

547325

ALCOHOLS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

F.W. STEPHENS & CO.
Chartered Accountants
10, Charterhouse Square
London EC1M 6LQ



ALCOHOLS LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1995

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ALCOHOLS LIMITED

OFFICERS AND ADVISORS

DIRECTORS

R.J. Auger
A.J. Wallis
R.H. Ling

SECRETARY

R.H. Ling

REGISTERED OFFICE

10, Charterhouse Square
London EC1M 6LQ

REGISTERED NUMBER

547325

REGISTERED AUDITORS

F.W. Stephens & Co.
Chartered Accountants
10, Charterhouse Square
London EC1M 6LQ

BANKERS

National Westminster Bank PLC
134, Aldersgate Street
London EC1A 4JB

SOLICITORS

Whitehouse Gibson & Alton
25, Bedford Row
London WC1R 4HE

ALCOHOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 1995

DIRECTORS' RESPONSIBILITIES

Company law requires us to prepare financial statements 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 financial statements, we are required to:

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

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £79,197 (1994 £130,237) and after transfers from reserves came to £129,197 (1994 £130,237).

An interim dividend of £28,000 (1994 £28,000) was paid during the year. A final dividend of £32,000 (1993 £32,000) is proposed.

REVIEW OF THE BUSINESS

The company's principal activity is the manufacture of various alcohol products and the distribution of alcohols and solvents. The company is a subsidiary of W.H. Palmer & Co. (Industries) Limited. The directors consider the company's results for the year and its position at the year end to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year had no beneficial interest in the share capital of the company. Their beneficial interest in the share capital of the parent company at the beginning and end of the year were as follows:

	<u>Number of shares</u>	
	<u>31st December 1995</u>	<u>1st January 1995</u>
R.J. Auger	6,349	6,349
A.J. Wallis	7,500	6,826
R.H. Ling	-	-

In accordance with the Articles of Association, A.J. Wallis retires by rotation and offers himself for re-election at the forthcoming Annual General Meeting.

ALCOHOLS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1995

FIXED ASSETS

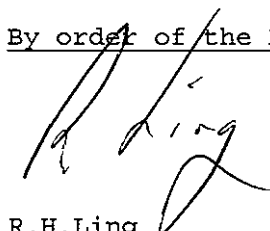
The movements in fixed assets during the year are set out in note 13 to the accounts.

AUDITORS

Messrs. F.W.Stephens & Co. have expressed their willingness to remain in office and in accordance with Section 385(2) Companies Act 1985, a resolution proposing the firm's reappointment will be placed before the members at the forthcoming Annual General Meeting.

As at 31st December 1995, a partner in the firm of Messrs. F.W. Stephens & Co. was a trustee of settlements which together owned 10,000 ordinary £1 shares in the parent company.

By order of the Board



R.H.Ling
Secretary

24th May 1996

AUDITORS REPORT TO THE SHAREHOLDERS OF

ALCOHOLS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

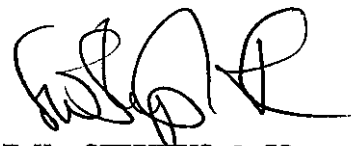
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 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 company's affairs as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

10, Charterhouse Square
London EC1M 6LQ



F.W. STEPHENS & CO.
Chartered Accountants and
Registered Auditors

28 May 1996

ALCOHOLS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
TURNOVER FROM CONTINUING OPERATIONS	2	13,225,603	11,046,053
COST OF SALES	3	10,908,919	9,248,546
GROSS PROFIT		2,316,684	1,797,507
Selling and distribution costs	3	1,670,097	927,689
Other operating costs	3	-	268,942
Administrative expenses	3	443,802	410,473
		2,113,899	1,607,104
OPERATING PROFIT FROM CONTINUING OPERATIONS	4/6	202,785	190,403
Interest receivable	8	23,617	34,905
Interest payable	9	(19,724)	(21,571)
		3,893	13,334
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		206,678	203,737
Tax on ordinary activities	10	127,481	73,500
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		79,197	130,237
Transfer from reserves		50,000	-
PROFIT FOR THE YEAR		129,197	130,237
Dividends	11	60,000	52,482
RETAINED PROFIT FOR THE YEAR		69,197	77,755
Retained profit brought forward		2,186,676	2,108,921
RETAINED PROFIT CARRIED FORWARD		£ 2,255,873	£ 2,186,676

There were no recognised gains or losses other than the profit for the year.

The attached notes form an integral part of these financial statements

ALCOHOLS LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	13	680,445	671,457
Investments	14	28,500	28,500
		<u>708,945</u>	<u>699,957</u>
CURRENT ASSETS			
Stocks	15	840,343	1,033,555
Debtors	16	2,214,336	2,147,353
Cash at bank and in hand		777,092	676,484
		<u>3,831,771</u>	<u>3,857,392</u>
CREDITORS - amounts falling due within one year	17	(1,974,281)	(2,004,676)
NET CURRENT ASSETS		<u>1,857,490</u>	<u>1,852,716</u>
ASSETS LESS CURRENT LIABILITIES		<u>2,566,435</u>	<u>2,552,673</u>
CREDITORS - amounts falling due after more than one year	18	(67,312)	(85,997)
Provisions for liabilities and charges	19	(92,250)	(79,000)
		<u>(159,562)</u>	<u>(164,997)</u>
NET ASSETS		<u><u>£2,406,873</u></u>	<u><u>£2,387,676</u></u>

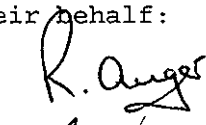
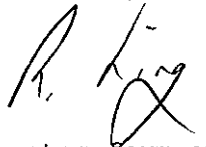
Financed by:

CAPITAL AND RESERVES

Called up share capital	20	1,000	1,000
Other reserve	21	150,000	200,000
Profit and loss account		2,255,873	2,186,676
		<u>£2,406,873</u>	<u>£2,387,676</u>

Approved by the board on 24th May 1996

Signed on their behalf:

R.J. Auger )
R.H. Ling ) Directors

The attached notes form an integral part of these financial statements.

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting policies.

1.2 Turnover

This represents the invoiced amounts of goods sold and provided, net of value added tax.

1.3 Consolidation

The company is entitled to the exemption conferred by Section 228 of the Companies Act 1985 from the requirement to prepare group accounts for the year ended 31st December 1995 as it is a subsidiary of W. H. Palmer & Co (Industries) Limited, a company incorporated and registered in England and Wales.

1.4 Depreciation of tangible fixed assets

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

Leasehold buildings:	over the lease term
Fixtures, fittings and equipment:	15% and 20% p.a.
Plant and machinery:	15%, 10% and 5% p.a.
Motor vehicles:	20% and 25% p.a.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on purchase cost on a first in first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

1.6 Deferred taxation

Deferred taxation is provided under the liability method on all short-term timing differences. Provision is also made on long-term timing differences, except those which are not expected to reverse in the foreseeable future.

1.7 Leasing commitments

Assets obtained under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest on lease purchase contracts is charged to the profit and loss on a reducing balance basis over the term of the agreement. Operating lease charges and annual rentals are charged to the profit and loss account as incurred.

1.8 Pension costs

The company operates a pension scheme in accordance with note 7. Pension costs are charged to the profit and loss account as and when the liability is recognised.

2. TURNOVER FROM CONTINUING OPERATIONS

	<u>1995</u>	<u>1994</u>
	£	£
An analysis of turnover by geographical market is as follows:		
United Kingdom	13,025,337	10,867,683
Rest of the World	200,266	178,370
	<hr/>	<hr/>
	£13,225,603	£11,046,053

Listed below are last year's expenses showing both the original figures and those that would have been disclosed if the basis of allocation had been amended in 1994:

	Original £	Amended £
Cost of sales	9,248,546	8,718,853
Selling and distribution costs	927,689	1,654,997
Administrative expenses	410,473	481,800
Other operating costs	268,942	-

OPERATING PROFIT	<u>1995</u>	<u>1994</u>
	£	£
This is stated after charging/(crediting):		
Directors' emoluments (see note 6)	183,586	278,486
Auditors remuneration	9,000	9,000
Depreciation	108,946	90,067
(Profit) on disposal of fixed assets	(8,757)	(14,944)
Operating lease rentals: plant and equipment	37,532	37,942
land and buildings	125,733	128,233

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

5. STAFF COSTS (including directors' remuneration)	<u>1995</u>	<u>1994</u>
	£	£
Wages and salaries	630,699	641,021
Social security costs	55,948	57,988
Other pension costs	42,392	42,088
Other costs	-	70,000
	<u>£ 729,039</u>	<u>£ 811,097</u>

The average number of employees during the year was made up as follows:

	<u>No.</u>	<u>No.</u>
Administration and management	7	7
Operational, selling and distribution	27	27
	<u>34</u>	<u>34</u>

6. DIRECTORS' EMOLUMENTS	<u>1995</u>	<u>1994</u>
	£	£
Executive Remuneration	150,652	175,738
Pension contributions	10,682	9,487
Other emoluments	22,252	23,261
Ex-gratia payment to former chairman	-	70,000
	<u>£183,586</u>	<u>£278,486</u>

Further details, excluding pension contributions:

Chairman and highest paid director 1995 only	<u>£ 78,525</u>	<u>£ 30,651</u>
Highest paid director	<u>£ -</u>	<u>£ 76,238</u>

Other directors' emoluments fell within the following ranges:

	<u>No.</u>	<u>No.</u>
£nil - £5,000	-	1
£40,001 - £45,000	1	1
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

7. PENSION COSTS

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate cost funding method. The most recent valuation was at 31st May, 1993.

The assumptions made by the actuary which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be at 9% per annum, that salary increases would average 7% per annum and that current employees' pensions up to pensionable age would increase with commensurate benefit. The scheme is not index-linked for those already in receipt of pensions.

The most recent actuarial valuation showed that the market value of the scheme assets was £1.66 million, and the actuarial value of the assets represented 154% of the benefits accrued to members, after allowing for future increases in earnings. Due to the actuarial surplus within the fund, the company did not make any contributions to the fund in 1994 and 1995. However, a charge of £36,822 (1994 £36,071 inclusive of administration fees) has been made to the profit and loss account in order to achieve a substantially level rate of pension cost based on the present actuarial assumptions. The company's normal annual contribution would amount to 14.1% of the pensionable payroll. This contribution has been reduced to 7.3% due to the amortisation of the actuarial surplus over the average remaining service lives of current employees in the scheme. The pension scheme is non-contributory for employees.

8.	INTEREST RECEIVABLE	<u>1995</u>	<u>1994</u>
		£	£
	Bank deposit interest	23,617	34,905
		<u> </u>	<u> </u>
9.	INTEREST PAYABLE	<u>1995</u>	<u>1994</u>
		£	£
	Loan from parent company	-	4,008
	Lease purchase interest	12,758	17,563
	Other Interest	6,966	-
		<u> </u>	<u> </u>
		£ 19,724	£ 21,571
		<u> </u>	<u> </u>

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

10.	TAXATION	<u>1995</u>	<u>1994</u>
		£	£
	The tax charge on the profit on ordinary activities for the year was as follows:		
	U.K corporation tax at 33% (1994 - 33%)	69,500	57,000
	Deferred taxation	5,250	16,500
		<u>74,750</u>	<u>73,500</u>
	Taxation underprovided in previous years:		
	Corporation tax	52,731	-
		<u>£ 127,481</u>	<u>£ 73,500</u>
11.	DIVIDENDS	<u>1995</u>	<u>1994</u>
		£	£
	Interim dividend paid:		
	2,800p (1994 2,800p) per share.	28,000	28,000
	Final dividend proposed:		
	3,200p (1994 3,200p) per share.	32,000	32,000
	1994 final dividend waived	-	(7,518)
		<u>£ 60,000</u>	<u>£ 52,482</u>
12.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1995</u>	<u>1994</u>
		£	£
	Profit for the financial year	79,197	130,237
	Dividends	(60,000)	(52,482)
		<u>19,197</u>	<u>77,755</u>
	Net additions to shareholders' funds	19,197	77,755
	Opening shareholders' funds	2,387,676	2,309,921
		<u>2,406,873</u>	<u>2,387,676</u>
	Closing shareholders' funds	£2,406,873	£2,387,676

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

13. TANGIBLE FIXED ASSETS

	<u>Short leasehold land and buildings</u>	<u>Fixtures, fittings and equipment</u>	<u>Plant and machinery</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost:					
At 1st January 1995	100,483	107,936	972,182	149,927	1,330,528
Additions	-	81,950	11,667	24,555	118,172
Disposals	-	(7,060)	-	(24,279)	(31,339)
At 31st December 1995	100,483	182,826	983,849	150,203	1,417,361
Depreciation:					
At 1st January 1995	37,022	96,489	429,207	96,353	659,071
Charge for year	4,861	13,605	63,783	26,697	108,946
Disposals	-	(6,822)	-	(24,279)	(31,101)
At 31st December 1995	41,883	103,272	492,990	98,771	736,916
Net book value at 31st December 1995	£ 58,600	£ 79,554	£490,859	£ 51,432	£ 680,445
Net book value at 31st December 1994	£ 63,461	£ 11,447	£542,975	£ 53,574	£ 671,457

Included in the amounts for Plant and Machinery above are the following amounts relating to assets subject to lease purchase agreements:

	<u>1995</u>	<u>1994</u>
	£	£
Depreciation charged for the year	16,150	16,150
Net book value at 31st December 1995	170,726	186,876

14. FIXED ASSET INVESTMENTS

	<u>1995</u>	<u>1994</u>
	£	£
As at 1st January 1995 and 31st December 1995	28,500	28,500

The company owns the entire issued share capital of Lang-Met Distillers Limited, a company registered in England and Wales - 25,000 £1 Ordinary shares. (1994 100% interest - 25,000 £1 Ordinary shares). The aggregate value of Lang-Met Distillers Limited capital and reserves at 31st December 1995, was £28,500 (1994: £28,500). The company is dormant.

Langley Distillery Limited has not commenced trading. The company has issued 5,000 £1 ordinary shares, but to date, no monies have been called on them. The company is registered in England and Wales.

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

15.	STOCKS	<u>1995</u>	<u>1994</u>
		£	£
	Finished goods and goods for resale	840,343	1,033,555
		<u> </u>	<u> </u>
16.	DEBTORS	<u>1995</u>	<u>1994</u>
		£	£
	Trade debtors	2,168,795	2,086,537
	Other taxes and social security costs	-	31,698
	Other debtors	200	5,776
	Prepayments	45,341	23,342
		<u> </u>	<u> </u>
		£2,214,336	£2,147,353
		<u> </u>	<u> </u>
17.	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1995</u>	<u>1994</u>
		£	£
	Obligations under lease purchase contracts	49,608	44,217
	Trade creditors	1,517,207	1,605,836
	Amount owed to group undertakings	28,996	28,500
	Corporation tax	66,500	73,161
	Other taxes and social security costs	38,652	24,326
	Other loans (see note 17)	23,192	-
	Accruals	218,126	196,636
	Proposed dividend	32,000	32,000
		<u> </u>	<u> </u>
		£1,974,281	£2,004,676
		<u> </u>	<u> </u>
18.	CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1995</u>	<u>1994</u>
		£	£
	Other loans	30,923	-
	Obligations under lease purchase contracts	36,389	85,997
		<u> </u>	<u> </u>
		£ 67,312	£ 85,997
		<u> </u>	<u> </u>

The above balances are wholly repayable within 5 years.
The other loans consists of two separate agreements. Both are charged
an interest rate of 1.5% over FHBR and are guaranteed by the parent
company.

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

19. DEFERRED TAXATION

Analysis of provision made and amount unprovided

	<u>1995</u>		<u>1994</u>	
	<u>Provision</u>	<u>Amount</u>	<u>Provision</u>	<u>Amount</u>
	<u>made</u>	<u>unprovided</u>	<u>made</u>	<u>unprovided</u>
	£	£	£	£
Accelerated capital allowances	92,250	-	87,000	-
Less: ACT recoverable	-	-	(8,000)	-
	<u>£92,250</u>	<u>£ -</u>	<u>£ 79,000</u>	<u>£ -</u>

Movements on the provision for deferred taxation are:-

	£
At 1st January 1995	79,000
Transferred to profit and loss account	5,250
Advance corporation tax	8,000
At 31st December 1995	<u>£ 92,250</u>

20. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

21. OTHER RESERVES

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Balance as at 1st January 1995	200,000	200,000
Transfer to Profit and Loss account	(50,000)	-
At 31st December 1995	<u>£150,000</u>	<u>£200,000</u>

22. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES

The company has obligations to pay the following rentals in the year to 31st December 1996 under operating leases expiring:

	<u>1995</u>		<u>1994</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£	£	£	£
Within one year	-	3,541	-	8,117
Within two to five years	-	29,363	-	27,446
After more than five years	125,733	-	128,232	-
	<u>£125,733</u>	<u>£32,903</u>	<u>£128,232</u>	<u>£ 35,563</u>

ALCOHOLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

23. **ULTIMATE PARENT COMPANY**

The company is a subsidiary of W.H. Palmer & Co. (Industries) Limited which is registered in England. The company is exempt from the requirement to produce a Cash Flow statement because the parent company has produced consolidated accounts including a consolidated Cash Flow statement.