

2218928

**BIBENDUM WINE LIMITED**

**REPORT AND ACCOUNTS**

**For the year ended**

**31 MARCH 2004**



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# **BIBENDUM WINE LIMITED**

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**BIBENDUM WINE LIMITED**

**COMPANY INFORMATION**

INCORPORATION NUMBER 2218928

DIRECTORS  
P I Espenhahn (Non-executive Chairman)  
D A Jago (Joint Managing Director)  
M P Saunders (Joint Managing Director)  
A W Hibbert (Finance Director)  
B J Collins (Executive Director)  
W O Lebus (Executive Director)  
S C Farr (Non-executive deputy Chairman)  
A J Arkwright (Non-executive Director)  
J Bourland (Non-executive Director)  
A Vinton (Non-executive Director)

SECRETARY A W Hibbert

REGISTERED OFFICE 113 Regents Park Road  
London NW1 8UR

BANKERS National Westminster Bank plc  
Buckingham Branch  
2 Market Hill  
Buckingham MK18 1JS

AUDITORS Nexia Audit Limited  
Chartered Accountants  
No 1 Riding House Street  
London W1A 3AS

TAXATION & FINANCIAL  
ADVISORS Smith & Williamson Limited  
No 1 Riding House Street  
London W1A 3AS

# BIBENDUM WINE LIMITED

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report for the year ended 31 March 2004.

### Principal activities and business review

The principal activities of the group continue to be the importation and distribution of wine.

Turnover had increased by 15% from £37,798,821 to £43,496,616. The operating profit for the year was £836,678 (2003: £1,013,676), whilst the profit after taxation was £490,533 (2003: £603,770).

The directors recommend a final dividend for the year ended 31 March 2004 of 16p per share (2003: 16p per share).

### Directors and their interests

The directors who served during the year and their interests in the shares of the company, are shown below:

	Ordinary shares of £1 each	
	31 March 2004	31 March 2003
P I Espenhahn	30,000	15,000
DA Jago	46,938	46,938
M P Saunders	132,776	132,776
A W Hibbert	5,000	5,000
B J Collins	152,512	152,512
S C Farr	179,721	113,988
W O Lebus	144,455	124,455
A J Arkwright	50,000	50,000
J Bourland	-	-
A Vinton	60,000	60,000

### Fixed assets

During the year ended 31 March 2004, the directors revalued the freehold land and building. The open market value, with vacant possession, was valued at £1,600,000.

### Charitable donations

During the year the company made charitable donations of £219 (2003: £1,664).

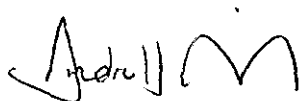
**BIBENDUM WINE LIMITED**

**DIRECTORS' REPORT (continued)**

**Auditors**

A resolution to re-appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS  
AND SIGNED ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'A W Hibbert', written in a cursive style.

A W Hibbert  
SECRETARY

113 Regents Park Road  
London  
NW1 8UR

27 May 2004

## **BIBENDUM WINE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those accounts, 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 departure disclosed and explained in the accounts;
- Prepare the accounts 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 group and to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Nexia Audit

— · Limited · —

## **Independent auditors' report to the shareholders of Bibendum Wine Limited**

We have audited the accounts of Bibendum Wine Limited for the year ended 31 March 2004 on pages 7 to 24. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain *fixed assets 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 opinions 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 accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 March 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Nexia Audit Limited  
Chartered Accountants  
Registered Auditors

22 June 2004

1 Riding House Street  
London  
W1A 3AS

**BIBENDUM WINE LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 MARCH 2004**

	Notes	2004 £	2003 £
<b>Turnover</b>	2	43,496,616	37,798,821
Cost of sales		(35,959,338)	(31,072,696)
<b>Gross profit</b>		7,537,278	6,726,125
Administrative expenses		(2,214,742)	(2,339,943)
Selling and distribution costs		(4,485,858)	(3,564,266)
Other operating income		-	191,760
<b>Operating profit</b>	3	836,678	1,013,676
Other interest receivable and similar income	4	4,717	11,930
Interest payable and similar charges	5	(166,418)	(147,643)
<b>Profit on ordinary activities before taxation</b>		674,977	877,963
Tax on profit on ordinary activities	7	(184,444)	(274,193)
<b>Profit on ordinary activities after taxation</b>		490,533	603,770
Dividend	8	(253,790)	(253,790)
<b>Retained profit for the year</b>	17	236,743	349,980
Earnings per share	25	30.9p	47.2p
Fully-diluted earnings per share	25	29.6p	37.4p

All of the group's operations are classed as continuing. The accompanying notes are an integral part of these accounts.



**BIBENDUM WINE LIMITED**

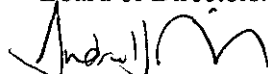
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 MARCH 2004**

	2004 £	2003 £
Profit for the financial year	490,533	603,770
Unrealised surplus on revaluation of property	700,000	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	1,190,533	603,770
	<hr/> <hr/>	<hr/> <hr/>

**BIBENDUM WINE LIMITED**
**BALANCE SHEETS as at 31 MARCH 2004**

	Notes	Group		Company	
		2004 £	2003 (restated) £	2004 £	2003 (restated) £
<b>Fixed assets</b>					
Tangible assets	9	1,892,100	1,270,193	1,892,100	370,193
Investments	10	-	-	10,004	1,071,467
		<hr/>	<hr/>	<hr/>	<hr/>
		1,892,100	1,270,193	1,902,104	1,441,660
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Current assets</b>					
Stock	11	3,343,881	2,602,860	3,343,881	2,602,860
Debtors	12	9,294,102	7,880,366	9,294,102	7,880,366
Cash at Bank		871,637	570,599	871,637	570,599
		<hr/>	<hr/>	<hr/>	<hr/>
		13,509,620	11,053,825	13,509,620	11,053,825
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	13	(10,430,234)	(8,205,627)	(10,440,234)	(8,205,631)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>		3,079,386	2,848,198	3,069,386	2,848,194
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		4,971,486	4,118,391	4,971,490	4,289,854
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Creditors: falling due after more than one year including convertible loan stock</b>	14	(1,320,000)	(1,403,648)	(1,320,000)	(1,403,648)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets</b>		3,651,486	2,714,743	3,651,490	2,886,206
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Capital and reserves</b>					
Called up share capital	16	1,588,688	1,588,688	1,588,688	1,588,688
Own shares in ESOP trust		(7,200)	(7,200)	(7,200)	(7,200)
Revaluation reserve	18	900,000	200,000	-	-
Profit and loss account	17	1,169,998	933,255	2,070,002	1,304,718
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Shareholders' funds</b>	19	3,651,486	2,714,743	3,651,490	2,886,206
		<hr/>	<hr/>	<hr/>	<hr/>

The accounts were approved by the Board of Directors on 27 May 2004 and were signed on behalf of the Board of Directors.

  
A W Hibbert  
Director

**BIBENDUM WINE LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 MARCH 2004**

	Notes	2004 £	2003 £
<b>Net cash inflow/(outflow) from operating activities</b>	21	57,966	(919,559)
<b>Returns on investments and servicing of finance</b>			
Interest received		4,717	11,930
Interest paid		(164,765)	(143,736)
Interest element of finance leases		(1,653)	(3,907)
<b>Net cash outflow for returns on investments and servicing of finance</b>		(161,701)	(135,713)
<b>Taxation</b>			
Net tax paid		(276,402)	(169,675)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(138,799)	(204,828)
<b>Cash outflows before financing</b>		(518,936)	(1,429,775)
<b>Financing</b>			
Issue of 6% redeemable convertible secured loan stock		-	1,250,000
Repayment of bank loan		(70,000)	(70,000)
Capital element of finance lease payments		(29,379)	(47,054)
		(99,379)	1,132,946
<b>Equity dividend paid</b>		(253,838)	(148,668)
<b>Decrease in cash</b>	22	(872,153)	(445,497)

# **BIBENDUM WINE LIMITED**

## **NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004**

### **1 Accounting policies**

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings and in accordance with applicable accounting standards.

The following accounting policies are consistent with those used in previous years, except with regard to the Employee Share Ownership Plan. This change in policy to adopt UITF Abstract 38 "Accounting for ESOP trusts" is to comply with accounting best practice. This has affected both the current year and the prior year figures.

#### **Basis of consolidation**

The group accounts consolidate the accounts of the company and all its subsidiaries made up to 31 March 2004.

Where subsidiaries are acquired or sold during the year the group profit and loss account includes the results for the part of the year for which they were subsidiaries. The company has taken advantage of s.230 of the Companies Act 1985 and consequently the profit and loss account of the parent company is not presented as part of these accounts

#### **Tangible fixed assets**

Land and buildings are shown at valuation as set out in note 9. Other fixed assets are shown at cost.

Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Property improvements	-	15% per annum
Office furniture and equipment	-	15% per annum
Computer equipment	-	33% per annum

No depreciation is provided on the freehold land and buildings. It is the group's policy to maintain its property in such condition that its value is not impaired by the passage of time. Such maintenance is charged to the profit and loss account. As a consequence, depreciation would not, in the opinion of the directors, be material and no provision has therefore been made.

#### **Employee Share Ownership Plan**

The company's accounts include the Bibendum Employee Benefit Trust. The directors consider that the company has control of the shares held by the trust and bears their benefits and risks. Shares held by the trust are shown as a deduction to shareholders' funds. Amounts transferred which are awaiting investment in the company's shares are included in debtors. Administration expenses are charged to the profit and loss account as they accrue. The main features of the trust are detailed in note 10 to the accounts.

#### **Stocks**

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

## **BIBENDUM WINE LIMITED**

### **NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

#### **1 Accounting policies (continued)**

##### **Deferred tax**

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those assets have been rolled over into replacement assets.

Deferred tax assets are recognised to the extent that they are recoverable, that is on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Any assets and liabilities recognised have not been discounted.

##### **Foreign currency**

Transactions denominated in foreign currencies are translated at the actual exchange rate on the date of the transaction or, where appropriate, at the rate of exchange of related forward foreign exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange of a related forward foreign exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account.

##### **Turnover**

Group turnover comprises the value of sales (excluding VAT) of goods and services in the normal course of business, and is recognised as follows:

- **Trade sales**

Revenue is recognised in respect of trade sales once the sales have been made and the goods have been despatched.

- **Agency sales**

Where the Group acts as an agent, only commissions receivable for services rendered are recognised as revenue. Any third party costs incurred on behalf of the principal that are rechargeable under contractual arrangements are not included in revenue.

- **En primeur sales**

Revenue in respect of en primeur sales is recognised when invoiced and the amount is payable by the customer. The cost of the goods to be delivered is included in cost of sales and creditors. In addition, payment has usually been made to the supplier before delivery of the goods. Payments on account have been recorded as a reduction in the related creditor.

##### **Pension costs**

The company operates a defined contribution scheme for certain employees and its liability is limited to the company's element of monthly contributions. Contributions are charged to the profit and loss account as they become payable.

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

**1 Accounting policies (continued)**

**Goodwill**

The company has taken advantage of the transitional provision of FRS10 "Goodwill and intangible assets". Goodwill, representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, relating to acquisitions in prior years is written off directly to profit and loss reserves. Goodwill has been eliminated as a matter of accounting policy and will be charged in the profit and loss account on subsequent disposal of the business to which it relates.

**Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased asset at the inception of the lease. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

<b>2 Turnover</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
United Kingdom	43,029,269	36,680,604
Rest of World	467,347	1,118,217
	<hr/>	<hr/>
	43,496,616	37,798,821
	<hr/>	<hr/>
<b>3 Operating profit</b>	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation	216,892	205,474
Legal and professional costs associated with new convertible debenture	-	169,016
Operating leases – other assets	108,138	52,012
Auditors' remuneration		
- group audit fees	25,893	23,000
- non-audit services (paid to related companies of the auditors)	5,700	5,750
	<hr/>	<hr/>
<b>4 Other interest receivable and similar income</b>	<b>£</b>	<b>£</b>
Bank interest receivable	4,717	11,930
	<hr/>	<hr/>

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

<b>5</b>	<b>Interest payable and similar charges</b>	<b>£</b>	<b>£</b>
	On convertible unsecured loan stock 2003	-	13,077
	On convertible debenture 2007	71,466	50,000
	On bank loans	17,429	22,624
	On bank overdraft	71,830	54,839
	On finance leases	1,653	3,907
	Other	4,040	3,196
		<hr/>	<hr/>
		166,418	147,643
		<hr/>	<hr/>

<b>6</b>	<b>Information regarding directors and employees</b>	<b>2004</b>	<b>2003</b>
	Employee costs during the year amounted to:	<b>£</b>	<b>£</b>
	Wages and salaries	3,053,708	2,583,871
	Social security costs	330,650	262,136
	Pension costs	115,588	101,999
		<hr/>	<hr/>
		3,499,946	2,948,006
		<hr/>	<hr/>

The average number of persons employed by the group was as follows:

	<b>No.</b>	<b>No.</b>
<i>Selling and distribution</i>	66	59
<i>Administration</i>	21	20
	<hr/>	<hr/>
	87	79
	<hr/>	<hr/>

**Directors' remuneration**

Directors' remuneration was paid in respect of directors as follows:

	<b>£</b>	<b>£</b>
Aggregate emoluments (excluding pension contributions)	743,583	708,841
Company pension contributions to money purchase schemes	42,304	41,000
	<hr/>	<hr/>

The remuneration of the highest paid director was as follows:

	<b>£</b>	<b>£</b>
Aggregate emoluments (excluding pension contributions)	156,301	150,980
Company pension contributions to money purchase schemes	10,250	10,000
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing under the defined contribution pension scheme is 5 (2003: 5).

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

<b>7</b>	<b>Tax on profit on ordinary activities</b>	<b>£</b>	<b>£</b>
	(a) Analysis of charge in the year		
	<i>Current tax</i>		
	UK corporation tax on profits for the year	226,883	274,076
	Adjustments in respect of previous years	1,303	117
		<hr/>	<hr/>
	<i>Total current tax</i>	228,186	274,193
	 <i>Deferred tax</i>		
	Origination and reversal of timing differences	(43,742)	-
		<hr/>	<hr/>
	Tax on profit on ordinary activities	184,444	274,193
		<hr/>	<hr/>
	<i>Factors affecting the tax charge for the period</i>		
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	202,493	263,389
	Depreciation in excess of capital allowances	14,400	372
	Expenses not deductible for tax purposes	28,725	25,087
	Marginal relief (small companies rate)	(18,735)	(14,772)
	Adjustments to tax charge in respect of previous years	1,303	117
		<hr/>	<hr/>
	Total current tax charge	228,186	274,193
		<hr/>	<hr/>

In 2004 a deferred tax asset of £43,742 has been recognised in respect of an excess of depreciation over capital allowances. The directors believe the benefits of this asset will crystallise in the future.

The amount of unrecognised deferred tax asset is as follows:

		<b>Amount unrecognised</b>	
		<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	Excess of capital allowances over depreciation	-	29,343
		<hr/>	<hr/>
<b>8</b>	<b>Dividend</b>	<b>£</b>	<b>£</b>
	Final dividend payable in respect of the year ended 31 March 2004 of 16p per share (2003: 16p per share)	253,790	253,790
		<hr/>	<hr/>

Dividends have been waived in respect of shares held by the Bibendum Employees Benefit Trust.



**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

**9 Tangible fixed assets**

<b>GROUP</b>	<b>Total £</b>	<b>Freehold land and buildings £</b>	<b>Property improve- ments £</b>	<b>Office furniture and equipment £</b>	<b>Computer equipment £</b>
<b>Cost or valuation</b>					
At 31 March 2003	2,487,952	900,000	528,022	266,464	793,466
Additions	138,799	-	72,031	891	65,877
Revaluation	700,000	700,000	-	-	-
At 31 March 2004	3,326,751	1,600,000	600,053	267,355	859,343
<b>Depreciation</b>					
At 31 March 2003	1,217,759	-	470,548	222,022	525,189
Charge for the year	216,892	-	45,406	35,524	135,962
At 31 March 2004	1,434,651	-	515,954	257,546	661,151
<b>Net book value</b>					
At 31 March 2004	1,892,100	1,600,000	84,099	9,809	198,192
At 31 March 2003	1,270,193	900,000	57,474	44,442	268,277

Included within the above are amounts held under finance lease with a net book value of £13,648 (2003: £43,026). The depreciation charge in the year for these assets totals £29,379 (2003: £47,055).

During the year ended 31 March 2004, the directors revalued the land and buildings. The open market value, with vacant possession, was valued at £1,600,000.

The cost of the freehold land and buildings to the group as at 31 March 2004 was £700,000 (2003: £700,000).

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

**9 Tangible fixed assets (continued)**

<b>COMPANY</b>	<b>Total £</b>	<b>Freehold land and buildings £</b>	<b>Property improve- ments £</b>	<b>Office furniture and equipment £</b>	<b>Computer equipment £</b>
<b>Cost</b>					
At 31 March 2003	1,587,952	-	528,022	266,464	793,466
Additions	1,738,799	1,600,000	72,031	891	65,877
At 31 March 2004	3,326,751	1,600,000	600,053	267,355	859,343
<b>Depreciation</b>					
At 31 March 2003	1,217,759	-	470,548	222,022	525,189
Charge for the year	216,892	-	45,406	35,524	135,962
At 31 March 2004	1,434,651	-	515,954	257,546	661,151
<b>Net book value</b>					
At 31 March 2004	1,892,100	1,600,000	84,099	9,809	198,192
At 31 March 2003	370,193	-	57,474	44,442	268,277

**10 Investments held as fixed assets**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>(restated) £</b>
Own shares held by Bibendum Employee Share Ownership Plan	-	7,200
Prior year adjustment	-	(7,200)
As restated	-	-

The prior year figures have been restated to reflect the change in Employee Share Ownership Plan (ESOP) accounting policy, in order to comply with UITF Abstract 38 "Accounting for ESOP trusts". In previous years the shares held by the ESOP trust have been disclosed as a fixed asset investment "Own shares held by Bibendum Employee Share Ownership Plan" which does not comply with the provisions of UITF Abstract 38. Accordingly the prior year accounts have been restated to reflect the financial position if UITF Abstract 38 was in place at 31 March 2003. During the year ended 31 March 2003, the ESOP sold 54,750 Bibendum Wine Limited shares for £153,300 to the directors of the company, the effect of which has been adjusted through shareholders' funds.

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

**10 Investments held as fixed assets (continued)**

	<b>Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>(restated) £</b>
Shares in subsidiaries at cost	707,675	707,675
Less: provision for impairment in value	(697,671)	-
	10,004	707,675
Loan to a subsidiary	-	363,792
Own shares held by Bibendum Employee Benefit Trust	-	7,200
	10,004	1,078,667
Prior year adjustment (see above)	-	(7,200)
	10,004	1,071,467

The company's subsidiaries are as follows:

	<i>Country of incorporation</i>	<i>Holding</i>	<i>Nature of business</i>
Mixbury Trading Company Limited	England	100%	Dormant
The Yorkshire Fine Wine Company Limited	England	100%	Dormant
H Youdell and Company Limited	England	100%	Dormant

**11 Stock**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Goods held for resale	3,343,881	2,602,860
	3,343,881	2,602,860

**12 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	8,867,394	7,401,503	8,867,394	7,401,503
Other debtors	15,383	223,540	15,383	223,540
Deferred tax	43,742	-	43,742	-
Amounts due to the Employee Benefit Trust (due in over one year)	153,300	153,300	153,300	153,300
Prepayments and accrued income	214,283	102,023	214,283	102,023
	9,294,102	7,880,366	9,294,102	7,880,366

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

13 **Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Current portion of bank loan (note 14)	70,000	70,000	70,000	70,000
Bank overdraft	1,954,817	781,627	1,954,817	781,627
Obligations under finance leases (note 15)	13,648	29,379	13,648	29,379
Trade creditors	6,025,022	5,906,046	6,025,022	5,906,046
Corporation tax	226,603	274,812	226,603	274,812
Amounts owed to group undertaking	-	-	10,000	-
Other creditors including taxation and social security	580,907	270,976	580,907	270,980
Accruals and deferred income	1,305,501	618,997	1,305,501	618,997
Dividend payable	253,736	253,790	253,736	253,790
	<u>10,430,234</u>	<u>8,205,627</u>	<u>10,440,234</u>	<u>8,205,631</u>

14 **Creditors: amounts falling due after more than one year**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank loans	70,000	140,000
Obligations under finance leases (note 15)	-	13,648
6% redeemable convertible secured loan stock	1,250,000	1,250,000
	<u>1,320,000</u>	<u>1,403,648</u>
The bank loans are repayable as follows:		
due in less than one year (note 13)	70,000	70,000
due between one and two years	70,000	70,000
due between two and five years	-	70,000
due in over one year (as above)	70,000	140,000
	<u>140,000</u>	<u>210,000</u>

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

14 **Creditors: amounts falling due after more than one year (continued)**

£140,000 is repayable in equal quarterly instalments up to 2006. Interest is charged on the loan at a fixed rate of 9%. The loan is secured by way of a fixed and floating charge over the assets of the group and by an unlimited guarantee from the subsidiary Mixbury Trading Company Limited.

On 27 July 2002, the company issued £1,250,000 of redeemable convertible secured loan stock at par. The stock carries an interest coupon of 6% per annum and is convertible into ordinary shares at a rate of £4 of stock to one ordinary share in 2007.

		<b>Group and Company</b>	
		<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
15	<b>Finance leases</b>		
	The net finance lease obligations to which the group is committed are:		
	Within one year	13,648	29,379
	Between two and five years	-	13,648
		<hr/>	<hr/>
		13,648	43,027
		<hr/>	<hr/>
16	<b>Called up share capital</b>		
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	Ordinary shares of £1 each	2,438,700	2,438,700
		<hr/>	<hr/>
	<b>Allotted, called up and fully paid</b>		
		<b>£</b>	<b>£</b>
	Ordinary shares of £1 each	1,588,688	1,588,688
		<hr/>	<hr/>

**BIBENDUM WINE LIMITED****NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)****16 Called up share capital (continued)**

Options on shares have been issued under the Executive Share Option Scheme and the Bibendum Employee Share Option Scheme 1995. The number of shares under option are as follows:

	No.
As at 31 March 2003 and 31 March 2004	2,500

The share options were issued on 16 March 1998 at £3.03. The earliest date these options can be exercised is 16 March 2001 and the latest date is 15 March 2005.

<b>17 Profit and loss account</b>	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
At 31 March 2003	933,255	1,304,718
Retained profit for the financial year	236,743	765,284
At 31 March 2004	1,169,998	2,070,002

Cumulative goodwill written off to group reserves amounts to £371,463 (2003: £371,463).

<b>18 Revaluation reserve</b>	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
At 31 March 2003	200,000	200,000
Surplus on revaluation of property	700,000	-
At 31 March 2004	900,000	200,000

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

19 Reconciliation of movements in shareholder's funds	Group	
	2004	2003
	£	(restated) £
Profit for the financial year	490,533	603,770
Share capital issued in the year	-	292,538
Dividend	(253,790)	(253,790)
Surplus on revaluation of property	700,000	-
	<hr/>	<hr/>
Net addition to shareholders' funds as previously stated	936,743	642,518
Sale of shares in ESOP trust	-	153,300
	<hr/>	<hr/>
Net addition to shareholders' funds	936,743	795,818
Opening shareholders' funds as previously stated	2,714,743	2,079,425
Prior year adjustment – own shares held in ESOP trust	-	(160,500)
	<hr/>	<hr/>
Opening shareholders' funds	2,714,743	1,918,925
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,651,486</u>	<u>2,714,743</u>
	Company	
	2004	2003
	£	(restated) £
Profit for the financial year	1,019,074	603,770
Share capital issued in the year	-	292,538
Dividend	(253,790)	(253,790)
	<hr/>	<hr/>
Net addition to shareholders' funds as previously stated	765,284	642,518
Prior year adjustment – sale of own shares in ESOP trust	-	153,300
	<hr/>	<hr/>
Net addition to shareholders' funds	765,284	795,818
Opening shareholders' funds as previously stated	2,886,206	2,250,888
Prior year adjustment – own shares held in ESOP trust	-	(160,500)
	<hr/>	<hr/>
Opening shareholders' funds	2,886,206	2,090,388
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,651,490</u>	<u>2,886,206</u>

**BIBENDUM WINE LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)**

**20 Guarantees and other financial commitments**

At the balance sheet date, the company had entered into forward foreign exchange contracts with a value amounting to £10,310,480 (2003: £6,704,156).

<b>21 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Operating profit	836,678	1,013,676
Depreciation charge	216,892	205,474
Increase in stock	(741,021)	(673,807)
Increase in debtors	(1,369,994)	(2,738,230)
Increase in creditors	1,115,411	1,273,328
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	57,966	(919,559)
	<hr/>	<hr/>

<b>22 Reconciliation of net cash flow to movement in net debt</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Decrease in cash in the period	(872,153)	(445,497)
Cash outflow from loans	70,000	70,000
Conversion of loan stock to shares	-	292,538
New convertible debenture 2007	-	(1,250,000)
Repayment of finance leases	29,379	47,054
	<hr/>	<hr/>
Change in net debt	(772,774)	(1,285,905)
Net debt at 1 April 2003	(1,714,055)	(428,150)
	<hr/>	<hr/>
Net debt at 31 March 2004	(2,486,829)	(1,714,055)
	<hr/>	<hr/>

**23 Analysis of changes in net debt during the year**

	At 31 March 2003 £	Cash flows £	Other changes £	At 31 March 2004
Bank overdraft	(211,028)	(872,153)	-	(1,083,181)
Debt due within one year	(70,000)	70,000	(70,000)	(70,000)
Debt due after one year	(1,390,000)	-	70,000	(1,320,000)
Finance leases	(43,027)	29,379	-	(13,648)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,714,055)	(772,774)	-	(2,486,829)
	<hr/>	<hr/>	<hr/>	<hr/>



## BIBENDUM WINE LIMITED

### NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2004 (continued)

#### 24 Operating leases

Bibendum Wine Limited holds motor vehicles and office equipment on non-cancellable operating leases. The annual net commitments under these leases are as follows:

	2004 £	2003 £
Leases expiring:		
Within one year	14,224	31,573
Between two and five years	107,478	20,439
	<hr/>	<hr/>
	121,702	52,012
	<hr/>	<hr/>

#### 25 Earnings per share

The basic and diluted earnings per share is based upon earnings of £490,533 (2003: £603,770) and the weighted average number of shares ranking for dividend during the year of 1,588,688 (2003: 1,279,963).

The fully-diluted earnings per share is based upon earnings of £561,998 (2003: £666,847) being earnings as for the basic earnings per share calculation adjusted for interest payable on convertible loan stock during the year of £71,466 (2003: £13,077) and interest payable on the convertible debenture of nil (2003: £50,000). The weighted average number of shares of 1,898,688 (2003: 1,781,876) has been calculated by taking the weighted average number of shares ranking for dividend and adjusted for potential equity shares.

#### 26 Related party transactions

During the year the company purchased wine from the following directors to the value of:

Director	Value of wine (£)
DA Jago	17,015
SC Farr	19,305
BJ Collins	1,160
MP Saunders	405
WO Lebus	16,593
	<hr/>

During the year nil (2003: 54,350) shares in Bibendum Wine Limited were sold by the Bibendum Employee Benefit Trust to certain directors of the company. Funds totalling £153,300 (2003: £153,300) are due from the directors on 25 June 2004.

The parent company has taken the advantage of the exemption in FRS 8 concerning related party transactions with its 100% owned subsidiaries.