

2003

BIBENDUM WINE LIMITED

REPORT AND ACCOUNTS

For the year ended

31 MARCH 2003



RIBENDUM WINE LIMITED

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BIBENDUM WINE LIMITED

COMPANY DIRECTORY

INCORPORATION NUMBER 2218928

DIRECTORS
A J Arkwright
B J Collins
P I Espenhahn
S C Farr
W O Lebus
D A Jago
M P Saunders
A W Hibbert
J Bourland
A Vinton

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 2003.

Principal activities and business review

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

Turnover had increased by 35% from £27,917,203 to £37,798,821. The operating profit for the year was £1,013,676 (2002: £758,320), whilst the profit after taxation was £603,770. (2002: £408,298).

The directors recommend a final dividend for the year ended 31 March 2003 of 16p per share (2002: 12p 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 2003	31 March 2002
A J Arkwright	50,000	75,000
A Vinton – appointed 17 th July 2002	60,000	-
B J Collins	152,512	251,000
P I Espenhahn	15,000	-
S C Farr	113,988	212,429
P H R Gwyn – resigned 31 st March 2003	75,000	60,000
J Bourland – appointed 17 th July 2002	-	-
W O Lebus	124,455	56,000
D A Jago	46,938	-
M P Saunders	132,776	65,619
A W Hibbert	5,000	-

Fixed assets

During the year ended 31 March 2002, the freehold land and building was valued by an independent firm of property consultants. The open market value, with vacant possession, was valued at £1,600,000. Therefore the directors consider that the freehold land and building, which is included in the accounts at the book value of £900,000, had a market value in excess of £900,000 at 31 March 2003.

Charitable donations

During the year the company made charitable donations of £1,664 (2002: £1,403).

BIBENDUM WINE LIMITED

DIRECTORS' REPORT (continued)

Fixed assets (continued)

Auditors

Since the last Report and Accounts, Smith & Williamson have transferred their audit business to a limited company, Nexia Audit Limited. Nexia Audit Limited is deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

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



A W Hibbert
SECRETARY

113 Regents Park Road
London
NW1 8UR

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 of the profit or loss of the company 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 for the company and to enable them to ensure that the accounts 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.

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 2003 on pages 7 to 23. 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 2003 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

Nexia Audit Limited
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

Date 17 June 2003

RIBENDUM WINE LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 MARCH 2003**

	Notes	2003 £	2002 £
Turnover	2	37,798,821	27,917,203
Cost of sales		(31,072,696)	(21,978,416)
Gross profit		6,726,125	5,938,787
Administrative expenses		(2,339,943)	(1,578,818)
Selling and distribution costs		(3,564,266)	(3,619,845)
Other operating income		191,760	18,196
Operating profit	3	1,013,676	758,320
Other interest receivable and similar income	4	11,930	5,378
Interest payable and similar charges	5	(147,643)	(138,010)
Profit on ordinary activities before taxation		877,963	625,688
Tax on profit on ordinary activities	7	(274,193)	(217,390)
Profit on ordinary activities after taxation		603,770	408,298
Dividend	8	(253,790)	(148,668)
Retained profit for the year	17	349,980	259,630
Earnings per share	24	47.2p	33.0p
Fully-diluted earnings per share	24	37.4p	28.6p

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


The company has no gains or losses other than those reported above.

BIBENDUM WINE LIMITED

BALANCE SHEETS as at 31 MARCH 2003

	Notes	Group		Company	
		2003 £	2002 £	2003 £	2002 £
Fixed assets					
Tangible assets	9	1,270,193	1,270,839	370,193	370,839
Investments	10	7,200	160,500	1,078,667	1,231,967
		<hr/>	<hr/>	<hr/>	<hr/>
		1,277,393	1,431,339	1,448,860	1,602,806
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Stock	11	2,602,860	1,929,053	2,602,860	1,929,053
Debtors	12	7,880,366	5,035,009	7,880,366	5,035,009
Cash at Bank		570,599	234,469	570,599	234,469
		<hr/>	<hr/>	<hr/>	<hr/>
		11,053,825	7,198,531	11,053,825	7,198,531
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due within one year	13	(8,205,627)	(6,005,910)	(8,205,631)	(6,005,914)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		2,848,198	1,192,621	2,848,194	1,192,617
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		4,125,591	2,623,960	4,297,054	2,795,423
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: falling due after more than one year including convertible loan stock	14	(1,403,648)	(544,535)	(1,403,648)	(544,535)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets		2,721,943	2,079,425	2,893,406	2,250,888
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Called up share capital	16	1,588,688	1,296,150	1,588,688	1,296,150
Revaluation reserve		200,000	200,000	-	-
Profit and loss account	17	933,255	583,275	1,304,718	954,738
		<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds	18	2,721,943	2,079,425	2,893,406	2,250,888
		<hr/>	<hr/>	<hr/>	<hr/>

The accounts were approved by the Board of Directors on 16th June 2003 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 2003**

	Notes	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	20	(919,559)	1,081,913
Returns on investments and servicing of finance			
Interest received		11,930	5,378
Interest paid		(143,736)	(133,756)
Interest element of finance leases		(3,907)	(4,254)
		(135,713)	(132,632)
Taxation			
Net tax paid		(169,675)	(8,680)
Capital expenditure			
Payments to acquire tangible fixed assets		(204,828)	(165,085)
		(204,828)	(165,085)
Cash flows before financing		(1,429,775)	775,516
Financing			
Issue of 6% redeemable convertible secured loan stock		1,250,000	-
Repayment of bank loan		(70,000)	(70,000)
Sale and leaseback of fixed assets		-	47,917
Capital element of finance lease payments		(47,054)	(40,766)
		(1,132,946)	(62,849)
Equity dividend paid		(148,668)	-
(Decrease)/increase in cash	21	(445,497)	712,667

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards.

The principal accounting policies of the company and group, which remain unchanged from the previous year, are as follows:

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings

Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiaries made up to 31 March 2003. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition.

No profit and loss account is presented for the company, as provided by S.230 of the Companies Act 1985. All the consolidated profit for the financial year attributable to the shareholders of Bibendum Wine Limited has been dealt with in the accounts of the parent company.

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 'own shares' within fixed asset investments. 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 2003 (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. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. 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.

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.

Goodwill

The company has taken advantage of the transitional provision of FRS10 *Goodwill and intangible assets*. Goodwill 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.

BIBENDUM WINE LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)****1 Accounting policies (continued)****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.

2 Turnover	2003	2002
	£	£
United Kingdom	36,680,604	27,045,298
Rest of World	1,118,217	871,905
	<hr/>	<hr/>
	37,798,821	27,917,203
	<hr/>	<hr/>
3 Operating profit	£	£
Operating profit is stated after charging:		
Depreciation	205,474	226,060
Legal and professional costs associated with new convertible debenture	169,016	-
Operating leases – other assets	52,012	43,156
Auditors' remuneration	23,000	20,000
Loss on disposal of fixed assets	-	4,276
	<hr/>	<hr/>
4 Other interest receivable and similar income	£	£
Bank interest receivable	11,930	5,378
	<hr/>	<hr/>
5 Interest payable and similar charges	£	£
On convertible unsecured loan stock 2003	13,077	29,254
On convertible debenture 2007	50,000	-
On bank loans	22,624	26,910
On bank overdraft	54,839	77,592
On finance leases	3,907	4,254
Other	3,196	-
	<hr/>	<hr/>
	147,643	138,010
	<hr/>	<hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

6 Information regarding directors and employees	2003	2002
Employee costs during the year amounted to:	£	£
Wages and salaries	2,583,871	2,468,405
Social security costs	262,136	250,560
Pension costs	101,999	89,161
	<hr/>	<hr/>
	2,948,006	2,808,126
	<hr/>	<hr/>

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

	No.	No.
Selling and distribution	59	55
Administration	20	14
	<hr/>	<hr/>
	79	69
	<hr/>	<hr/>

Directors' remuneration

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

	£	£
Aggregate emoluments (including pension contributions)	708,841	522,230
Company pension contributions to money purchase schemes	41,000	43,517
	<hr/>	<hr/>

The remuneration of the highest paid director was as follows:

	£	£
Aggregate emoluments (excluding pension contributions)	150,980	107,941
Company pension contributions to money purchase schemes	10,000	8,253
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing under the defined contribution pension scheme is 5 (2002: 5).

7 Tax on profit on ordinary activities	£	£
United Kingdom Corporation tax for the year at 28.5% (2002: 28.3%)	274,076	218,894
Under/(over) provision in respect of prior years	117	(1,504)
	<hr/>	<hr/>
	274,193	217,390
	<hr/>	<hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

7	Tax on profit on ordinary activities (continued)	2003	2002
		£	£
	Profit on ordinary activities per the accounts	877,963	625,688
		<hr/>	<hr/>
	<i>Tax reconciliation</i>		
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	263,389	187,706
	Capital allowances for period in excess of depreciation	372	25,422
	Expenses not deductible for tax purposes	25,087	23,423
	Marginal relief (small companies rate)	(14,772)	(17,657)
	Adjustment in respect of prior years	117	(1,504)
		<hr/>	<hr/>
	Total current tax charge	274,193	217,390
		<hr/> <hr/>	<hr/> <hr/>

The amount of unrecognised deferred tax asset is as follows:

		Amount unrecognised	
		£	£
	Excess of capital allowances over depreciation	29,343	28,971
		<hr/>	<hr/>
8	Dividend	£	£
	Final dividend payable in respect of the year ended 31 March 2003 of 16p per share (2002: 12p per share)	253,790	148,668
		<hr/> <hr/>	<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 2003 (continued)****9 Tangible fixed assets**

GROUP	Total £	Freehold land and buildings £	Property improve- ments £	Office furniture and equipment £	Computer equipment £
Cost or valuation					
At 1 April 2002	2,283,124	900,000	528,022	266,464	588,638
Additions	204,828	-	-	-	204,828
At 31 March 2003	2,487,952	900,000	528,022	266,464	793,466
Depreciation					
At 1 April 2002	1,012,285	-	409,981	197,046	405,258
Charge for the year	205,474	-	60,567	24,976	119,931
At 31 March 2003	1,217,759	-	470,548	222,022	525,189
Net book value					
At 31 March 2003	1,270,193	900,000	57,474	44,442	268,277
At 31 March 2002	1,270,839	900,000	118,041	69,418	183,380

Included within the above are amounts held under finance lease with a net book value of £43,026 (2002: £90,081). The depreciation charge in the year for these assets totals £47,055 (2002: £40,766).

The directors consider the freehold land and buildings to have a market value in excess of £900,000 as at 31 March 2003. The cost to the group as at 31 March 2003 was £700,000 (2002: £700,000).

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

9 Tangible fixed assets (continued)

COMPANY	Total	Property	Office	Computer
	£	improve-	furniture	equipment
		ments	and	£
		£	equipment	
			£	
Cost				
At 1 April 2002	1,383,124	528,022	266,464	588,638
Additions	204,828	-	-	204,828
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	1,587,952	528,022	266,464	793,466
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2002	1,012,285	409,981	197,046	405,258
Charge for the year	205,474	60,567	24,976	119,931
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	1,217,759	470,548	222,022	525,189
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2003	370,193	57,474	44,442	268,277
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	370,839	118,041	69,418	183,380
	<hr/>	<hr/>	<hr/>	<hr/>

10 Investments held as fixed assets

	Group	
	2003	2002
	£	£
Own shares held by Bibendum Employee Benefit Trust	7,200	160,500
	<hr/>	<hr/>

BIBENDUM WINE LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)****10 Investments held as fixed assets (continued)**

	Company	
	2003	2002
	£	£
Shares in subsidiaries at cost	707,675	707,675
Loan to a subsidiary	363,792	363,792
Own shares held by Bibendum Employee Benefit Trust	7,200	160,500
	<hr/>	<hr/>
	1,078,667	1,231,967
	<hr/>	<hr/>

The company's subsidiaries are as follows:

Mixbury Trading Company Limited
The Yorkshire Fine Wine Company Limited
H Youdell and Company Limited

All subsidiaries are dormant, are incorporated in England and are wholly owned by the company.

The Bibendum Employee Benefit Trust was set up to purchase shares in the company, and with the agreement of the Board, share options exercisable into these shares will be granted to certain employees. The Trust is currently funded by cash contributions from the company.

The Bibendum Employee Benefit Trust owns 2,500 shares (2002: 57,250 shares). 54,750 shares were sold during the year (see note 25). 2,500 shares were held under option to directors and employees.

11 Stock

	Group and Company	
	2003	2002
	£	£
Goods held for resale	2,602,860	1,929,053
	<hr/>	<hr/>

12 Debtors

	£	£
Trade debtors	7,401,503	4,793,249
Corporation tax recoverable	-	46,173
Other debtors	223,540	72,324
Amounts due to the Employee Benefit Trust (due in over one year)	153,300	-
Prepayments and accrued income	102,023	123,263
	<hr/>	<hr/>
	7,880,366	5,035,009
	<hr/>	<hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Current portion of bank loan (note 14)	70,000	70,000	70,000	70,000
Bank overdraft	781,627	-	781,627	-
Obligations under finance leases (note 15)	29,379	48,084	29,379	48,084
Trade creditors	5,906,046	4,534,785	5,906,046	4,534,785
Corporation tax	274,812	216,467	274,812	216,467
Other creditors including taxation and social security	270,976	255,518	270,980	255,522
Accruals and deferred income	618,997	732,388	618,997	732,388
Dividend payable	253,790	148,668	253,790	148,668
	<u>8,205,627</u>	<u>6,005,910</u>	<u>8,205,631</u>	<u>6,005,914</u>

14 Creditors: amounts falling due after more than one year

	Group and Company	
	2003 £	2002 £
Bank loans	140,000	210,000
Convertible unsecured loan stock 2003	-	292,538
Obligations under finance leases (note 15)	13,648	41,997
6% redeemable convertible secured loan stock	1,250,000	-
	<u>1,403,648</u>	<u>544,535</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	140,000
due in over one year (as above)	140,000	210,000
	<u>210,000</u>	<u>280,000</u>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

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

£210,000 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.

15 Finance leases	Group and Company	
	2003	2002
	£	£
The net finance lease obligations to which the group is committed are:		
Within one year	29,379	48,084
Between two and five years	13,648	41,997
	43,027	90,081

16 **Called up share capital**

Authorised

	£	£
Ordinary shares of £1 each	2,438,700	1,500,000
Cumulative redeemable 2% £1 preference shares	-	110,000
	2,438,700	1,610,000

On 25 April 2002, the authorised share capital of the company was increased by 600,000 ordinary shares of £1 each to £2,210,000. On 17 July 2002, the authorised share capital of the company increased further by 228,700 ordinary shares of £1 each to £2,438,700.

Allotted, called up and fully paid

	£	£
Ordinary shares of £1 each	1,588,688	1,296,150

During February and March 2003, a number of transactions converted the £292,538 convertible unsecured loan stock into 292,538 £1 ordinary shares.

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (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 2002 and 31 March 2003	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.

17 Profit and loss account	Group £	Company £
At 31 March 2002	583,275	954,738
Retained profit for the financial year	349,980	349,980
At 31 March 2003	933,255	1,304,718

Cumulative goodwill written off to group reserves amounts to £ 371,463 (2002: £371,463).

18 Reconciliation of movements in shareholder's funds	Group	
	2003 £	2002 £
Profit for the financial year	603,770	408,298
Share capital issued in the year	292,538	-
Dividends	(253,790)	(148,668)
Net addition to shareholders' funds	642,518	259,630
Opening shareholders' funds	2,079,425	1,819,795
Closing shareholders' funds	2,721,943	2,079,425

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

18 Reconciliation of movements in shareholder's funds
(continued)

	Company	
	2003	2002
	£	£
Profit for the financial year	603,770	408,298
Share capital issued in the year	292,538	-
Dividends	(253,790)	(148,668)
	<hr/>	<hr/>
Net addition to shareholders' funds	642,518	259,630
Opening shareholders' funds	2,250,888	1,991,258
	<hr/>	<hr/>
Closing shareholders' funds	2,893,406	2,250,888
	<hr/> <hr/>	<hr/> <hr/>

19 Guarantees and other financial commitments

At the balance sheet date, the company had entered into forward foreign exchange contracts with a value amounting to £6,704,156 (2002: £3,705,923).

20 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2003	2002
	£	£
Operating profit	1,013,676	758,320
Depreciation charge	205,474	232,260
Loss on disposal of fixed assets	-	4,276
(Increase)/decrease in stock	(673,807)	256,395
(Increase) in debtors	(2,738,230)	(685,955)
Increase in creditors	1,273,328	516,617
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(919,559)	1,081,913
	<hr/> <hr/>	<hr/> <hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

21 Reconciliation of net cash flow to movement in net debt	2003 £	2002 £
(Decrease)/increase in cash in the period	(445,497)	712,667
Cash outflow from loans	70,000	70,000
New finance leases	-	(130,847)
Conversion of loan stock to shares	292,538	-
New convertible debenture 2007	(1,250,000)	-
Repayment of finance leases	47,054	40,766
	<hr/>	<hr/>
Change in net debt	(1,285,905)	692,586
Net debt at 1 April 2002	(428,150)	(1,120,736)
	<hr/>	<hr/>
Net debt at 31 March 2003	(1,714,055)	(428,150)
	<hr/> <hr/>	<hr/> <hr/>

22 Analysis of changes in net debt during the year

	At 1 April 2002 £	Cash flows £	Other changes £	At 31 March 2003 £
Cash at bank/(overdraft)	234,469	(445,497)	-	(211,028)
Debt due within one year	(70,000)	70,000	(70,000)	(70,000)
Debt due after one year	(502,538)	(1,250,000)	362,538	(1,390,000)
Finance leases	(90,081)	47,054	-	(43,027)
	<hr/>	<hr/>	<hr/>	<hr/>
	(428,150)	(1,578,443)	(292,538)	(1,714,055)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23 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:

	2003 £	2002 £
Leases expiring:		
Within one year	31,573	-
Between two and five years	20,439	31,573
	<hr/>	<hr/>
	52,012	31,573
	<hr/> <hr/>	<hr/> <hr/>

BIBENDUM WINE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2003 (continued)

24 Earnings per share

The basic earnings per share is based upon earnings of £603,770 (2002: £408,298) and the weighted average number of shares ranking for dividend during the year of 1,279,963 (2002: 1,238,900).

The fully-diluted earnings per share is based upon earnings of £666,847 (2002: £437,552) being earnings as for the basic earnings per share calculation adjusted for interest payable on convertible loan stock during the year of £13,077 (2002: £29,254) and interest payable on the convertible debenture of £50,000 (2002: £nil). The weighted average number of shares of 1,781,876 (2002: 1,531,438) has been calculated by taking the weighted average number of shares ranking for dividend and adjusted for potential equity shares.

25 Related party transactions

During the year, shares in Bibendum Wine Limited were sold by the Bibendum Employee Benefit Trust ('the Trust') to directors of the company. Funds are due from the directors on 25 June 2005. These transactions are summarised below:

Director	Shares sold by the Trust No.	Consideration payable £	Amounts owed by director as at 31 March 2003 £
A W Hibbert	5,000	14,000	14,000
D A Jago	24,125	67,550	67,550
M P Saunders	25,625	71,750	71,750