | - | 3 |
| £10,001 - £15,000 | - | 1 |
| £15,001 - £20,000 | - | 1 |
| | ===== | ===== |

7 Interest payable

| | 1 September 1996 £ | 5 months ended 3 September 1995 £ |
|--|-----------------------|---|
| Bank overdraft | - | 4,818 |
| Hire purchase and finance lease interest | - | 3,601 |
| | ----- | ----- |
| | - | 8,419 |
| | ===== | ===== |

Mayor Sworder & Company Limited

Notes (continued)

8 Taxation

| | 1 September 1996 £ | 5 months ended 3 September 1995 £ |
|---|-----------------------|---|
| Based on the loss for the year including exceptional items: | | |
| UK Corporation tax at 25% (five months ended 3 September 1995: 25%) | - ----- | 272 ----- |

9 Tangible fixed assets

| | Leasehold property £ | Fixtures and fittings £ | Motor vehicles £ | Office equipment £ | Total £ |
|---|----------------------------|-------------------------------|------------------------|--------------------------|-----------------|
| Cost | | | | | |
| At 4 September 1995 | 75,179 | 27,824 | 92,625 | 45,211 | 240,839 |
| Transfer to J T Davies & Sons Limited | (75,179) | (27,824) | (92,625) | (45,211) | (240,839) |
| | ----- | ----- | ----- | ----- | ----- |
| At 1 September 1996 | - ===== | - ===== | - ===== | - ===== | - ===== |
| Depreciation | | | | | |
| At 4 September 1995 | 75,179 | 27,824 | 57,558 | 45,211 | 205,772 |
| Transfer to J T Davies & Sons Limited | (75,179) | (27,824) | (57,558) | (45,211) | (205,772) |
| | ----- | ----- | ----- | ----- | ----- |
| At 1 September 1996 | - ===== | - ===== | - ===== | - ===== | - ===== |
| Net Book Value | | | | | |
| At 1 September 1996 | - ===== | - ===== | - ===== | - ===== | - ===== |
| At 3 September 1995 | - ===== | - ===== | 35,067 ===== | - ===== | 35,067 ===== |

The motor vehicles were financed entirely by hire purchase contracts and finance leases. All contracts were repaid during the five month period ended 3 September 1995.

Mayor Sworder & Company Limited

Notes (continued)

10 Debtors

| | 1 September 1996 £ | 3 September 1995 £ |
|---|-----------------------|-----------------------|
| Trade debtors | - | 441,673 |
| Other debtors | - | 1,801 |
| Prepayments and accrued income | - | 25,697 |
| Corporation tax recoverable | - | 3,670 |
| Amount owed by J T Davies & Sons Limited | 52,794 | 633,777 |
| | <u>52,794</u> | <u>1,106,618</u> |
| | ===== | ===== |

11 Creditors: amounts falling due within one year

| | 1 September 1996 £ | 3 September 1995 £ |
|---------------------------------------|-----------------------|-----------------------|
| Bank loans and overdrafts | - | 76,155 |
| Trade creditors | - | 620,278 |
| Amounts owed to group undertakings | - | 182,234 |
| Corporation tax | - | 5,540 |
| Other taxes and social security costs | - | 167,828 |
| Accruals and deferred income | - | 37,861 |
| | <u>-</u> | <u>1,089,896</u> |
| | ===== | ===== |

The bank borrowings were secured by a mortgage debenture over the company's leasehold property.

Mayor Sworder & Company Limited

Notes (continued)

12 Share capital

| | 1 September 1996 £ | 3 September 1995 £ |
|---|-----------------------|-----------------------|
| <i>Authorised</i> | | |
| 8,000 ordinary shares of £2.50 each | <u>20,000</u> | <u>20,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 3,500 ordinary shares of £2.50 each | <u>8,750</u> | <u>8,750</u> |

13 Reconciliation of movements in shareholders' funds

| | 1 September 1996 £ | 3 September 1995 £ |
|--|-----------------------|-----------------------|
| Result/(loss) for the year/period | <u>-</u> | <u>(103,260)</u> |
| Net decrease in shareholders' funds | - | (103,260) |
| Opening shareholders' funds | <u>52,794</u> | <u>156,054</u> |
| Closing shareholders' funds | <u>52,794</u> | <u>52,794</u> |

14 Contingent liabilities

The company has given an unlimited guarantee in favour of the immediate parent company, Mayor Sworder Holdings Limited and a guarantee in favour of HM Customs & Excise of £nil (five months ended 3 September 1995: £150,000) in respect of deferred duty.

15 Ultimate parent company and immediate parent company

The company is consolidated in the accounts of J T Davies & Sons Limited which is incorporated and registered in England and Wales.

J T Davies & Sons Limited is a subsidiary undertaking of M A T Davies Holdings Limited, incorporated and registered in England and Wales.

The consolidated accounts of J T Davies & Sons Limited and M A T Davies Holdings Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.