


JUSTERINI & BROOKS LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1991

REGISTERED NUMBER: 68576

JUSTERINI & BROOKS LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1991.

Activities

The principal activity of the company is the production, sale and export of wines and spirits, particularly J&B Rare Scotch Whisky. This was an extremely successful year with over 6m cases of J&B Rare sold for the first time. The directors foresee no material change in the nature of the company's activities.

Financial

The directors recommend that a final dividend of £22,000,000 be paid (1990 £17,500,000). No interim dividend was paid during this year.

After deducting the dividend the profit for the year retained in the company is £17,469,000 (1990 - £17,857,000).

Fixed tangible assets

Information relating the changes in tangible fixed assets is given in note 8 to the financial statements.

Directors

The directors who served during the year were as follows:

MC Alexander (resigned 31 December 1990)
WRF Bedloe
J Bruxner (Chairman)
EP Demery
GSB Gibbon
D Maxwell-Scott
DA Plunkett
JEC Rideal (resigned 2 November 1990)

JUSTERINI & BROOKS LIMITEDDIRECTORS' REPORT (continued)Directors (continued)

The directors who held office at the end of the financial year had the following interests in the shares of Grand Metropolitan PLC:

	Ordinary Shares of 50p		Options			
	30.9.91	1.10.90	30.9.91	(Exercised)	Granted	1.10.90
WRF Bedloe	-	-	32,555	-	8,000	24,555
J Bruxner	6,160	12,160	54,002	(17,421)	4,034	67,389
EP Demery	1,201	2,354	12,328	-	3,359	8,969
GSB Gibbon	1,000	1,000	32,124	(3,173)	8,000	27,297
D Maxwell-Scott	-	-	52,847	(19,701)	18,583	53,965
DA Plunkett	10,874	10,874	27,592	(14,347)	8,000	33,939

The directors held the above options under the Grand Metropolitan PLC share option schemes, at prices between 245p and 760p per share exercisable by 1999.

Employee Involvement

The company is committed to the development of employee consultation and, thereby to their greater involvement in the company's operations. During the year consultation is achieved both on a formal basis in conjunction with trade unions and employee committees and also through more informal briefing sessions and discussions with wider groups of employees.

A report on the Grand Metropolitan group, of which this company is a member, is sent to all employees each year.

Employment of disabled persons

The company recognises its obligations towards disabled people and endeavours to provide as much employment as the demands of the company's operations and the abilities of the disabled persons allow.

Applications for employment from disabled people are studied with care. Every effort is made to find them, and any existing employees who become disabled, appropriate work and training where it is needed. Opportunities are offered to disabled employees to develop their knowledge and skills and undertake greater responsibilities.

Political and charitable contributions

The company made no political contributions during the year (1990 - £Nil).
Donations to UK charities amounted to £7,000 (1990 - £9,000).

JUSTERIN & BROOKS LIMITED

DIRECTORS' REPORT (continued)

Auditors

On 1 October 1991 our auditors changed the name under which they practise to KPMG Peat Marwick and accordingly have signed their report in their new name. The firm is willing to continue in office and a resolution concerning their reappointment and remuneration will be submitted to the annual general meeting.

By order of the board



M S Leathes
Secretary

61, St James's Street
London
SW1A 1JZ

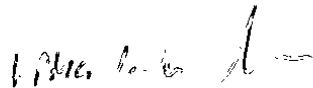
5 December 1991

REPORT OF THE AUDITORS, KPMG PEAT MARWICK, TO THE MEMBERS OF
JUSTERINI & BROOKS LIMITED

We have audited the financial statements on pages 5 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not comply with the Statement of Standard Accounting Practice No 10 as no statement of source and application of funds is included for the reason given in note 16.



KPMG PEAT MARWICK

Chartered Accountants
Registered Auditor

5 December 1991

JUSTERINI & BROOKS LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 30 September 1991

	<u>Note</u>	<u>1991</u> £'000	<u>1990</u> £'000
Turnover	2	259,522	216,541
Operating costs	3 - 5	(187,831)	(166,568)
		<u>71,691</u>	<u>49,973</u>
Investment income		111	174
Interest (payable)/receivable	6	(9,837)	1,914
Profit on ordinary activities before taxation		61,965	52,061
Tax on profit on ordinary activities	7	(22,496)	(16,704)
Profit on ordinary activities after taxation		39,469	35,357
Dividends - final proposed		(22,000)	(17,500)
Transfer to reserves	15	<u>17,469</u>	<u>17,857</u>

JUSTERINI & BROOKS LIMITED
BALANCE SHEET

As at 30 September 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
		£'000	£'000
FIXED ASSETS			
Tangible assets	8	70,640	66,228
Investments	9	76	76
		<u>70,716</u>	<u>66,304</u>
CURRENT ASSETS			
Stocks	10	181,354	167,613
Debtors	11	71,242	56,921
Cash at bank and in hand		893	3,109
		<u>253,489</u>	<u>227,643</u>
CREDITORS: - Amounts falling due within one year	12	<u>(213,923)</u>	<u>(200,040)</u>
NET CURRENT ASSETS		<u>39,566</u>	<u>27,603</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>110,282</u>	<u>93,907</u>
CREDITORS: - Amounts falling due after more than one year	12	-	(1,034)
Deferred taxation	13	31	(29)
		<u>110,313</u>	<u>92,844</u>
CAPITAL AND RESERVES			
Called up share capital	14	86	86
Reserves:			
Revaluation reserve	15	1,650	2,528
Profit and loss account	15	108,577	90,230
		<u>110,313</u>	<u>92,844</u>

John Maxwell
J. Brunner
 J. BRUNNER
 J. MAXWELL SCOTT

Director
 Director

JUSTIERINI & BROOKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of certain land and buildings. They have been drawn up to comply in all material respects with UK Statements of Standard Accounting Practice in force at the relevant time, except that they do not include a statement of source and application of funds for the reason set out in note 16. The bases used are consistent with those used in the previous year.

b) Turnover

Turnover consists of the proceeds of sales, less returns and VAT, and includes any duty thereon where appropriate. Royalties receivable and overseas sales under royalty agreements granted are not included.

c) Fixed tangible assets

Fixed tangible assets are stated at cost, or at professional valuation.

No depreciation is provided on freehold land. Other fixed assets are depreciated to residual values on a straight line basis over their estimated useful lives within the following ranges:

Freehold buildings	-	50 years
Plant, machinery and vehicles	-	4 to 10 years
Fixtures, fittings and equipment	-	1 to 10 years

Leasehold property is depreciated over the unexpired period of the lease.

d) Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a fixed tangible asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligations for future instalments.

All other leases are operating leases and the rental charges are taken to profit and loss account on a straight line basis over the life of the lease.

e) Investments

Investments are valued individually at the lower of cost and net realisable value. In the case of unlisted investments the net realisable value is estimated by the directors.

JUSTERINI & BROOKS LIMITED

NOTES (continued)

f) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the balance sheet exchange rates. Where transactions are covered by forward currency contracts the transactions are recorded, and any resulting assets or liabilities are translated, at the contracted rate of exchange.

All exchange gains and losses are taken to the profit and loss account.

g) Deferred taxation

No provision is made for taxation deferred by accelerated taxation allowances on UK capital expenditure. The company is a member of a group which provides for any deferred tax payable in the foreseeable future on a group basis.

The deferred taxation provision therefore relates to those other material taxation liabilities which are deferred because items of expense or income are allowed or assessed for tax purposes in periods different from those in which they enter the profit and loss account.

h) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes, where appropriate, production and other direct overhead expenses.

i) Pension funding

The majority of employees of the company are members of group pension plans operated by Grand Metropolitan PLC. Contributions by this company are based on pension costs across the group as a whole. The costs of providing pensions are charged against profits on a systematic basis, with pension surpluses and deficits allocated over the expected remaining service lives of current employees.

Differences between the amounts charged in the profit and loss account and payments made to the plans are treated as assets or liabilities in the balance sheet. Particulars of the valuations of the group plans are contained in the financial statements of Grand Metropolitan PLC.

JUSTERINI & BROOKS LIMITEDNOTES (continued)

2 ANALYSIS OF TURNOVER AND PROFIT BEFORE TAXATION

The turnover and the profit before taxation are attributable to the one activity, that of the production, sale and export of wines and spirits.

The turnover by geographical market is as follows:

	<u>1991</u> £'000	<u>1990</u> £'000
United Kingdom and Eire	25,527	13,961
Rest of Europe	153,561	134,574
North America	34,238	31,325
Africa	14,972	14,606
Rest of World	31,224	22,075
	<u>259,522</u>	<u>216,541</u>

3 OPERATING COSTS

	<u>1991</u> £'000	<u>1990</u> £'000
(Increase) in stocks of finished goods and work in progress	(25,436)	(2,258)
Other operating costs	121	156
Raw materials and consumables	148,313	108,876
Other external charges	43,336	40,512
Staff costs	17,430	15,806
Auditors fee (current year)	85	52
Audit fee (prior year under provision)	40	-
Depreciation of fixed tangible assets	4,221	3,424
Reorganisation costs	(279)	-
	<u>187,831</u>	<u>166,568</u>

Other external charges include operating lease rentals for plant and machinery of £283,000 (1990 - £256,000) and profit on disposal of fixed assets £10,000 (1990 - £45,000).

4 STAFF COSTS

The average number of employees was 1051 (1990 - 983)

	<u>1991</u> £'000	<u>1990</u> £'000
Employee costs:		
Wages and salaries	15,942	14,335
Social security costs	1,265	1,045
Other pension costs	223	426
	<u>17,430</u>	<u>15,806</u>

JUSTERINI & BROOKS LIMITED
NOTES (continued)

5 DIRECTORS' REMUNERATION

	<u>1991</u> <u>£'000</u>	<u>1990</u> <u>£'000</u>
Emoluments (including pension contributions)	<u>534</u>	<u>522</u>

The emoluments excluding pension contributions, of the chairman and highest paid director amounted to £114,091 (1990 - £103,309).

The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	<u>1991</u> <u>£'000</u>	<u>1990</u> <u>£'000</u>
£ 0,000 - £ 5,000	-	1
£10,001 - £ 15,000	1	-
£35,001 - £ 40,000	1	-
£40,001 - £ 45,000	-	2
£50,001 - £ 55,000	1	1
£55,001 - £ 60,000	1	2
£60,001 - £ 65,000	2	-
£75,001 - £ 80,000	-	1
£85,001 - £ 90,000	-	1
£95,001 - £100,000	1	-
£100,001 - £105,000	-	1
£110,001 - £115,000	1	-

Compensation payments of £ Nil in respect of loss of office were made to directors who ceased employment during the year (1990 - £ Nil).

6 INTEREST (PAYABLE)/RECEIVABLE

	<u>1991</u> <u>£'000</u>	<u>1990</u> <u>£'000</u>
Bank interest (payable)/receivable	(500)	1,914
Inter group interest payable	(9,337)	-
	<u>(9,837)</u>	<u>1,914</u>

JUSTERINI & BROOKS LIMITED
NOTES (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1991</u> £'000	<u>1990</u> £'000
UK corporation tax at 33.5% (1990 - 35%)	19,635	16,798
Deferred tax (credit)/charge	(59)	29
	<u>19,576</u>	<u>16,827</u>
Prior year adjustment		
Corporation tax	2,920	(598)
Group relief	-	475
	<u>22,496</u>	<u>16,704</u>

Deferred taxation not provided for in the period in respect of accelerated capital allowances, amounted to £1,219,000 (1990 - £1,529,000).

The charge for UK corporation tax includes amounts which may be paid to other companies in the Grand Metropolitan group in return for the surrender of tax losses.

8 FIXED TANGIBLE ASSETS

	<u>Freehold land and buildings</u> £'000	<u>Plant, machinery and vehicles</u> £'000	<u>Fixtures, fittings and equipment</u> £'000	<u>Total</u> £'000
<u>Cost or valuation</u>				
At 30 September 1990	45,686	46,025	745	92,456
Additions from fellow group companies	-	709	1,463	2,172
Reclassification	(2)	2	-	-
Additions	734	5,790	247	6,771
Disposals	-	(746)	(5)	(751)
At 30 September 1991	<u>46,418</u>	<u>51,780</u>	<u>2,450</u>	<u>100,648</u>
<u>Depreciation</u>				
At 30 September 1990	1,736	23,762	730	26,228
Additions from fellow group companies	-	213	-	213
Transfers within the company	9	(9)	-	-
Charge for year	887	3,125	209	4,221
Disposals	-	(652)	(2)	(654)
At 30 September 1991	<u>2,632</u>	<u>26,439</u>	<u>937</u>	<u>30,008</u>

JUSTERINI & BROOKS LIMITED
NOTES (continued)

8 FIXED TANGIBLE ASSETS (continued)

Net book value

At 30 September 1991	<u>43,786</u>	<u>25,341</u>	<u>1,513</u>	<u>70,640</u>
At 30 September 1990	<u>43,950</u>	<u>22,263</u>	<u>15</u>	<u>66,228</u>

i) The net book value of land and buildings comprises:

	<u>1991</u> £'000	<u>1990</u> £'000
Freehold land	2,113	2,113
Freehold buildings	41,673	41,837
	<u>43,786</u>	<u>43,950</u>

No depreciation is charged in respect of freehold land.

ii) The total at cost or valuation for land and buildings comprises:

	<u>1991</u> £'000	<u>1990</u> £'000
At 1988 professional valuation	2,600	2,600
At cost	43,818	43,086
	<u>46,418</u>	<u>45,686</u>

The 1988 professional valuation was made on an open market existing use basis, except for distilleries which were valued on a depreciated replacement cost basis because of their specialised nature.

iii) Historical cost figures for all land and buildings are:

	<u>1991</u> £'000	<u>1990</u> £'000
Cost	44,008	43,276
Aggregate depreciation based on historical cost	<u>(2,750)</u>	<u>(1,854)</u>
Net book value	<u>41,258</u>	<u>41,422</u>

iv) Included in the total net book value of fixed tangible assets is £47,000 (1990 - £98,000) in respect of assets acquired under finance leases. Depreciation for the year on these assets was £51,000 (1990 - £51,000).

JUSTERINI & BROOKS LIMITED
NOTES (continued)

£'000

9 INVESTMENTS

At 30 September 1991 and 30 September 1990

76

Investments are stated at cost and comprise trade investments in unlisted companies.

10 STOCKS

	<u>1991</u> £'000	<u>1990</u> £'000
Raw materials and consumables	2,889	14,584
Stocks of maturing scotch whisky	162,192	138,964
Finished goods and goods for resale	16,273	14,065
	<u>181,354</u>	<u>167,613</u>

11 DEBTORS

	<u>1991</u> £'000	<u>1990</u> £'000
Trade debtors	18,275	33,249
Amounts owed by group undertakings	47,105	21,769
Other debtors	4,454	1,693
Prepayment and accrued income	1,408	210
	<u>71,242</u>	<u>56,921</u>

All debtors are receivable within one year

JUSTERINI & BROOKS LIMITED
NOTES (continued)

12 CREDITORS

	1991		1990	
	Due within one year	Due after one year	Due within one year	Due after one year
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	8,381	-	4,209	-
Trade creditors	15,541	-	25,504	-
Amounts owed to group undertakings	129,667	-	113,429	1,034
Group relief payable	2,809	-	-	-
Taxation based on profits	18,912	-	32,079	-
Other taxation	237	-	263	-
Proposed dividend	22,000	-	17,500	-
Other creditors	71	-	35	-
Accruals and deferred income	16,305	-	7,021	-
	<u>213,923</u>	<u>-</u>	<u>200,040</u>	<u>1,034</u>

All amounts are payable within five years.

Other creditors include secured amounts in respect of obligations under finance leases as follows:

	<u>1991</u> £'000	<u>1990</u> £'000
Gross amounts due:-		
Within one year	-	8
From two to five years	-	-
	<u>-</u>	<u>8</u>
Less: Future finance charges	-	-
	<u>-</u>	<u>8</u>

13 DEFERRED TAXATION

	<u>1991</u> £'000	<u>1990</u> £'000
<u>Not provided</u>		
Accelerated capital allowances on plant and machinery	<u>4,023</u>	<u>5,403</u>
<u>Provided</u>		
Short term timing differences	<u>(31)</u>	<u>29</u>

JUSTERINI & BROOKS LIMITED
NOTES (continued)

14 CALLED UP SHARE CAPITAL

	<u>1991</u> £'000	<u>1990</u> £'000
Authorised:		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
86,500 Ordinary shares of £1 each	<u>86</u>	<u>86</u>

15 RESERVES

	<u>Revaluation</u> <u>reserve</u> £'000	<u>Profit and</u> <u>loss account</u> £'000	<u>Total</u> £'000
At 30 September 1990	2,528	90,230	92,758
Depreciation of revaluation surplus	(878)	878	-
Retained profit for year	<u>-</u>	<u>17,469</u>	<u>17,469</u>
At 30 September 1991	<u>1,650</u>	<u>108,577</u>	<u>110,227</u>

The surplus on revaluation of land and buildings does not constitute a timing difference for deferred tax purposes. No tax liability would arise on any disposal of these assets after taking account of claims for rollover relief.

16 STATEMENT OF SOURCE AND APPLICATION OF FUNDS

A statement of source and application of funds has not been produced. The directors consider that such a statement would not be helpful as the company is a wholly-owned subsidiary of International Distillers and Vintners Limited, and its funds are managed as a part of the International Distillers and Vintners group funds. A group statement of source and application of funds is included in the financial statements of International Distillers and Vintners Limited.

17 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 September 1991 as the debenture stocks issued by International Distillers and Vintners Limited, in respect of which the assets of the company were charged as part security, were redeemed during the year (1990 - £978,750).

JUSTERINI & BROOKS LIMITED
NOTES (continued)

18 OPERATING LEASE COMMITMENTS

At 30 September 1991 the company had annual commitments not provided for under operating leases for plant and machinery as follows:

	<u>1991</u> £'000	<u>1990</u> £'000
Payments due within one year for leases which expire:		
Within one year	4	5
From two to five years	23	111
Over five years	170	164
	<u>197</u>	<u>281</u>

19 CAPITAL COMMITMENTS

Capital expenditure authorised and commitments not provided for in these financial statements are estimated at:-

	<u>1991</u> £'000	<u>1990</u> £'000
Committed	108	1,874
Authorised but not committed	76	778
	<u>877</u>	<u>2,652</u>

20 ULTIMATE HOLDING COMPANY

The ultimate holding company is Grand Metropolitan PLC a company incorporated in England and Wales. The company is also included within the group accounts of International Distillers and Vintners Limited, a company incorporated in England and Wales. Group accounts for both these holding companies can be obtained from Grand Metropolitan PLC, 20 St James's Square, London SW1Y 4RR.

21 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on 5 December 1991.