

WINEWORLD LONDON PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2004



Wineworld London plc

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Wineworld London plc

Company Information

Directors

Alexander Anderson (Chairman)
Michael Loubser
Roger Wood
Malcolm Ball

Secretary

Jason Melrose

Registered Office

1 Bank End
London
SE1 9BU

Company Number

2663676

Bankers

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

Auditor

Blueprint Audit Limited
Charnwood House
Gregory Boulevard
Nottingham, NG7 6NX

Wineworld London plc

Report of the Directors for the year ended 31 July 2004

The directors present their report and financial statements for the year ended 31 July 2004.

Principal activity and business review

The major feature of Vinopolis is the Wine Odyssey, a pay-to-enter audio-visual tour of the world's wine regions, cultures, history and flavours, aimed principally at adults with tasting tables throughout the vaulted halls in which the tour is set. Another significant activity is corporate hospitality and events. Vinopolis also has a fine dining restaurant including a wine bar called Cantina Vinopolis and a separate wine bar called Wine Wharf on site of which the Company owns a 40% share. In addition Vinopolis houses retail facilities and a variety of educational, training and subscription services open to the wider public.

In view of the significant reduction in losses after taxation in this fifth trading year compared with the first four trading years the directors regard the results for this year as acceptable and are reasonably confident of future prospects.

Results and dividend

The results for the year are set out on page 5.

The directors do not recommend the payment of a dividend (2003 - Nil).

Directors and their interests

The directors who served the Company throughout the year together with their interests (including family interests) in the shares of the Company, at the beginning and end of year, were as follows:

	Ordinary shares of £0.25 each		Ordinary "A" shares of £0.01 each	
	31st July 2004	1st August 2003	31st July 2004	1st August 2003
Alexander Anderson*	28,090,594	28,090,594	341,920,540	323,905,940
Michael Loubser*	6,420,466	6,420,466	68,401,659	64,758,759
Roger Wood*	240,403	240,403	11,827,478	11,240,078

*Non -executive directors

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Employees

The board wish to thank all present and past employees and retired directors for their valuable assistance in supporting Vinopolis throughout the year.

Supplier payment policy

The Company's policy for the year ending 31 July 2004 is to continue to pay its debts in accordance with the terms of its suppliers, and to take settlement discount where and when available. The number of days purchases represented by creditors at the end of the year was 106 (2003: 102).

Wineworld London plc
Report of the Directors for the year ended 31 July 2004
(Continued)

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 Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

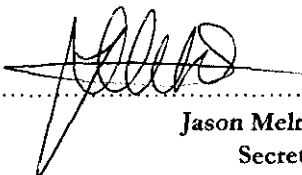
- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements 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.

Auditor

Blueprint Audit Limited have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

By Order of the Board


.....
Jason Melrose
Secretary

1 Bank End
London
SE1 9BU

Date: 20 December 2004

Independent auditor's report to the shareholders of Wineworld London plc

We have audited the financial statements of Wineworld London plc for the year ended 31 July 2004 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the 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 auditor's 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 Auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with the 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 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 the information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider 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 Group and Company's affairs as at 31 July 2004 and of the Group's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Blueprint Audit Limited
Chartered Accountants and Registered Auditor
Nottingham.

20 December 2004

Wineworld London plc
Consolidated Profit and Loss Account for the year ended 31st July 2004

		2004	2003
	Notes	£	£
Turnover	2	3,767,605	3,232,090
Cost of sales		(1,001,151)	(853,939)
Gross profit		2,766,454	2,378,151
Administrative expenses		(3,188,745)	(3,165,425)
Share of operating profit in associate		(422,291) 97,627	(787,274) 61,118
Operating loss	3	(324,664)	(726,156)
Interest receivable	4	2,382	2,966
Interest payable and similar charges	5		
Group		(230,365)	(213,317)
Associate		(1,099)	(3,435)
		(231,464)	(216,752)
Loss on ordinary activities before taxation		(553,746)	(939,942)
Taxation	7	(20,050)	(26,777)
Loss on ordinary activities after taxation	16	(573,796)	(966,719)

There are no recognised gains or losses in the year other than the result for the year.


All amounts relate to continuing activities.

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

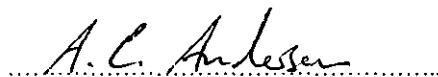
Wineworld London plc
Consolidated Balance Sheet as at 31st July 2004

		2004		2003	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		10,878,482		11,506,881
Investments	9		151,566		135,088
			<u>11,030,048</u>		<u>11,641,969</u>
Current assets					
Stock	10	30,585		67,740	
Debtors	11	774,890		595,652	
Cash at bank and in hand		38,688		36,246	
		<u>844,163</u>		<u>699,638</u>	
Creditors: Amounts falling due within one year	12	(2,118,662)		(1,869,835)	
Net current liabilities			(1,274,499)		(1,170,197)
Total assets less current liabilities			<u>9,755,549</u>		<u>10,471,772</u>
Creditors: Amounts falling due after more than one year	13		(4,296,026)		(4,660,902)
Net assets			<u><u>5,459,523</u></u>		<u><u>5,810,870</u></u>
Capital and reserves					
Called up share capital - equity interests	14		17,012,857		16,790,408
Share premium account	15		13,618,581		13,618,581
Profit and loss account	16		(25,171,915)		(24,598,119)
Shareholders' funds	17		<u><u>5,459,523</u></u>		<u><u>5,810,870</u></u>

Approved by the board on 20 December 2004 and signed on its behalf by:



M Ball
Director



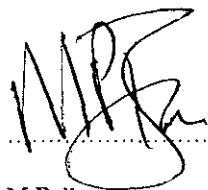
A Anderson
Director

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

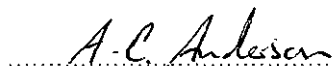
Wineworld London plc
Company balance sheet as at 31 July 2004

		2004		2003	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		10,878,482		11,506,881
Investments	9		125,002		125,002
			<u>11,003,484</u>		<u>11,631,883</u>
Current assets					
Stock	10	30,585		67,740	
Debtors	11	774,890		595,652	
Cash at bank and in hand		38,686		36,244	
		<u>844,161</u>		<u>699,636</u>	
Creditors: Amounts falling due within one year	12	(2,118,662)		(1,869,835)	
		<u></u>		<u></u>	
Net current liabilities			(1,274,501)		(1,170,199)
Total assets less current liabilities			<u>9,728,983</u>		<u>10,461,684</u>
Creditors: Amounts falling due after more than one year	13		(4,296,026)		(4,660,902)
			<u></u>		<u></u>
Net assets			<u>5,432,957</u>		<u>5,800,782</u>
 Capital and reserves					
Called up share capital - equity interests	14		17,012,857		16,790,408
Share premium account	15		13,618,581		13,618,581
Profit and loss account	16		(25,198,481)		(24,608,207)
			<u></u>		<u></u>
Shareholders' funds	17		<u>5,432,957</u>		<u>5,800,782</u>

Approved by the board on 20 December 2004 and signed on its behalf by:



M Ball
Director



A Anderson
Director

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

Wineworld London plc
Consolidated cash flow statement for the year ended 31st July 2004

		2004	2003
	Note	£	£
Net cash inflow from operating activities	21	499,843	24,492
Returns on investments and servicing of finance			
Interest received		2,382	2,966
Interest paid		(195,675)	(186,958)
Facility fees and other bank charges		(28,071)	(17,938)
Dividend received from associates		60,000	60,000
Interest element on finance lease rental payments		(6,619)	(8,421)
		<hr/>	<hr/>
Net cash outflow from returns and on investments and servicing of finance		(167,983)	(150,351)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(16,810)	(27,555)
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investments		(16,810)	(27,555)
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		315,050	(153,414)
Financing			
Issue of ordinary share capital	14	222,449	112,500
Increase in short term borrowings	23	50,000	-
Decrease in long term borrowings	23	(300,000)	-
Decrease in convertible loan stock	23	-	(500,000)
Capital element of finance lease rental payments	23	(59,870)	(53,615)
		<hr/>	<hr/>
Net cash outflow from financing		(87,421)	(441,115)
		<hr/>	<hr/>
Increase/(decrease) in cash	22	227,629	(594,529)
		<hr/>	<hr/>

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

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2004

1 Accounting Policies

Accounting basis and standards

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

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Land and Buildings	2% straight line
Fit-out	4% straight line
Fit-out multimedia	15% straight line
Plant and machinery	25% straight line
Fixtures and fittings	25% straight line
Office and computer equipment	25% to 33% straight line

Grants receivable

Grants related to expenditure on tangible assets are treated as deferred income and will be credited to the profit and loss account at the same rate as the depreciation on the assets to which the grants relate once the five year period in which there is a possibility of clawback has elapsed (see note 13).

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Group accounts

These consolidated financial statements present information about the group. The company has taken advantage of the exemption under section 230 of the Companies Act 1985 from presenting its own profit and loss account.

Pension scheme arrangements

The company makes contributions to a defined contribution scheme, the assets of which are held separately from the assets of the company. The pension costs charge represents contributions payable to the scheme.

Leased assets

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Investments

Investments in associate companies are capitalised in the balance sheet at the original purchase price. The share of results since acquisition are taken to the profit and loss account and to the carrying value in the balance sheet, in accordance with FRS9.

Wineworld London plc
Notes to the Financial Statements for the year ended 31st July 2004
(Continued)

2 Turnover

Turnover is attributable to the principal activities of the Group which arose wholly in the United Kingdom.

	2004	2003
	£	£
Tour & other related income	1,808,177	1,528,964
Corporate hospitality	1,959,428	1,703,126
	<u>3,767,605</u>	<u>3,232,090</u>

The segmental information does not include Net Assets since, in the opinion of the directors, no meaningful segmentation can be made.

3 Operating Loss

	2004	2003
	£	£
The operating loss is stated after charging:		
Auditors' remuneration	11,845	11,845
Depreciation - owned tangible fixed assets	710,132	601,066
Depreciation - assets held under finance leases	61,752	146,850
	<u>783,729</u>	<u>760,761</u>

4 Interest Receivable

Bank Interest receivable	2,382	2,966
	<u>2,382</u>	<u>2,966</u>

5 Interest Payable and Similar Charges

Bank loan and short term loan interest	195,675	186,958
Facility fees and other bank charges	28,071	17,938
Finance leases and hire purchase contracts	6,619	8,421
	<u>230,365</u>	<u>213,317</u>
Share of associates interest payable and similar charges	1,099	3,435
	<u>231,464</u>	<u>216,752</u>

6 Directors and employees

	2004	2003
	£	£
<i>Staff costs (including directors) during the year were as follows:</i>		
Wages and salaries	1,138,825	1,208,920
Social security costs	105,480	111,563
Other Pension costs	12,712	17,277
	<u>1,257,017</u>	<u>1,337,760</u>

The average monthly number of persons employed by the group, including directors, during the year was 76 (2003: 77).
At the end of the year the number of persons employed by the group was 79 (2003: 79)

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2004 (Continued)

6 Directors and employees (continued)

Directors emoluments:

	2004 £	2003 £
Directors' emoluments consist of:		
Fees and emoluments for management services	92,500	113,566
Compensation for loss of office	-	30,000
Group contributions to money purchase pension schemes	4,900	5,208
	<u>97,400</u>	<u>148,774</u>

7 Taxation

Analysis of charge in year

	2004 £	2003 £
Current tax:		
UK corporation tax at 30% (2003 - 30%)	-	-
Share of associates' current tax	19,992	13,006
Total current tax	<u>19,992</u>	<u>13,006</u>
Deferred tax:		
Deferred taxation	-	-
Share of associates' deferred tax	58	13,771
Total deferred tax	<u>58</u>	<u>13,771</u>
Total taxation	<u>20,050</u>	<u>26,777</u>

Factors affecting charge for the year

Loss on ordinary activities before tax	<u>(553,746)</u>	<u>(939,942)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(166,124)	(281,983)
Effects of:		
Expenses not deductible for tax purposes	2,687	1,353
Depreciation for the year in excess of capital allowances	207,632	173,191
(Relieved against losses brought forward)/unrelieved losses carried forward	(15,237)	124,744
Difference between expected corporation tax rate and actual corporation tax rate on associates profits. (note 1)	(8,966)	(4,299)
Current charge for the year	<u>19,992</u>	<u>13,006</u>

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2004 (Continued)

7 Taxation (continued)

Note 1

The associate company has taxable profits which fall within the small companies tax rate band. As a consequence the associate company is actually paying tax at 19% of taxable profits.

Note 2

At 31 July 2004 the company had unrelieved tax losses of £14,106,953 to carry forward and utilise against future corporation tax liabilities. These losses give rise to an unprovided deferred tax asset of £4,232,086.

There are no known factors which may affect future tax charges.

8 Tangible Assets

	Group and Company				
	Long Lease Land and Buildings £	Fit-out £	Plant and Machinery £	Fixtures fittings and equipment £	Total £
Cost					
At 1st August 2003	12,236,483	8,732,798	447,400	736,879	22,153,560
Additions	-	-	126,675	16,810	143,485
At 31st July 2004	12,236,483	8,732,798	574,075	753,689	22,297,045
Depreciation					
At 1st August 2003	4,971,291	4,518,914	439,344	717,130	10,646,679
Charge for the year	129,697	593,306	34,782	14,099	771,884
At 31st July 2004	5,100,988	5,112,220	474,126	731,229	11,418,563
Net Book Value					
At 31st July 2004	7,135,495	3,620,578	99,949	22,460	10,878,482
At 31st July 2003	7,265,192	4,213,884	8,056	19,749	11,506,881

The net book value of tangible assets includes an amount of £353,966 (2003: £289,043) in respect of assets held under finance leases and hire purchase contracts.

9 Fixed asset investments

The investments of the Group and Company were as follows:

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Subsidiary undertaking	-	-	2	2
Associate	151,566	135,088	125,000	125,000
At 31st July 2004	151,566	135,088	125,002	125,002

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2004 (Continued)

9 Fixed asset investments (continued)

Principal group investments

The parent company and the group have investments in the following subsidiary undertaking and associate which principally affected the profits or net assets of the group.

Name	County of Incorporation	Class of share	Proportion held	Nature of business
Subsidiary undertaking Vinopolis Limited	England	Ordinary	100%	Dormant
Associate Vinum Restaurant Company Limited	England	Ordinary "B"	40%	Restaurant & Wine Bars
Subsidiary undertaking			2004 £	2003 £
Cost				
At 1st August 2003			2	6
Additions			-	2
Disposals			-	(6)
At 31st July 2004			<u>2</u>	<u>2</u>
Associate			Group £	Company £
Cost				
At 1st August 2003			160,088	125,000
Share of retained profit for the year			16,478	-
At 31st July 2004			<u>176,566</u>	<u>125,000</u>
Amounts written off				
At 1st August 2003 and 31st July 2004			<u>25,000</u>	<u>-</u>
Net Book Value				
At 31st July 2004			<u>151,566</u>	<u>125,000</u>
At 31st July 2003			<u>135,088</u>	<u>125,000</u>

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2004 (Continued)

10 Stocks

	Group and Company	
	2004	2003
	£	£
Finished goods and goods for resale	30,585	67,740

11 Debtors

	£	£
Trade debtors	420,731	314,327
Other Debtors	100,000	-
Prepayments and accrued income	254,159	281,325
	<u>774,890</u>	<u>595,652</u>

12 Creditors: Amounts falling due within one year

	£	£
Trade creditors	624,215	540,247
Social security and other taxes	265,047	225,066
Other creditors	4,444	8,564
Other Loans	140,977	-
Bank overdraft	271,282	496,469
Bank of Scotland term loan	300,000	250,000
Obligations under finance leases and hire purchase contracts	47,388	32,702
Accruals and deferred income	465,309	316,787
	<u>2,118,662</u>	<u>1,869,835</u>

The overdraft with the Bank of Scotland is subject to the same terms on security and interest as those which apply to the loan described in note 13.

13 Creditors: Amounts falling due after more than one year

	£	£
Obligations under finance leases and hire purchase contracts	58,606	6,487
Deferred income grant	2,287,420	2,287,420
Bank of Scotland term loan	1,950,000	2,250,000
Other loans	-	116,995
	<u>4,296,026</u>	<u>4,660,902</u>

The grant was provided by English Partnerships as funding for the refurbishment of the Company's properties. They are entitled to clawback payments equivalent to 50% of any increase in the open market value of the property either two years or five years following completion of the refurbishment works or on disposal, after taking into account any sums already paid. They have a floating and a fixed charge over the long leasehold land and buildings of the Company, both charges ranking behind Bank of Scotland and certain providers of funds to the Company.

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2004 (Continued)

13 Creditors: Amounts falling due after more than one year (continued)

The Bank of Scotland term loan and overdraft are secured by means of a fixed and floating charge over the long leasehold land and buildings of the Company. The realisation value of the long leasehold land and buildings charged in favour of Bank of Scotland shall not be less than 150% of the amount of the facility outstanding at any time. The facility is repayable by yearly instalments so that the loan is repaid in full on or before 31 December 2008. The Company pays interest quarterly in arrears at an annual rate which is the sum of (1) the Margin (2.25%) and (2) the Bank of Scotland base rate as that fluctuates.

Borrowings are repayable as follows:

	Group and Company	
	2004	2003
	£	£
Bank loans		
Between one and two years	350,000	250,000
Between two and five years	1,600,000	750,000
After five years	-	1,250,000
	<hr/>	<hr/>
	1,950,000	2,250,000
On demand or within one year	300,000	250,000
	<hr/>	<hr/>
	2,250,000	2,500,000
	<hr/>	<hr/>
Obligations under finance leases and hire purchase contracts		
Between one and two years	58,606	2,184
Between two and five years	-	4,303
After five years	-	-
	<hr/>	<hr/>
	58,606	6,487
On demand or within one year	47,388	32,702
	<hr/>	<hr/>
	105,994	39,189
	<hr/>	<hr/>

14 Share capital

	Group and Company	
	2004	2003
	£	£
Authorised		
50,624,408 (2003 - 50,624,408) ordinary shares of 25p each	12,656,102	12,656,102
734,389,800 (2003 - 734,389,800) "A"ordinary shares of 1p each	7,343,898	7,343,898
	<hr/>	<hr/>
	20,000,000	20,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
48,965,603 (2003 - 48,965,603) ordinary shares of 25p each	12,241,401	12,241,401
477,145,597 (2003 - 454,900,697) "A"ordinary shares of 1p each	4,771,456	4,549,007
	<hr/>	<hr/>
	17,012,857	16,790,408
	<hr/>	<hr/>

During the year the company issued 22,244,900 "A"ordinary shares with a nominal value of £222,449 at par.

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Notes to the Financial Statements for the year ended 31st July 2004 (Continued)

15 Share Premium account

	Group and Company	
	2004	2003
	£	£
At 1st August 2003 and 31st July 2004	13,618,581	13,618,581

16 Profit and loss account

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
At 1st August 2003	(24,598,119)	(23,631,400)	(24,608,207)	(23,650,582)
Result for the year	(573,796)	(966,719)	(590,274)	(957,625)
At 31st July 2004	(25,171,915)	(24,598,119)	(25,198,481)	(24,608,207)

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Result for the year	(573,796)	(966,719)	(590,274)	(957,625)
Share issue	222,449	112,500	222,449	112,500
Net (reduction from)/addition to shareholders' funds	(351,347)	(854,219)	(367,825)	(845,125)
Opening shareholders' funds	5,810,870	6,665,089	5,800,782	6,645,907
Closing shareholders' funds	5,459,523	5,810,870	5,432,957	5,800,782

18 Capital Commitments

At 31 July 2004 the group and company had £nil (Year ended 31 July 2003 £nil) contracted capital commitments.

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Notes to the financial statements for the year ended 31 July 2004 (Continued)

19 Transactions with Directors and Related Party Transactions

- (a) Thistledown Investments Limited, a leasing company owned by Alexander Anderson - the non executive chairman, provided finance by way of leases and fully repayable loans to the company during the year on commercial terms standard to finance companies.

	2004 £	2003 £
During the year the following transactions took place:		
Plant and Machinery Leasing	35,491	22,828
Leasing Interest	10,553	2,020
Consultancy	25,655	22,900
Loan Interest and Fees	22,493	5,318
Total Transactions	94,192	53,066

At the year end there were amounts outstanding to Thistledown Investments Limited of:

Creditors: Amounts falling due within one year		
Trade creditors	17,334	17,509
Accruals and deferred income	13,281	12,625
Obligations under finance leases and hire purchase contracts	40,894	8,280
Other loans	139,982	100,000
	211,491	138,414
Creditors: Amounts falling after one year		
Obligations under finance leases and hire purchase contracts	58,606	-

- (b) Roger Wood and Leybourne Securities Limited, a company owned by Roger Wood - a non executive director, provided finance by way of fully repayable loans to the Company during the year on commercial terms.

	2004 £	2003 £
During the year the following transactions took place:		
Consultancy	7,500	7,500
Total Transactions	7,500	7,500

At the year end there were amounts outstanding to Leybourne Securities Limited of:

Creditors: Amounts falling due within one year		
Trade creditors	1,402	5,073
Accruals and deferred income	10,000	4,375
	11,402	9,448

Wineworld London plc
Notes to the financial statements for the year ended 31 July 2004 (Continued)

19 Transactions with Directors and Related Party Transactions (continued)

- (c) Michael Loubser and G.R.T. Holdings Limited, a company controlled by Michael Loubser - a non executive director, provided finance by way of fully repayable loans to the Company during the year on commercial terms.

	2004 £	2003 £
During the year the following transactions took place:		
Consultancy	7,500	7,500
Loan Interest and Fees	850	-
	<hr/>	<hr/>
Total Transactions	8,350	7,500
	<hr/> <hr/>	<hr/> <hr/>
At the year end there were amounts outstanding to G.R.T. Holdings Limited of:		
Creditors: Amounts falling due within one year		
Trade creditors	3,750	7,500
Accruals and deferred income	1,475	625
Other loans	995	16,995
	<hr/>	<hr/>
	6,220	25,120
	<hr/> <hr/>	<hr/> <hr/>

- (d) During the year the company traded with Vinum Restaurant Company Limited, a company in which Wineworld London plc is a shareholder.

	2004 £	2003 £
During the year the following transactions were made to/(from) Vinum Restaurant Company Limited:		
Rent received	215,024	195,164
Utility recharges	49,115	21,171
Sales	9,728	781
Plant and Machinery Leasing	(23,931)	(20,700)
Leasing Interest	(2,289)	(5,520)
Purchases	(100,519)	(82,245)
	<hr/>	<hr/>
Total Transactions	147,128	108,651
	<hr/> <hr/>	<hr/> <hr/>

The year end balances include the following amounts due from/(to) Vinum Restaurant Company Limited:

Debtors		
Trade debtors	33,444	22,728
	<hr/>	<hr/>
Creditors: Amounts falling due within one year		
Accruals	-	(8,908)
Obligations under finance leases and hire purchase contracts	(6,494)	(23,938)
	<hr/>	<hr/>
	(6,494)	(32,846)
	<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due within one year		
Obligations under finance leases and hire purchase contracts	-	(6,488)
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

All these transactions were undertaken at arms length.

Wineworld London plc

Notes to the financial statements for the year ended 31 July 2004 (Continued)

20 Pension Commitments

The company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the Company. The pension cost charge represents contributions payable to the scheme and amounted to £12,712 (2003: £17,277). There were no outstanding contributions at the year end.

21 Reconciliation of operating loss to net cash inflow from operating activities

	2004 £	2003 £
Operating loss	(324,664)	(726,156)
Share of associate operating profit	(97,627)	(61,118)
Depreciation -		
Owned tangible assets	710,132	601,062
Assets held under finance leases	61,752	146,850
Decrease in stock	37,155	11,741
(Increase)/decrease in debtors	(179,238)	536,125
Increase/(decrease) in creditors	292,333	(484,012)
Net cash inflow from operating activities	499,843	24,492

22 Reconciliation of net cash flow to the movement in net debt

	2004 £	2003 £
Increase/(decrease) in cash in the year	227,629	(594,529)
Cash outflow from decrease in debt and lease financing	309,870	553,615
Change in net debt resulting from cash flows	537,499	(40,914)
New finance leases	(126,675)	-
Net debt at 1st August 2003	(2,999,412)	(2,958,498)
Net debt at 31st July 2004	(2,588,588)	(2,999,412)

23 Analysis of Changes in Net Debt

	At 1st August 2003 £	Cash flow £	Other non-cash changes £	At 31st July 2004 £
Net overdraft and cash in hand	(460,223)	227,629	-	(232,594)
Finance leases	(39,189)	59,870	(126,675)	(105,994)
Debt due within one year	(250,000)	250,000	(300,000)	(300,000)
Debt due after one year	(2,250,000)	-	300,000	(1,950,000)
	(2,999,412)	537,499	(126,675)	(2,588,588)