

WINEWORLD LONDON PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2003



Wineworld London plc

Contents

Page	
2	Report of the Directors
4	Auditor's Report
5	Consolidated Profit and Loss Account
6	Consolidated Balance Sheet
7	Company Balance Sheet
8	Consolidated Cash Flow Statement
9	Notes to the Financial Statements

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 2003

The directors present their report and financial statements for the year ended 31 July 2003.

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 fourth trading year compared with the first three 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 (31 July 2002 - 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 2003	1st August 2002	31st July 2003	1st August 2002
Alexander Anderson*	28,090,594	28,090,594	323,905,940	313,905,940
John Lowther* - resigned - 30 June 2003	5,554	5,554	-	-
Roger Wood*	240,403	240,403	11,240,078	11,240,078
Leslie Fry - resigned - 31 May 2003	4,021	4,021	-	-
Michael Loubser*	6,420,466	6,420,466	64,758,759	64,758,759

At the year end, the following directors held options to subscribe for ordinary shares under the Share Option Plan as follows:

Director	Number of Ordinary Shares under option	Exercise price per Ordinary Share	First exercise date	Expiry Date
Roger Wood*	333,332	120p	18.06.2000	18.06.2004
John Lowther* - resigned - 30 June 2003	260,000	25p	01.07.2000	01.07.2004
	280,000	25p	01.07.2001	01.07.2005
	360,000	25p	01.07.2002	01.07.2006
	84,000	25p	01.07.2000	01.07.2005
Leslie Fry - resigned - 31 May 2003	105,000	25p	01.07.2001	01.07.2006
	105,000	25p	01.07.2002	01.07.2007

*Non -executive directors

Malcolm Ball was appointed as a director on 19 May 2003.

Wineworld London plc

Report of the Directors for the year ended 31 July 2003 (Continued)

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 2003 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 102 (2002: 120).

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:

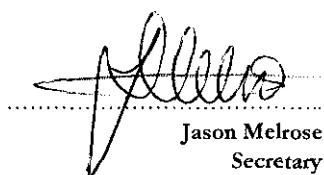
- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- ▶ 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: 12 November 2003



Audit with an extra dimension

Wineworld London plc Report of the Auditor

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 2003 which comprise of 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.

Respective Responsibilities of Directors and Auditor's

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 2003 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

Blueprint Audit Limited
Chartered Accountants and Registered Auditor
Nottingham.

20 November 2003

Wineworld London plc
Consolidated Profit and Loss Account for the year ended 31st July 2003

		2003	2002
	Notes	£	£
Turnover	2	3,232,090	3,404,130
Cost of sales		(853,939)	(824,196)
Gross profit		2,378,151	2,579,934
Administrative expenses		(3,165,425)	(3,240,883)
		(787,274)	(660,949)
Share of operating profit in associate		61,118	57,128
Operating loss	3	(726,156)	(603,821)
Interest receivable	4	2,966	2,883
Interest payable and similar charges	5		
Group		(213,317)	(766,013)
Associates		(3,435)	(8,343)
		(216,752)	(774,356)
Loss on ordinary activities before taxation		(939,942)	(1,375,294)
Taxation	7	(26,777)	-
Loss on ordinary activities after taxation	16	(966,719)	(1,375,294)

There are no recognised gains or losses in the period 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.

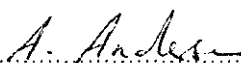
Wineworld London plc
Consolidated Balance Sheet as at 31st July 2003

		2003	2002
	Note	£	£
Fixed assets			
Tangible assets	8	11,506,881	12,227,238
Investments	9	135,088	144,182
		<u>11,641,969</u>	<u>12,371,420</u>
Current assets			
Stock	10	67,740	79,481
Debtors	11	595,652	1,151,777
Cash at bank and in hand		36,246	652,065
		<u>699,638</u>	<u>1,883,323</u>
Creditors: Amounts falling due within one year	12	<u>(1,869,835)</u>	<u>(3,263,012)</u>
Net current liabilities		(1,170,197)	(1,379,689)
Total assets less current liabilities		<u>10,471,772</u>	<u>10,991,731</u>
Creditors: Amounts falling due after more than one year	13	(4,660,902)	(4,326,642)
Net assets		<u>5,810,870</u>	<u>6,665,089</u>
Capital and reserves			
Called up share capital - equity interests	14	16,790,408	16,677,908
Share premium account	15	13,618,581	13,618,581
Profit and loss account	16	(24,598,119)	(23,631,400)
Shareholders' funds	17	<u>5,810,870</u>	<u>6,665,089</u>

Approved by the board on 12 November 2003 and signed on its behalf by:



M Ball
Director



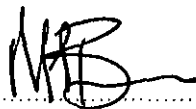
A Anderson
Director

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

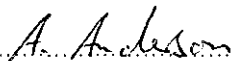
Wineworld London plc
Company balance sheet as at 31 July 2003

		2003		2002	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		11,506,881		12,227,238
Investments	9		125,002		125,006
			<u>11,631,883</u>		<u>12,352,244</u>
Current assets					
Stock	10	67,740		79,481	
Debtors	11	595,652		1,151,777	
Cash at bank and in hand		36,244		652,065	
		<u>699,636</u>		<u>1,883,323</u>	
Creditors: Amounts falling due within one year	12	<u>(1,869,835)</u>		<u>(3,263,018)</u>	
Net current liabilities			(1,170,199)		(1,379,695)
Total assets less current liabilities			<u>10,461,684</u>		<u>10,972,549</u>
Creditors: Amounts falling due after more than one year	13		<u>(4,660,902)</u>		<u>(4,326,642)</u>
Net assets			<u>5,800,782</u>		<u>6,645,907</u>
Capital and reserves					
Called up share capital - equity interests	14		16,790,408		16,677,908
Share premium account	15		13,618,581		13,618,581
Profit and loss account	16		(24,608,207)		(23,650,582)
Shareholders' funds	17		<u>5,800,782</u>		<u>6,645,907</u>

Approved by the board on 12 November 2003 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 2003

		2003	2002
	Note	£	£
Net cash inflow/(outflow) from operating activities	21	24,492	(1,551,872)
Returns on investments and servicing of finance			
Interest received		2,966	2,883
Interest paid		(186,958)	(681,398)
Facility fees and other bank charges		(17,938)	(42,616)
Dividend received from associates		60,000	20,000
Interest element on finance lease rental payments		(8,421)	(41,999)
		<hr/>	<hr/>
Net cash outflow from returns and on investments and servicing of finance		(150,351)	(743,130)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(27,555)	(22,887)
Sale of tangible fixed assets		-	-
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investments		(27,555)	(22,887)
		<hr/>	<hr/>
Net cash outflow before financing		(153,414)	(2,317,889)
Financing			
Issue of ordinary share capital	14	112,500	4,309,007
(Decrease) in short term borrowings	23	-	(250,000)
(Decrease) in convertible loan stock	23	(500,000)	(750,000)
Capital element of finance lease rental payments	23	(53,615)	(486,431)
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing		(441,115)	2,822,576
		<hr/>	<hr/>
(Decrease)/increase in cash	22	(594,529)	504,687
		<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 2003

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	Over the 60 yr lease term
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 2003
(Continued)

2 Turnover

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

	2003	2002
	£	£
Tour & other related income	1,618,398	1,640,674
Corporate hospitality	1,613,692	1,763,456
	<u>3,232,090</u>	<u>3,404,130</u>

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

3 Operating Loss

	2003	2002
	£	£
The operating loss is stated after charging:		
Auditors' remuneration	11,845	11,500
Depreciation - owned tangible fixed assets	601,062	508,553
Depreciation - assets held under finance leases	146,850	236,880
	<u>759,757</u>	<u>756,933</u>

4 Interest Receivable

Bank Interest receivable	<u>2,966</u>	<u>2,883</u>
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5 Interest Payable and Similar Charges

Bank loan and short term loan interest	186,958	617,166
Convertible loan stock interest	-	64,232
Facility fees and other bank charges	17,938	42,616
Finance leases and hire purchase contracts	8,421	41,999
	<u>213,317</u>	<u>766,013</u>
Share of associates interest payable and similar charges	3,435	8,343
	<u>216,752</u>	<u>774,356</u>

6 Directors and employees

	2003	2002
	£	£
Staff costs (including directors) during the year were as follows:		
Wages and salaries	1,208,920	1,116,443
Social security costs	111,563	98,649
Other Pension costs	17,277	30,015
	<u>1,337,760</u>	<u>1,245,106</u>

The average monthly number of persons employed by the group, including directors, during the year was 77 (period ended 31 July 2002: 70). At the end of the year the number of persons employed by the group was 79 (31 July 2002: 71)

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2003 (Continued)

6 Directors and employees (continued)

Directors emoluments:

	2003 £	2002 £
Directors' emoluments consist of:		
Fees and emoluments for management services	113,566	96,250
Compensation for loss of office	30,000	-
Group contributions to money purchase pension schemes	5,208	6,250
	<u>148,774</u>	<u>102,500</u>

The highest paid director during the year received aggregate emoluments in respect of qualifying services of £100,458 (2002 - £68,750), and he exercised no share options in this period. The Group paid £5,208 (2002 - £6,250) on contributions to a money purchase pension scheme in respect of the highest paid director's qualifying services.

7 Taxation

Analysis of charge in year

	2003 £	2002 £
Current tax:		
UK corporation tax at 30% (2002 - 30%)	-	-
Share of associates' current tax	13,006	-
Total current tax	<u>13,006</u>	<u>-</u>
Deferred tax:		
Deferred taxation	-	-
Share of associates' deferred tax	13,771	-
Total deferred tax	<u>13,771</u>	<u>-</u>
Total taxation	<u>26,777</u>	<u>-</u>

Factors affecting charge for the year

Loss on ordinary activities before tax	(939,942)	(1,375,294)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(281,983)	(412,588)
Effects of:		
Expenses not deductible for tax purposes	1,353	8,038
Depreciation for the year in excess of capital allowances	155,858	153,410
Unrelieved losses carried forward	142,076	265,776
Difference between expected corporation tax rate and actual corporation tax rate on associates profits. (note 1)	(4,299)	(14,636)
Current charge for tax period	<u>13,006</u>	<u>-</u>

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.

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

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2003 (Continued)

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 2002	12,236,483	8,732,798	447,400	709,324	22,126,005
Additions	-	-	-	27,555	27,555
Disposals	-	-	-	-	-
At 31st July 2003	12,236,483	8,732,798	447,400	736,879	22,153,560
Depreciation					
At 1st August 2002	4,841,594	4,011,588	366,741	678,844	9,898,767
Charge for the year	129,697	507,326	72,603	38,286	747,912
At 31st July 2003	4,971,291	4,518,914	439,344	717,130	10,646,679
Net Book Value					
At 31st July 2003	7,265,192	4,213,884	8,056	19,749	11,506,881
At 31st July 2002	7,394,889	4,721,210	80,659	30,480	12,227,238

The net book value of tangible assets includes an amount of £289,043 (2002: 435,891) 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	
	2003 £	2002 £	2003 £	2002 £
Subsidiary undertakings	-	-	2	6
Associates	135,088	144,182	125,000	125,000
At 31st July 2003	135,088	144,182	125,002	125,006

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2003 (Continued)

9 Fixed asset investments (continued)

Principal group investments

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

Name	County of Incorporation	Class of share	Proportion held	Nature of business
<i>Subsidiary undertakings</i>				
Vinopolis Limited	England	Ordinary	100%	Dissolved 10/12/02
WWSB Limited	England	Ordinary	100%	Dissolved 10/12/02
Wineworld Limited	England	Ordinary	100%	Dissolved 03/12/02
Vinopolis Limited	England	Ordinary	100%	

A new subsidiary called Vinopolis Limited was incorporated on 31 July 2003.

Associates

Vinum Restaurant Company Limited	England	Ordinary "B"	40%	Restaurant & Wine Bars
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Subsidiary undertakings

	2003 £	2002 £
Cost		
At 1 August 2002	6	6
Additions	2	-
Disposals	(6)	-
At 31 July 2003	2	6

Associates

	Group £	Company £
Cost		
At 1 August 2002	169,182	125,000
Share of sustained deficit for the year	(9,094)	-
At 31 July 2003	160,088	125,000

Amounts written off

At 1 August 2002	25,000	-
Written off	-	-
At 31 July 2003	25,000	-

Net Book Value

At 31 July 2003	135,088	125,000
At 31st July 2002	144,182	125,000

Wineworld London plc
Notes to the Financial Statements for the year ended 31st July 2003 (Continued)

10 Stocks

	Group and Company 2003 £	2002 £
Finished goods and goods for resale	67,740	79,481

11 Debtors

	£	£
Trade debtors	314,327	289,218
Amounts owed by associates	-	20,000
Other debtors	-	569,640
Prepayments and accrued income	281,325	272,919
	<u>595,652</u>	<u>1,151,777</u>

12 Creditors: Amounts falling due within one year

	Group 2003 £	2002 £	Company 2003 £	2002 £
Trade creditors	540,247	694,508	540,247	694,508
Social security and other taxes	225,066	234,329	225,066	234,329
Other creditors	8,564	1,701	8,564	1,707
Bank overdraft	496,469	517,759	496,469	517,759
Bank of Scotland term loan	250,000	500,000	250,000	500,000
Convertible loan stock	-	500,000	-	500,000
Obligations under finance leases and hire purchase contracts	32,702	53,582	32,702	53,582
Accruals and deferred income	316,787	761,133	316,787	761,133
	<u>1,869,835</u>	<u>3,263,012</u>	<u>1,869,835</u>	<u>3,263,018</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

	Group and Company 2003 £	2002 £
Obligations under finance leases and hire purchase contracts	6,487	39,222
Deferred income grant	2,287,420	2,287,420
Bank of Scotland term loan	2,250,000	2,000,000
Other creditors	116,995	-
	<u>4,660,902</u>	<u>4,326,642</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 2003 (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 of £250,000 commencing 1 January 2004 so that the loan is repaid in full on or before 1 January 2013. 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	
	2003	2002
	£	£
Bank loans		
Between one and two years	250,000	500,000
Between two and five years	750,000	1,500,000
After five years	1,250,000	-
	<hr/>	<hr/>
	2,250,000	2,000,000
On demand or within one year	250,000	500,000
	<hr/>	<hr/>
	2,500,000	2,500,000
	<hr/>	<hr/>
Obligations under finance leases and hire purchase contracts		
Between one and two years	6,487	34,919
Between two and five years	-	4,303
After five years	-	-
	<hr/>	<hr/>
	6,487	39,222
On demand or within one year	32,702	53,582
	<hr/>	<hr/>
	39,189	92,804
	<hr/>	<hr/>

14 Share capital

	Group and Company	
	2003	2002
	£	£
Authorised		
50,624,408 (2002 - 50,624,408) ordinary shares of 25p each	12,656,102	12,656,102
734,389,800 (2002 - 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 (2002 - 48,915,603) ordinary shares of 25p each	12,241,401	12,228,901
454,900,697 (2002 - 444,900,697) "A"ordinary shares of 1p each	4,549,007	4,449,007
	<hr/>	<hr/>
	16,790,408	16,677,908
	<hr/>	<hr/>

During the year the company issued 50,000 ordinary shares with a nominal value of £12,500 at par and also 10,000,000 "A"ordinary shares with a nominal value of £100,000 at par.

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2003 (Continued)

15 Share Premium account

	Group and Company	
	2003	2002
	£	£
At 1 August 2002	13,618,581	13,773,225
Share issue expenses	-	(140,000)
Share issue	-	(14,644)
At 31 July 2003	<u>13,618,581</u>	<u>13,618,581</u>

16 Profit and loss account

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
At 1 August 2002	(23,631,400)	(22,256,106)	(23,650,582)	(22,291,503)
Result for the year	(966,719)	(1,375,294)	(957,625)	(1,359,079)
At 31 July 2003	<u>(24,598,119)</u>	<u>(23,631,400)</u>	<u>(24,608,207)</u>	<u>(23,650,582)</u>

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Result for the year	(966,719)	(1,375,294)	(957,625)	(1,359,079)
Share issue expenses	-	(140,000)	-	(140,000)
Share issue	112,500	4,449,007	112,500	4,449,007
Net (reduction from)/addition to shareholders' funds	<u>(854,219)</u>	<u>2,933,713</u>	<u>(845,125)</u>	<u>2,949,928</u>
Opening shareholders' funds	6,665,089	3,731,376	6,645,907	3,695,979
Closing shareholders' funds	<u>5,810,870</u>	<u>6,665,089</u>	<u>5,800,782</u>	<u>6,645,907</u>

18 Capital Commitments

At 31 July 2003 the group and company had £nil (Year ended 31 July 2002 £nil) contracted capital commitments.

Wineworld London plc

Notes to the financial statements for the year ended 31 July 2003 (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.

During the year the following transactions took place:-	£
Plant and Machinery Leasing	22,828
Leasing Interest	2,020
Consultancy	22,900
Loan Interest and Fees	5,318
Total Transactions	<u>53,066</u>

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

Creditors: Amounts falling due within one year	
Trade creditors	17,509
Accruals and deferred income	12,625
Obligations under finance leases and hire purchase contracts	8,280
Other Creditors	100,000
	<u>138,414</u>

- (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.

During the year the following transactions took place:-	
Consultancy	7,500
Total Transactions	<u>7,500</u>

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

Creditors: Amounts falling due within one year	
Trade creditors	5,073
Accruals and deferred income	4,375
	<u>9,448</u>

- (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.

During the year the following transactions took place:-	
Consultancy	7,500
Total Transactions	<u>7,500</u>

At the period end there were amounts outstanding to G.R.T. Holdings Limited of:

Creditors: Amounts falling due within one year	
Trade creditors	7,500
Accruals and deferred income	625
Other Creditors	16,995
	<u>25,120</u>

Wineworld London plc

Notes to the financial statements for the year ended 31 July 2003 (Continued)

19 Transactions With Directors and Related Party Transactions (continued)

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

During the year the following transactions were made to/(from) Vinum Restaurant Company Limited:-

	£
Rent received	195,164
Utility recharges	21,171
Sales	781
Plant and Machinery Leasing	(20,700)
Leasing Interest	(5,520)
Purchases	(82,245)
Total Transactions	<u>108,651</u>

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

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

All these transactions were undertaken at arms length.

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 £17,277 (2002: £30,015). There were no outstanding contributions at the year end.

21 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2003 £	2002 £
Operating loss	(726,156)	(603,821)
Share of associate	(61,118)	(57,128)
Depreciation -		
Owned tangible assets	601,062	502,921
Assets held under finance leases	146,850	242,511
Amount written of associate investment	-	25,000
Decrease in stock	11,741	23,019
Decrease /(increase) in debtors	536,125	(774,730)
Decrease in creditors	(484,012)	(909,644)
Net cash inflow/(outflow) from operating activities	<u>24,492</u>	<u>(1,551,872)</u>

Wineworld London plc

Notes to the financial statements for the year ended 31 July 2003 (Continued)

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

	2003 £	2002 £
(Decrease)/increase in cash in the year	(594,529)	504,687
Cash outflow from decrease in debt and lease financing	553,615	1,486,431
<i>Change in net debt resulting from cash flows</i>	<u>(40,914)</u>	<u>1,991,118</u>
New finance leases	0	(64,530)
Net debt at 1st August 2002	(2,958,498)	(4,885,086)
 Net debt at 31st July 2003	 <u><u>(2,999,412)</u></u>	 <u><u>(2,958,498)</u></u>

23 Analysis of Changes in Net Debt

	At 1st August 2002 £	Cash flow £	Other non-cash changes £	At 31st July 2003 £
Net cash at bank and in hand/(net overdraft)	134,306	(594,529)	-	(460,223)
Finance leases	(92,804)	53,615	-	(39,189)
Debt due within one year	(1,000,000)	500,000	250,000	(250,000)
Debt due after one year	(2,000,000)	-	(250,000)	(2,250,000)
	<u>(2,958,498)</u>	<u>(40,914)</u>	<u>-</u>	<u>(2,999,412)</u>