



MAZARS

Report & Financial Statements

For the year ended 31 December 2002

Patriarche Pere et Fils Limited

Registered Number: 1541232



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PATRIARCHE PERE ET FILS LIMITED

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COMPANY INFORMATION

DIRECTORS: J Boisseaux
MY Macia

SECRETARY: Reed Smith Corporate Services Limited

REGISTERED OFFICE: Minerva House
Montague Close
LONDON
SE1 9BB

REGISTERED NUMBER: 1541232 England

AUDITORS: Mazars
24 Bevis Marks
LONDON
EC3A 7NR

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continues to be the sale of international wines. The directors are pleased with the results for the year and are confident that the current year will result in a profit. The retained profit for the year amounted to £90,858 (2001 restated: £156,016) which is taken to profit and loss account. A dividend of £240,000 is proposed (2001 - £140,000).

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report are shown on page 1. According to the register of directors' interests, none of the directors had any beneficial interests in the share capital of the company at the end of the year.

PRIOR YEAR ADJUSTMENT

Financial Reporting Standard 19 "Deferred Taxation" was implemented for the first time in 2002. As this represents a change in accounting policy, prior year figures have been restated, as described in note 1.

AUDITORS

On 1 September 2002 our auditors, Mazars Neville Russell, changed their name to Mazars. A resolution to re-appoint Mazars as auditors will be proposed at the forthcoming annual general meeting.

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:

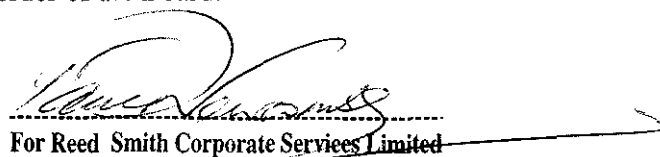
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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.

By order of the Board.



For Reed Smith Corporate Services Limited

Reed Smith Corporate Services Limited
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PATRIARCHE PERE & FILS LIMITED

We have audited the financial statements for the year ended 31 December 2002 which comprise the profit and loss account, balance sheet, cash flow statement and related notes. These financial statements have been prepared 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 auditors' 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 opinion we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities 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 misstatement within it. Our responsibilities do not extend to any other information.

Basis of audit 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 affairs of the company as at 31 December 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars

MAZARS

CHARTERED ACCOUNTANTS

and Registered Auditors

24 Bevis Marks

LONDON EC3A 7NR

15 August 2003

PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2002**

	Notes	2002 £	2001 as restated £
TURNOVER		7,133,246	6,682,982
Cost of sales		<u>(6,036,817)</u>	<u>(5,651,990)</u>
GROSS PROFIT		1,096,429	1,030,992
Administrative expenses		<u>(642,635)</u>	<u>(644,737)</u>
OPERATING PROFIT		453,794	386,255
Interest receivable and similar income	5	22,617	9,493
Interest payable and similar charges	6	<u>(836)</u>	<u>(1,546)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	475,575	394,202
Tax on profit on ordinary activities	7	<u>(144,717)</u>	<u>(98,186)</u>
PROFIT FOR THE FINANCIAL YEAR		330,858	296,016
Dividend	9	<u>(240,000)</u>	<u>(140,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	<u>£90,858</u>	<u>£156,016</u>

The operating profit arises solely from continuing operations.

The notes on pages 9 to 19 form part of the financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2002

	2002	2001
	£	as restated
		£
Profit for the financial year	90,858	156,016
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	90,858	£156,016
		<hr/>
Prior year adjustment (note 8)	17,284	
	<hr/>	
Total gains and losses recognised since last annual report	£108,142	
	<hr/>	

BALANCE SHEET as at 31 December 2002

	Notes	2002 £	2001 as restated £
FIXED ASSETS			
Intangible fixed assets	10	4,885	2,175
Tangible assets	11	9,595	16,046
		<u>14,480</u>	<u>18,221</u>
CURRENT ASSETS			
Stocks		746,347	521,818
Debtors	12	1,971,714	2,127,263
Cash at bank and in hand		760,426	718,582
		<u>3,478,487</u>	<u>3,367,663</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(2,486,982)</u>	<u>(2,470,757)</u>
NET CURRENT ASSETS		<u>991,505</u>	<u>896,906</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,005,985</u>	<u>915,127</u>
NET ASSETS		<u>£1,005,985</u>	<u>£915,127</u>
CAPITAL AND RESERVES			
Called up share capital	15	50,000	50,000
Profit and loss account	17	955,985	865,127
		<u>£1,005,985</u>	<u>£915,127</u>
EQUITY SHAREHOLDERS' FUNDS	17	<u>£1,005,985</u>	<u>£915,127</u>

The financial statements on pages 5 to 19 were approved by the directors on

31 July 2003

J Boisseaux
M Y Macia



The notes on pages 9 to 19 form part of the financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	20	<u>295,574</u>	<u>789,485</u>
Returns on investments and servicing of finance	21	21,781	7,947
Taxation	21	(127,810)	(159,315)
Capital expenditure	21	(9,201)	(6,925)
Sales proceeds		1,500	-
Equity dividends paid		<u>(140,000)</u>	<u>(140,000)</u>
Cash inflow/(outflow) before use of liquid resources and financing		41,844	491,192
Financing		<u>-</u>	<u>-</u>
Increase/(decrease) in cash		<u>£41,844</u>	<u>£491,192</u>
Reconciliation of net cash flow to movement in net funds	22		
Increase/(decrease) in cash		<u>41,844</u>	<u>491,192</u>
Movement in net funds in the period		41,844	491,192
Net funds at 1 January		<u>718,582</u>	<u>227,390</u>
Net funds at 31 December		<u>£760,426</u>	<u>£718,582</u>

The notes on pages 9 to 19 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002

1. ACCOUNTING POLICIES

The principal accounting policies of the company are set out below. The policies remain unchanged from the previous year.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting period is the year from 1 January 2002 to 31 December 2002.

TURNOVER

Turnover represents the invoiced value of goods sold stated net of value added tax.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account.

OPERATING LEASES

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

PENSION COSTS

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held independently of the company by insurance companies.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost less estimated residual value of all fixed assets on straight line bases over their expected useful lives:

Motor Vehicles	- 4 years
Fixtures and fittings	- 5 years
Computers	- 3 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002 (continued)

1. ACCOUNTING POLICIES (continued)

INTANGIBLE FIXED ASSETS

Intangible assets comprise costs incurred in relation to trade marks registered by the company.

These are recorded at cost and amortised through the profit and loss account in equal instalments over the estimated useful life of 3 years.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for slow moving and defective stocks.

DEFERRED TAXATION

The company has adopted in the year Financial Reporting Standard 19 on deferred tax. This has resulted in a prior year adjustment as described in note 8. The charge for taxation is based on the profit for the year and takes into account in full taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

RELATED PARTY TRANSACTIONS

Related party transactions have not been disclosed as the Company has taken advantage of the exemption within FRS 8. (The company is a wholly owned subsidiary whose results are included in its parent's consolidated accounts, which are available to the public).

2. SEGMENTAL INFORMATION

The geographical analysis of turnover by destination is as follows:

	2002 £	2001 £
United Kingdom	6,734,246	5,950,982
Europe	178,000	338,000
Rest of World	221,000	394,000
	<u>£7,133,246</u>	<u>£6,682,982</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

3. OPERATING PROFIT	2002	2001
	£	£
Profit on ordinary activities before taxation		
Is stated after charging/(crediting):		
Auditors' remuneration for audit work	10,000	10,000
Operating leases – land and building	26,592	26,689
Operating leases – other	9,468	12,303
Net exchange (gain)/loss on revaluation of foreign currency assets and liabilities	(208,078)	(262,521)

4. EMPLOYEE INFORMATION	2002	2001
	£	£
Wages and salaries	368,213	329,833
Social security costs	39,756	35,092
Other pension costs	5,000	4,500
	<u>£412,969</u>	<u>£369,425</u>

Included in total staff costs is £Nil (2001 - £Nil) in respect of directors' remuneration.

The average number of persons employed by the company during the year was:	2002	2001
	Number	Number
Sales	5	4
Administration	5	5
	<u>10</u>	<u>9</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME	2002	2001
	£	£
Bank deposit interest	<u>£22,617</u>	<u>£9,493</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

6. INTEREST PAYABLE AND SIMILAR CHARGES	2002	2001
	£	£
Interest payable on bank loans and overdrafts	<u>£836</u>	<u>£1,546</u>
7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2002	2001
	£	£
(a) Analysis of charge in the period		
Current taxation		
- UK corporation tax charge for the year	149,567	128,000
- Adjustments in respect of prior years	<u>(2,535)</u>	<u>(27,705)</u>
Total current tax charge	147,032	100,295
Deferred taxation		
Origination and reversal of timing differences	<u>(2,315)</u>	<u>(2,109)</u>
Total deferred tax	<u>(2,315)</u>	<u>(2,109)</u>
Tax on profit on ordinary activities	<u>£144,717</u>	<u>£98,186</u>

(b) Factors affecting charge for the period

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual current tax charge for the current and previous year differed from the standard rate for the reasons set out in the following reconciliation.

	2002	2001
	£'000	£'000
Profit on ordinary activities before tax	475,575	394,202
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	142,673	118,261
Effects of:		
Expenses not deductible for tax purposes	4,580	7,630
Timing differences	2,315	2,109
Corporation tax prior year adjustment	<u>(2,535)</u>	<u>(27,705)</u>
Current tax rate for the year	<u>147,032</u>	<u>100,295</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(c) Factors that may affect future tax charges

Deferred tax assets are expected to reverse in the foreseeable future.

8. PRIOR YEAR ADJUSTMENT

In preparing these financial statements, the company has adopted Financial Reporting Standard 19, Deferred Taxation. This has resulted in a change in accounting policy in relation to deferred taxation.

As a result, comparative figures for the year ended 31 December 2001 have been restated as follows:

	Profit for financial year £	Net assets £
As previously reported at 31 December 2001	153,907	897,843
Effect of adoption of FRS19	2,109	17,284
	<hr/>	<hr/>
As restated at 31 December 2001	<u>£156,016</u>	<u>£915,127</u>

The current year profit was increased by £2,315 following the change in policy.

9. DIVIDEND

	2002 £	2001 £
Dividend proposed	<u>240,000</u>	<u>£140,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

10. INTANGIBLE FIXED ASSETS

	Trade marks £	Total £
COST		
At 1 January 2002	2,175	2,175
Additions	4,900	4,900
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2002	7,075	7,075
	<hr/>	<hr/>
DEPRECIATION		
At 1 January 2002	-	-
Charge for the year	2,190	2,190
Depreciation on disposals	-	-
	<hr/>	<hr/>
At 31 December 2002	2,190	2,190
	<hr/>	<hr/>
NET BOOK VALUE		
At 31 December 2002	£4,885	£4,885
	<hr/>	<hr/>
NET BOOK VALUE		
At 1 January 2002	£2,175	£2,175
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

11. TANGIBLE FIXED ASSETS	Computer equipment £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1 January 2002	34,855	7,411	7,950	50,216
Additions	4,084	217	-	4,301
Disposals	(3,072)	-	(7,950)	(11,022)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	35,867	7,628	-	43,495
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 January 2002	22,549	7,171	4,450	34,170
Charge for the year	7,095	157	-	7,252
Depreciation on disposals	(3,072)	-	(4,450)	(7,522)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	26,572	7,328	-	33,900
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 December 2002	£9,295	£300	-	£9,595
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 1 January 2002	£12,306	£240	£3,500	£16,046
	<hr/>	<hr/>	<hr/>	<hr/>

12. DEBTORS	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	1,725,842	1,736,717
Amount owed by Group undertakings	28,348	-
Deferred tax asset	19,599	17,284
Other debtors	197,925	366,129
Prepayments and accrued income	-	7,133
	<hr/>	<hr/>
	£1,971,714	£2,127,263
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2002 £	2001 £
Trade creditors	1,434,058	1,652,179
Amounts owed to group undertakings	258,049	232,993
Corporation tax payable	118,907	99,685
Taxation and social security	71,644	79,419
Accruals and deferred income	364,324	266,481
Dividend proposed	240,000	140,000
	<u>£2,486,982</u>	<u>£2,470,757</u>

Amounts owed to group undertakings relates to Patriarche Pere & Fils SA in respect of goods supplied by them.

14. DEFERRED TAXATION

Deferred tax assets recognised in the financial statements are as follows:

	2002 £	2001 as restated £
Accelerated capital allowances	3,185	2,431
Other timing differences	16,414	14,853
	<u>19,599</u>	<u>17,284</u>
Deferred tax asset at 1 January 2002	-	
Deferred tax credit taken to statement of total recognised gains and losses	17,284	
Deferred tax credit in profit and loss account	2,315	
	<u>£19,599</u>	

15. CALLED UP SHARE CAPITAL	2002 £	2001 £
Authorised 100,000 ordinary shares of £1	<u>£100,000</u>	<u>£100,000</u>
Allotted, called up and fully paid 50,000 ordinary shares of £1	<u>£50,000</u>	<u>£50,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

16. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,000 (2001: £4,500). At 31 December 2002 contributions amounting to £5,000 (2001: £4,500) were payable to the fund and are included in creditors.

17. SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account as restated £	Total 2002 £	Total 2001 as restated £
At 1 January 2002	50,000	915,127	965,127	759,111
Retained profit for the year	-	90,858	90,858	156,016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2002	<u>£50,000</u>	<u>£955,985</u>	<u>£1,005,985</u>	<u>£915,127</u>

18. CAPITAL COMMITMENTS

At the end of the year there were no capital commitments contracted for (2001 - £Nil).

19. FINANCIAL COMMITMENTS

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
Expiry date:	2002 £	2001 £	2002 £	2001 £
Within one year	-	-	-	-
Between two and five years	<u>£25,168</u>	<u>£26,592</u>	<u>£9,636</u>	<u>£5,792</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

**20. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING
ACTIVITIES**

	2002 £	2001 £
Operating profit	453,794	386,255
Depreciation	9,442	9,621
Loss on disposal of fixed assets	2,000	450
Movement in working capital		
- Stocks	(224,529)	151,450
- Debtors	157,864	(230,134)
- Creditors	(102,997)	471,843
	<u>£295,574</u>	<u>£789,485</u>

21. GROSS CASH FLOWS

	2002 £	2001 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	22,617	9,493
Interest paid	(836)	(1,546)
	<u>£21,781</u>	<u>£7,947</u>
TAXATION		
UK corporation tax paid	<u>£127,810</u>	<u>£159,315</u>
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	<u>£9,201</u>	<u>£6,925</u>

**22. ANALYSIS OF CHANGES IN
NET FUNDS**

	At 1 January 2002 £	Cash flows £	At 31 December 2002 £
Cash at bank and in hand	<u>718,582</u>	<u>41,844</u>	<u>760,426</u>
Total	<u>£718,582</u>	<u>£41,844</u>	<u>£760,426</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2002 (continued)

23. CONTROLLING PARTIES

The immediate parent company is Sodigap Limited incorporated in the United Kingdom. The results of the company are consolidated in Patriarche Pere et Fils SA the smallest parent undertaking preparing consolidated accounts. Copies of the accounts are available from 5 rue du college, 21200 Beaune, France.

The ultimate parent undertaking is Beaunoise de Financement et Participation SA, incorporated in France, which is the largest undertaking preparing consolidated accounts. Ultimate control rests with M Boisseaux interests.