

STATUTORY ACCOUNTS

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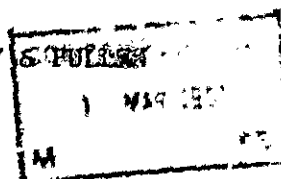
HALEWOOD VINTNERS LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST JANUARY 1990

ROSEYON RHODES
Chartered Accountants

Internationally
DUNWOODY ROBSON McGLADREY & PARTNERS



HALEWOOD VINTNERS LIMITED

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HALEWOOD VINTNERS LIMITED

COMPANY INFORMATION

| | |
|-------------------|---|
| Directors | J. E. Halewood (Chairman and Managing Director) Mrs. E.M. Halewood R. V. Rishworth |
| Secretary | Mrs. A.M. Halewood |
| Registered office | The Sovereign Winery Roberttown Lane Roberttown LIVERSEDGE West Yorkshire WF15 7LL |
| Auditors | Robson Rhodes Chartered Accountants St. George House 40 Great George Street LEEDS West Yorkshire LS1 3DQ |
| Bankers | Lloyds Bank plc 94 Fishergate PRESTON Lancashire PR1 2JB |

HALEWOOD VINTNERS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31st January 1990.

PRINCIPAL ACTIVITIES

The company trades as shippers and bottlers of wines and spirits.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's activities have expanded during the year through the purchase of a bottling plant at Kirkby, Liverpool, and the setting up of a winery at its premises at Roberttown.

Turnover has increased by 30% and margins have been improved but increased borrowings, increased interest rates, depreciating sterling and additional overheads have combined to give a reduced level of profit.

The directors are optimistic about the prospects for the new year.

RESULTS AND DIVIDEND

The profit for the year is disclosed on page 5.

The directors do not recommend the payment of a dividend and the retained profit for the year of £165,904 is transferred to revenue reserves.

FIXED ASSETS

The movements in tangible assets during the year are detailed in note 7 to the financial statements.

The principal additions in the year have been the acquisition of the leasehold premises and fixed assets of a bottling company in Kirkby, Liverpool and the setting up of a Winery at its premises at Roberttown. The premises in Kirkby were revalued on acquisition and the resultant surplus was transferred to revaluation reserves.

DIRECTORS

The directors who held office at the date of this report are stated on page 1. Both held office throughout the year. The director retiring by rotation is Mrs. E.M. Halewood, who, being eligible, offers herself for re-election. Mr R V Rishworth was appointed on the 3rd September 1990 and retires in accordance with the Articles of Association. Being eligible, he offers himself for re-election.

HALEWOOD VINTNERS LIMITED

REPORT OF THE DIRECTORS
(Continued)

DIRECTORS (Continued)

The directors' interests in the ordinary shares of the company, as defined by the Companies Act 1985, were as follows:

| | 31st January 1990 | 31st January 1989 |
|---------------------|-------------------|-------------------|
| J. E. Halewood | 90,000 | 90,000 |
| Mrs. E. M. Halewood | 10,000 | 10,000 |

AUDITORS

The auditors, Robson Rhodes, have indicated their willingness to remain in office and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

Registered office:

On behalf of the Board

The Sovereign Winery
Roberttown Lane
Roberttown
LIVERSEDGE
West Yorkshire WF15 7LL

19th October 1990

Secretary



HALEWOOD VINTNERS LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF HALEWOOD VINTNERS LIMITED

We have audited the financial statements on pages 5 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st January 1990 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. George House
40 Great George Street
LEEDS
West Yorkshire LS1 3DQ

Robson Rhodes

19th October 1990

Chartered Accountants

HALEWOOD VINTNERS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1990

| | <u>Note</u> | <u>1990</u> £ | <u>1989</u> £ |
|--|-------------|---------------------|---------------------|
| TURNOVER | 2 | 25,425,393 | 19,560,339 |
| Cost of sales | | <u>(22,790,939)</u> | <u>(17,742,105)</u> |
| GROSS PROFIT 10.36% (1989 - 9.30%) | | 2,634,454 | 1,818,234 |
| Selling, warehousing and distribution costs | | (1,729,704) | (1,057,964) |
| Administration expenses | | <u>(357,727)</u> | <u>(234,865)</u> |
| OPERATING PROFIT | 3 | 547,023 | 525,405 |
| Interest receivable | | 1,457 | 1,162 |
| Interest payable | 5 | (306,147) | (135,741) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>242,333</u> | <u>390,826</u> |
| Tax on profit on ordinary activities | 6 | (76,429) | (135,359) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 15 | <u>£ 165,904</u> | <u>£ 255,467</u> |

The notes on pages 8 to 14 form part of these financial statements

HALEWOOD VINTNERS LIMITED
BALANCE SHEET - 31ST JANUARY 1990

| | Note | 1990 £ | 1989 £ |
|--|------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 1,530,841 | 996,574 |
| Investments | 8 | 44,631 | 44,631 |
| | | <u>1,575,472</u> | <u>1,041,205</u> |
| CURRENT ASSETS | | | |
| Stocks | 9 | 2,041,828 | 1,533,886 |
| Debtors | 10 | 3,885,014 | 2,191,329 |
| Cash in hand | | 2,472 | 991 |
| | | <u>5,929,314</u> | <u>3,726,206</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 11 | (5,392,123) | (3,285,545) |
| NET CURRENT ASSETS | | <u>537,191</u> | <u>440,661</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,112,663 | 1,481,866 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 12 | (625,198) | (274,612) |
| PROVISION FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 13 | (31,000) | (16,693) |
| | | <u>£ 1,456,465</u> | <u>£ 1,190,561</u> |
| CAPITAL AND RESERVES | | | |
| CALLED UP SHARE CAPITAL | 14 | 100,000 | 100,000 |
| RESERVES | | | |
| Revaluation reserve | 15 | 454,453 | 354,453 |
| Profit and loss account | 15 | 902,012 | 736,108 |
| SHAREHOLDERS' FUNDS | | <u>£ 1,456,465</u> | <u>£ 1,190,561</u> |

Approved by the Board of Directors on 19th October 1990

John Halewood *E.M. Halewood*

The notes on pages 8 to 14 form part of these financial statements

HALEWOOD VINTNERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST JANUARY 1990

| | <u>1990</u> £ | <u>1989</u> £ |
|---|--------------------|-------------------|
| SOURCE OF FUNDS | | |
| Profit from ordinary activities before taxation | 242,333 | 390,826 |
| Adjustment for items not involving the movement of funds: | | |
| Depreciation | 116,762 | 83,427 |
| Profit on sale of tangible fixed assets | (3,968) | (814) |
| FUNDS GENERATED FROM OPERATIONS | <u>355,127</u> | <u>473,439</u> |
| OTHER SOURCES | | |
| Bank loan | 400,000 | - |
| Sale of tangible fixed assets | 42,950 | 19,689 |
| TOTAL FUNDS GENERATED | <u>798,077</u> | <u>493,128</u> |
| APPLICATION OF FUNDS | | |
| Bank loan repayments | 22,853 | 14,111 |
| Purchase of tangible fixed assets | 590,011 | 254,657 |
| Purchase of investments | - | 292 |
| Hire purchase - net | 11,436 | 4,060 |
| Corporation tax | 87,609 | 66,003 |
| Transfer of current element of bank loan to working capital | 15,125 | - |
| | <u>727,034</u> | <u>339,123</u> |
| INCREASE IN WORKING CAPITAL | <u>£ 71,043</u> | <u>£ 154,005</u> |
| COMPRISING: | | |
| Increase in current assets: | | |
| Stock | 507,942 | 821,148 |
| Debtors | 1,693,685 | 164,097 |
| Increase in current liabilities: | | |
| Creditors | (674,107) | (51,714) |
| Movement in net liquid funds | <u>(1,456,477)</u> | <u>(779,526)</u> |
| | <u>£ 71,043</u> | <u>£ 154,005</u> |

The notes on pages 8 to 14 form part of these financial statements

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 1990

1. ACCOUNTING POLICIES

(a) Convention

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of properties. The principal accounting policies which the directors have adopted within that convention are set out below.

(b) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:-

| | |
|-----------------------|-------------------------|
| Freehold buildings | 1% on cost or valuation |
| Leasehold buildings | Over lease period |
| Fixtures and fittings | 20%/25% on cost |
| Plant and machinery | 10%/15%/20% on cost |
| Motor vehicles | 25% on cost |

During the year the rate of depreciation used in respect of certain items of fixtures and fittings was increased from 15% to 20%.

(c) Stocks

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

Cost includes any expenses incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less further costs of disposal.

(d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

(e) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

(f) Capital grants

Capital government grants received are treated as a deferred credit and released to the profit and loss account over the expected useful life of the assets to which they relate.

2. TURNOVER

Turnover comprises sales to customers less discounts and allowances and is net of value added tax.

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1990 (continued)

| 3. | OPERATING PROFIT | 1990 £ | 1989 £ |
|----|---|-----------|-----------|
| | Operating profit is arrived at after charging/(crediting): | | |
| | Auditors' remuneration | 10,000 | 8,000 |
| | Depreciation of tangible fixed assets | 116,672 | 83,427 |
| | Loss/(profit) on exchange movements | 22,619 | (76,407) |
| | Operating lease rentals - motor vehicles | 48,666 | 15,854 |
| | Hire of plant and machinery | 17,941 | 8,422 |
| | Directors' emoluments: Management remuneration | 68,763 | 61,779 |
| | Emoluments excluding pension contributions: Chairman (and highest paid director) | 63,763 | 57,336 |
| | Number of other directors whose emoluments fall within the bands stated: £0 - £5,000 | No. 1 | No. 1 |
| 4. | STAFF COSTS | £ | £ |
| | Wages and salaries | 654,982 | 412,544 |
| | Social security costs | 72,474 | 40,565 |
| | Pensions | 14,056 | 8,190 |
| | | 741,512 | 461,299 |
| | The average weekly number of employees during the year was made up as follows: | | |
| | Administration | 18 | 11 |
| | Selling | 15 | 16 |
| | Warehouse and distribution | 40 | 12 |
| | | 73 | 39 |
| 5. | INTEREST PAYABLE | £ | £ |
| | Bank overdraft | 210,853 | 86,428 |
| | Hire purchase interest | 9,216 | 10,410 |
| | Interest on loan not wholly repayable within five years | 80,725 | 36,302 |
| | Interest on trade debt | 4,062 | 2,601 |
| | Other interest | 1,291 | - |
| | | 306,147 | 135,741 |

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1990 (continued)

6.

TAX ON PROFIT ON ORDINARY ACTIVITIES

1990

1989

£

£

Based on the profit for the year:

Corporation tax at 29.1 % (1989: 34.34%)

63,000

136,003

Overprovision in prior year

(878)

(1,956)

Deferred taxation at 35% (note 13)

14,307

1,312

76,429

135,359

7.

TANGIBLE FIXED ASSETS

Cost/
Valuation

Depreciation

Net
Book Value

£

£

£

Freehold property:

At 1st February 1989

650,000

-

650,000

Additions

39,278

-

39,278

Charge for the year

-

4,617

(4,617)

At 31st January 1990

689,278

4,617

684,661

Long leasehold property:

Additions

166,107

-

166,107

Surplus on revaluation

100,000

-

100,000

Charge for the year

-

3,196

(3,196)

At 31st January 1990

266,107

3,196

262,911

Fixtures and Fittings:

At 1st February 1989

122,223

32,903

89,320

Additions

65,295

-

65,295

Disposals

(5,204)

(3,541)

(1,663)

Charge for the year

-

31,856

(31,856)

At 31st January 1990

182,314

61,218

121,096

Plant and machinery:

At 1st February 1989

155,054

37,596

117,458

Additions

256,182

-

256,182

Charge for the year

-

24,522

(24,522)

At 31st January 1990

411,236

62,118

349,118

Motor vehicles:

At 1st February 1989

232,058

92,262

139,796

Additions

63,149

-

63,149

Disposals

(64,467)

(27,148)

(37,319)

Charge for the year

-

52,571

(52,571)

At 31st January 1990

230,740

117,685

113,055

Totals:

At 31st January 1990

1,779,675

248,834

1,530,841

At 31st January 1989

1,159,335

162,761

996,574

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1990 (continued)

7. TANGIBLE FIXED ASSETS (Continued)

The company's leasehold property was valued on 21st April 1989 by Sykes Waterhouse, Commercial Property Consultants on the basis of open market value with vacant possession.

| | <u>1990</u> £ | <u>1989</u> £ |
|------------------------------|------------------|------------------|
| Freehold property is stated: | | |
| Valuation 1989 | 650,000 | 650,000 |
| Cost | 39,278 | - |
| | <u>689,278</u> | <u>650,000</u> |

The comparable amounts for freehold property, if stated under the historical cost convention, would be:

| | <u>1990</u> £ | <u>1989</u> £ |
|---------------------------------|------------------|------------------|
| Cost | 338,314 | 299,036 |
| Depreciation | (6,596) | (3,489) |
| Net book values at 31st January | <u>331,718</u> | <u>295,547</u> |
| Leasehold property is stated: | | |
| At valuation | 260,000 | - |
| Cost | 6,107 | - |
| | <u>266,107</u> | <u>-</u> |

The comparable amounts for leasehold property, if stated under the historical cost convention would be:

| | <u>1990</u> £ | <u>1989</u> £ |
|---------------------------------|------------------|------------------|
| Cost | 166,107 | - |
| Depreciation | (1,995) | - |
| Net book values at 31st January | <u>164,112</u> | <u>-</u> |

8. INVESTMENTS

| | <u>Quoted</u> <u>Investments</u> £ | <u>Subsidiary</u> <u>Company</u> £ | <u>Race</u> <u>Horses</u> £ | <u>Total</u> £ |
|--|--|--|-----------------------------------|-------------------|
| Cost: | | | | |
| At 1st February 1989 and at 31st January 1990 | <u>622</u> | <u>6,259</u> | <u>37,750</u> | <u>44,631</u> |
| | | | <u>1990</u> £ | <u>1989</u> £ |
| Market value - quoted | | | <u>400</u> | <u>489</u> |

The company owns the entire ordinary share capital of Charlie Richards Limited which is incorporated in England. The company has not traded in the year and therefore consolidated financial statements have not been prepared.

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1990 (continued)

| 9. | STOCKS | <u>1990</u> £ | <u>1989</u> £ |
|----|------------------|------------------|------------------|
| | Raw materials | 118,643 | - |
| | Consumables | 145,783 | 32,121 |
| | Work in progress | 80,443 | - |
| | Goods for resale | 1,696,957 | 1,501,765 |
| | | <u>2,041,828</u> | <u>1,533,886</u> |

The directors consider that the replacement cost of the company's stocks is not materially different to the book value.

| 10. | DEBTORS | <u>1990</u> £ | <u>1989</u> £ |
|-----|---------------|------------------|------------------|
| | Trade debtors | 3,814,948 | 2,134,541 |
| | Other debtors | 48,458 | 35,664 |
| | Prepayments | 21,608 | 21,124 |
| | | <u>3,885,014</u> | <u>2,191,329</u> |

| 11. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
|-----|---|------------------|------------------|
| | Corporation tax | 108,873 | 134,359 |
| | Hire purchase finance | 21,887 | 53,860 |
| | Trade creditors | 2,328,352 | 1,785,537 |
| | Other taxes and social security costs | 876,435 | 509,089 |
| | Other creditors | 26,888 | 623 |
| | Accruals | 174,486 | 104,833 |
| | Bank balances | 1,823,689 | 681,278 |
| | Bank loans - current element | 31,513 | 15,966 |
| | | <u>5,392,123</u> | <u>3,285,545</u> |

The bank borrowings are secured by a fixed charge over the company's freehold and leasehold properties and book debts and a floating charge over all other assets of the company.

| 12. | CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | <u>1990</u> £ | <u>1989</u> £ |
|-----|--|------------------|------------------|
| | Bank business loan | 249,598 | 262,551 |
| | Bank term loan | 374,975 | - |
| | Hire purchase finance | 625 | 12,061 |
| | | <u>625,198</u> | <u>274,612</u> |

The bank business loan is repayable over nine years by equal monthly instalments, terminating in 1997, at a rate of interest of 2 1/4% above the Lloyds Bank plc base rate.

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1990 (continued)

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

The business term loan is repayable over ten years by equal monthly instalments, terminating in 1999, at a rate of interest of 2 1/2% above the Lloyds Bank plc base rate.

The bank loans are secured by fixed charges over the company's freehold and leasehold properties and book debts and a floating charge over all other assets of the company.

Hire purchase agreements are at variable rates of interest. Payments are made monthly and under the terms of the present agreements the liability will be cleared by March 1991.

| | <u>1990</u> £ | <u>1989</u> £ |
|---|------------------|------------------|
| Amounts falling due for repayment after five years: | | |
| Bank business loan | 148,998 | 169,323 |
| Bank term loan | 279,796 | - |
| | <u>428,794</u> | <u>169,323</u> |

13. DEFERRED TAXATION

| | | |
|---|---------------|---------------|
| At 1st February 1989 | 16,693 | 15,381 |
| Profit and loss account: Charge for the year | <u>14,307</u> | <u>1,312</u> |
| At 31st January 1990 | <u>31,000</u> | <u>16,693</u> |

Full provision has been made for deferred taxation. The deferred taxation balance represents:

| | <u>1990</u> £ | <u>1989</u> £ |
|--------------------------------|------------------|------------------|
| Accelerated capital allowances | 31,000 | 16,482 |
| Short term timing differences | - | 211 |
| | <u>31,000</u> | <u>16,693</u> |

The provision for deferred taxation does not include any liability relating to the surplus on the property valuations. It is anticipated that no tax liability would arise on the disposal of the property at its revalued amount, due to the expected reliefs for investing in replacement assets.

HALEWOOD VINTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 1990 (continued)

| | | | |
|-----|--|------------------|------------------|
| 14. | SHARE CAPITAL | <u>1990</u> | <u>1989</u> |
| | | £ | £ |
| | Authorised: | | |
| | Ordinary shares of £1 each | <u>250,000</u> | <u>250,000</u> |
| | Issued and fully paid: | | |
| | Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| 15. | RESERVES | | |
| | Revaluation reserve: | | |
| | At 1st February 1989 | 354,453 | 215,253 |
| | Surplus on revaluation of property | <u>100,000</u> | <u>139,200</u> |
| | At 31st January 1990 | <u>454,453</u> | <u>354,453</u> |
| | Profit and loss account: | | |
| | At 1st February 1989 | 736,108 | 480,641 |
| | Retained profit for the year | <u>165,904</u> | <u>255,467</u> |
| | At 31st January 1990 | <u>902,012</u> | <u>736,108</u> |
| | Total | <u>1,356,465</u> | <u>1,090,561</u> |
| 16. | COMMITMENTS | | |
| | CAPITAL | | |
| | Contracted | £ Nil | £ 22,000 |
| | Authorised by the directors but not contracted for | £ Nil | £ 6,524 |

LEASES

The annual commitment under operating leases for motor vehicles is £18,025 (1989: £12,319). The leases expire between two and five years.