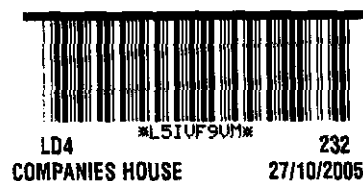


Promoting Responsible Drinking

The Portman Group
(Registered Number 2184853)

Directors' Report and Financial Statements

31 December 2004



7-10 Chandos Street, Cavendish Square, London W1G 9DQ Registered office

Tel: 020 7907 3700 Fax: 020 7907 3710

info@portmangroup.org.uk www.portmangroup.org.uk

Registered in England & Wales No. 2184853 A company limited by guarantee.

The Portman Group

Directors' Report for the Year Ended 31 December 2004

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2004.

Directors

The following served as directors during the year ended 31 December 2004:

PMR Kendall	(resigned 31 May 2005)
CJM Searle	
S Camillane	(resigned 6 July 2005)
PC Duffy	(resigned 6 July 2005)
J Dunsmore	
L Fellman	(appointed 1 September 2004)
DC Goulding	(resigned 20 April 2005)
A Levett	(appointed 1 September 2004) (resigned 8 July 2005)
A Morgan	(appointed 20 April 2005)
C Povey	(appointed 11 February 2004) (resigned 1 September 2004)
J-M YM Spriet	(appointed 6 July 2005)
P S Swinburn	(appointed 6 July 2005)
JG Woods	(appointed 1 April 2004)

Secretary

JM Sarll

Guarantee

The Company is limited by guarantee and had nine guarantors at 31 December 2004. Each guarantee is for £1.

Results

The profit for the year after taxation amounted to £ 78,294 (2003: loss of £ 23,305) and has been transferred to reserves.

Review of the business and future developments

The Company is pleased with the progress The Portman Group has made in developing programmes to encourage sensible drinking, to help prevent alcohol misuse, and to foster a *balanced understanding of alcohol-related issues*. The emphasis has been on public education campaigns to promote responsible drinking and on encouraging social responsibility within the industry. The Portman Group has continued to commission and fund research and evaluations of its work

The Directors are satisfied that Ms J Coussins, the chief executive, and her staff are effectively putting into practice the strategy laid down by the council.

The Portman Group

Directors' Report for the Year Ended 31 December 2004 (Continued)

Statement of Directors' responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 10 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

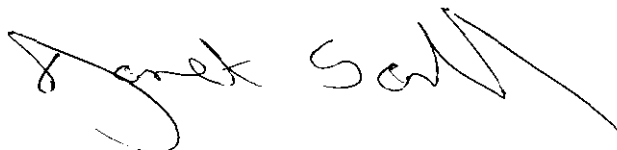
The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J M Sarll', is written over a horizontal line.

J M Sarll
Secretary
12 October 2005

The Portman Group

Independent auditors' report to the members of The Portman Group

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only (insert as applicable: the directors' report, the chairman's statement, and the operating and financial review).

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 company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
12 October 2005

The Portman Group

Profit and Loss Account for the Year Ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Membership fees and other income	3	2,016,230	1,838,501
Sponsorship		-	77,450
Grants and donations		87,001	12,818
Operating expenses	4	(2,028,135)	(1,963,334)
Operating profit/(loss)		75,096	(34,565)
Interest receivable		6,798	5,960
Profit/(loss) on ordinary activities before taxation		81,894	(28,605)
Taxation credit on loss on ordinary activities	6	(3,600)	5,300
Retained profit/(loss) for the financial year	10	78,294	(23,305)

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All of the company's activities are continuing.

The movement on reserves is shown in note 10 to the financial statements.

The notes on pages 7 to 10 form part of these financial statements.

The Portman Group

Balance Sheet at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	33,756	24,274
Current assets			
Debtors	8	219,485	144,931
Cash at bank and in hand		582,275	550,585
		801,760	695,516
Creditors - amounts falling due within one year	9	(904,226)	(866,794)
Net current liabilities		(102,466)	(171,278)
Total assets less current liabilities		(68,710)	(147,004)
Represented by:			
Profit and loss account	10	(68,710)	(147,004)

Approved by the Board on 12 October 2005

Director



The notes on pages 7 to 10 form part of these financial statements.

The Portman Group

Reconciliation of Movement in Shareholders' Funds

	31 December 2004 £	31 December 2003 £
Profit (Loss) for the financial year	78,294	(23,305)
Net increase (reduction) in shareholders' funds	78,294	(23,305)
Opening shareholders' funds	(147,004)	(123,699)
Closing shareholders' funds	(68,710)	(147,004)

The Portman Group

Notes to the Financial Statements – 31 December 2004

1 Financial support

The guarantors have undertaken to provide financial assistance to the Company to enable it to meet its obligations as they fall due for the foreseeable future.

2 Statement of accounting policies

Basis of accounting

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

Income

Income comprises membership fees, sponsorship and grants & donations. Membership fees represent the invoiced value of membership charges billed to the members of The Portman Group. These fees are recognised in full in the profit and loss account during the period to which they relate.

Sponsorship represents additional amounts received from the guarantors and other third parties for specific projects. It is recognised in full in the profit and loss account during the year in which it is received.

Depreciation

Depreciation is provided on fixtures and fittings and office machinery on a straight line basis at a rate of 33% of initial cost per annum. Depreciation is provided on the website on a straight line basis at a rate of 50% of initial cost per annum.

Deferred Taxation

Tax deferred or accelerated as a result of timing differences is accounted for in full, except that deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Pensions

The company pension scheme is a defined contribution scheme. The scheme's funds are administered by trustees and are maintained as trust funds, independent of the company's finances. The profit and loss account charge is the contribution payable for the period.

3 Membership fees

Membership fees arise in the United Kingdom and are shown net of value added tax.

The Portman Group

Notes to the Financial Statements – 31 December 2004 (continued)

4 Operating expenses

	2004 £	2003 £
Auditor's remuneration - for audit services	3,867	3,800
- for non-audit services	1,000	950
Depreciation	44,079	24,597
Operating lease payments – Land and Buildings	131,383	133,659
Donations to The Portman Group Trust	20,713	17,592

5 Staff costs

The average number of persons employed by the company, including Directors, during the year was 14 (2003:12). The Directors received no emoluments in respect of their services to the Company during the year.

	2004 £	2003 £
Wages and salaries	580,545	565,453
Social security costs	57,417	56,679
Other pension costs (see note 12)	50,095	41,46
	688,057	663,594

6 Taxation

	2004 £	2003 £
United Kingdom Corporation tax	3,600	(5,300)

The tax credit for the year is not the same as the standard rate of corporation tax in the UK (10 per cent, determined by the size of the company). The differences are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	81,894	(28,605)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2003: 10%)	15,560	(2,861)
Effects of:		
Expenses not deductible for tax purposes	694	373
Accelerated capital allowances and other timing differences	(2,913)	(2,812)
Losses utilized	(9,741)	-
Current tax for the year	3,600	(5,300)

The Portman Group

Notes to the Financial Statements – 31 December 2004 (continued)

7 Fixed assets

	Fixtures & fittings £	Office machinery £	Website £	Total £
Cost				
At 1 January 2004	135,246	65,184	24,045	224,475
Additions	6,244	7,215	40,102	53,561
Disposals	(7,314)	(11,757)		(19,071)
At 31 December 2004	134,176	60,642	64,147	258,965
Accumulated depreciation				
At 1 January 2004	134,435	53,744	12,022	200,201
Charge for the year	2,486	9,518	32,075	44,079
Disposals	(7,314)	(11,757)		(19,071)
At 31 December 2004	129,607	51,505	44,097	225,209
Net book amount				
31 December 2004	4,569	9,137	44,097	33,756
31 December 2003	811	11,440	12,023	24,274

8 Debtors

	2004 £	2003 £
Trade debtors	147,612	93,011
Other debtors	3,626	2,220
Prepayments	66,547	44,400
Corporation tax	1,700	5,300
	219,485	144,931

9 Creditors (amounts falling due within one year)

	2004 £	2003 £
Trade creditors	58,838	277,614
Social security and other taxes	107,496	50,348
Accruals and deferred income	737,892	538,832
	904,226	866,794

The Portman Group

Notes to the Financial Statements – 31 December 2004 (continued)

10 Profit and loss account

	2004 £
At 1 January 2004	(147,004)
Profit for the financial year	78,294
At 31 December 2004	(68,710)

11 Cash flow statement

The company has taken advantage of the provisions in FRS 1 to not prepare a cash flow statement on the grounds that it is a small company as defined by the Companies Act.

12 Pension

The company makes contributions to a defined contribution pension scheme on behalf of the employees of the company.

	2004 £	2003 £
Contributions to defined contribution pension scheme	50,095	41,462

13 Guarantors

The Portman Group is limited by guarantee and has 9 guarantors. Each guarantee is for £1.

14 Related Parties

During the year ended 31 December 2004 the company was involved in the related party transactions described below:

Donations to The Portman Group Trust

The company made donations to The Portman Group Trust through the provision of services, assets and goods made available to The Portman Group Trust. The value of these donations was £20,713 (2003: £17,592). The Portman Group Trust changed its name to The Drinkaware Trust on 13 May 2005.

Transactions with guarantors

During the year the Company was involved in related party transactions with certain of the guarantors in respect of services received in relation to the affairs of the Company:

	Year ended 31 December 2004	Year ended 31 December 2003	Payable as at 31 December 2004	Payable as at 31 December 2003
Diageo Great Britain	624,738	565,767	94,330	186,842