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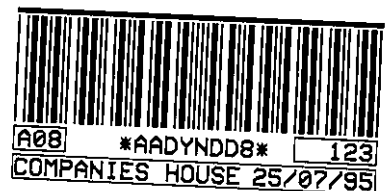
ALCOHOLS LIMITED

547325

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

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



ALCOHOLS LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1994

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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 1994

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 £130,237 (1993 £354,448) and after transfers to reserves came to £130,237 (1993 £154,448).
An interim dividend of £28,000 (1993 £35,295) was paid during the year. A final dividend of £32,000 (1993 £50,118) 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 or at date of resignation were as follows:

	<u>Number of shares</u>	
	<u>31st December 1994</u>	<u>1st January 1994</u>
W.R. Wallis (resigned 8.3.94)	12,727	12,727
R.J. Auger	6,349	6,349
A.J. Wallis	6,826	6,826
R.H. Ling	-	-
A.J.S. Hooper (resigned 12.7.94)	-	-

In accordance with the Articles of Association, R.H. Ling 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 1994

FIXED ASSETS

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

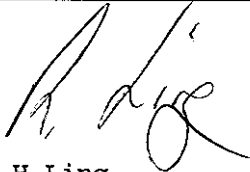
AUDITORS

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 1994, a partner in the firm of Messrs. F.W. Stephens & Co. was a trustee of settlements which together owned 10,000 ordinary shares in the parent company.

A second partner in Messrs. F.W. Stephens & Co, as co-executor of the estate of Mr. W.R. Wallis deceased, is joint holder of 6,497 ordinary £1 shares in the parent company, W.H. Palmer & Co. (Industries) Limited.

By order of the Board



R.H. Ling
Secretary

6th June 1995

AUDITORS REPORT TO THE MEMBERS OF

ALCOHOLS LIMITED

We have audited the financial statements on pages 5 to 14 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 1994 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

14th June 1995

ALCOHOLS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
TURNOVER FROM CONTINUING OPERATIONS	2	11,046,053	10,026,555
COST OF SALES		9,248,546	8,341,133
GROSS PROFIT		1,797,507	1,685,422
Selling and distribution costs		927,689	918,066
Other operating costs		268,942	285,029
Administrative expenses		410,473	384,180
		1,607,104	1,587,275
OPERATING PROFIT FROM CONTINUING OPERATIONS	4/6	190,403	98,147
Exceptional item	3	-	275,000
Interest receivable	8	34,905	48,189
Interest payable	9	(21,571)	(27,888)
		13,334	295,301
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		203,737	393,448
Tax on ordinary activities	10	73,500	39,000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		130,237	354,448
Transfer to reserves		-	(200,000)
PROFIT FOR THE YEAR		130,237	154,448
Dividends	11	52,482	85,413
RETAINED PROFIT FOR THE YEAR		77,755	69,035
Retained profit brought forward		2,108,921	2,039,886
RETAINED PROFIT CARRIED FORWARD		£ 2,186,676	£ 2,108,921

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 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	13	671,457	611,706
Investments	14	28,500	28,500
		<u>699,957</u>	<u>640,206</u>
CURRENT ASSETS			
Stocks	15	1,033,555	668,639
Debtors	16	2,147,353	1,791,526
Cash at bank and in hand		676,484	619,700
		<u>3,857,392</u>	<u>3,079,865</u>
CREDITORS - amounts falling due within one year	17	<u>(2,004,676)</u>	<u>(1,221,966)</u>
NET CURRENT ASSETS		<u>1,852,716</u>	<u>1,857,899</u>
ASSETS LESS CURRENT LIABILITIES		<u>2,552,673</u>	<u>2,498,105</u>
CREDITORS - amounts falling due after more than one year	18	(85,997)	(130,214)
Provisions for liabilities and charges	19	(79,000)	(57,970)
		<u>(164,997)</u>	<u>(188,184)</u>
NET ASSETS		<u><u>£2,387,676</u></u>	<u><u>£2,309,921</u></u>

Financed by:

CAPITAL AND RESERVES

Called up share capital	20	1,000	1,000
Other reserve	21	200,000	200,000
Profit and loss account		2,186,676	2,108,921
		<u>£2,387,676</u>	<u>£2,309,921</u>

Approved by the board on 6th June 1995

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 1994

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 1994 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.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

2. **TURNOVER FROM CONTINUING OPERATIONS**

The turnover and pre-tax profit are wholly attributable to the company's main activity.

	<u>1994</u>	<u>1993</u>
	£	£
An analysis of turnover by geographical market is as follows:		
United Kingdom	10,867,683	9,935,982
Rest of the World	178,370	90,573
	<u>£11,046,053</u>	<u>£10,026,555</u>

3. **EXCEPTIONAL ITEM**

	<u>1994</u>	<u>1993</u>
	£	£
Capital receipt for change of contract	-	275,000

4. **OPERATING PROFIT**

	<u>1994</u>	<u>1993</u>
	£	£
This is stated after charging/(crediting):		
Directors' emoluments (see note 6)	278,486	275,330
Auditors remuneration	9,000	8,500
Depreciation	90,067	89,950
(Profit) on disposal of fixed assets	(14,944)	(14,250)
Operating lease rentals: plant and equipment	37,942	40,640
land and buildings	128,233	128,233

5. **STAFF COSTS (including directors' remuneration)**

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	641,021	695,683
Social security costs	57,988	64,967
Other pension costs	42,088	24,403
Other costs	70,000	-
	<u>£ 811,097</u>	<u>£ 785,053</u>

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

	<u>No.</u>	<u>No.</u>
Administration and management	7	8
Operational, selling and distribution	27	28
	<u>34</u>	<u>36</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

6. DIRECTORS' EMOLUMENTS	<u>1994</u>	<u>1993</u>
	£	£
Executive Remuneration	175,738	228,555
Pension contributions	9,487	5,545
Other emoluments	23,261	41,230
Ex-gratia payment to former chairman	70,000	-
	<hr/> £278,486	<hr/> £275,330
Further details, excluding pension contributions:		
Chairman	<hr/> £ 30,651	<hr/> £101,263
Highest paid director	<hr/> £ 76,238	<hr/> £101,263
Other directors' emoluments fell within the following ranges:	No.	No.
£nil - £5,000	1	1
£40,001 - £45,000	1	-
£45,001 - £50,000	1	2
£75,001 - £80,000	-	1

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. However, a charge of £36,071 (1993 £31,343 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.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1994

8.	INTEREST RECEIVABLE	<u>1994</u>	<u>1993</u>
		£	£
	Bank deposit interest	34,905	48,189
		<u> </u>	<u> </u>
9.	INTEREST PAYABLE	<u>1994</u>	<u>1993</u>
		£	£
	Loan from parent company	4,008	6,042
	Lease purchase interest	17,563	21,846
		<u> </u>	<u> </u>
		£ 21,571	£ 27,888
		<u> </u>	<u> </u>
10.	TAXATION	<u>1994</u>	<u>1993</u>
		£	£
	The tax charge on the profit on ordinary activities for the year was as follows:		
	U.K corporation tax at 33% (1993 - 25%)	57,000	22,000
	Deferred taxation	16,500	17,000
		<u> </u>	<u> </u>
		£ 73,500	£ 39,000
		<u> </u>	<u> </u>
11.	DIVIDENDS	<u>1994</u>	<u>1993</u>
		£	£
	Interim dividend paid:		
	2,800p (1993 3,530p) per share.	28,000	35,295
	Final dividend proposed:		
	3,200p (1993 5,012p) per share.	32,000	50,118
	1993 final dividend waived	(7,518)	-
		<u> </u>	<u> </u>
		£ 52,482	£ 85,413
		<u> </u>	<u> </u>
12.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1994</u>	<u>1993</u>
		£	£
	Profit for the financial year	130,237	354,448
	Dividends	(52,482)	(85,413)
		<u> </u>	<u> </u>
	Net additions to shareholders' funds	77,755	269,035
	Opening shareholders' funds	2,309,921	2,040,886
		<u> </u>	<u> </u>
	Closing shareholders' funds	£2,387,676	£2,309,921
		<u> </u>	<u> </u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1994

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 1994	100,483	107,224	850,393	207,713	1,265,813
Additions	-	5,732	145,047	7,600	158,379
Disposals	-	(5,020)	(23,258)	(65,386)	(93,664)
At 31st December 1994	<u>100,483</u>	<u>107,936</u>	<u>972,182</u>	<u>149,927</u>	<u>1,330,528</u>
Depreciation:					
At 1st January 1994	32,161	97,282	399,746	124,918	654,107
Charge for year	4,861	3,914	52,719	28,573	90,067
Disposals	-	(4,707)	(23,258)	(57,138)	(85,103)
At 31st December 1994	<u>37,022</u>	<u>96,489</u>	<u>429,207</u>	<u>96,353</u>	<u>659,071</u>
Net book value at 31st December 1994	<u>£ 63,461</u>	<u>£ 11,447</u>	<u>£542,975</u>	<u>£ 53,574</u>	<u>£ 671,457</u>
Net book value at 31st December 1993	<u>£ 68,322</u>	<u>£ 9,942</u>	<u>£450,647</u>	<u>£ 82,795</u>	<u>£ 611,706</u>

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

	<u>1994</u>	<u>1993</u>
	£	£
Depreciation charged for the year	<u>16,150</u>	<u>16,150</u>
Net book value at 31st December 1994	<u>186,876</u>	<u>203,026</u>

14. FIXED ASSET INVESTMENTS

	<u>1994</u>	<u>1993</u>
	£	£
As at 1st January 1994 and 31st December 1994	<u>28,500</u>	<u>28,500</u>

The company owns the entire issued share capital of Lang-Met Distillers Limited, a company registered in England - 25,000 £1 Ordinary shares. (1993 100% interest - 25,000 £1 Ordinary shares). The aggregate value of Lang-Met Distillers Limited capital and reserves at 31st December 1994, was £28,500 (1993: £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.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

15.	STOCKS	<u>1994</u>	<u>1993</u>
		£	£
	Finished goods and goods for resale	1,033,555	668,639
		<u> </u>	<u> </u>
16.	DEBTORS	<u>1994</u>	<u>1993</u>
		£	£
	Trade debtors	2,086,537	1,762,803
	Other taxes and social security costs	31,698	-
	Other debtors	5,776	1,040
	Prepayments	23,342	27,683
		<u> </u>	<u> </u>
		£2,147,353	£1,791,526
		<u> </u>	<u> </u>
17.	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1994</u>	<u>1993</u>
		£	£
	Obligations under lease purchase contracts	44,217	39,412
	Trade creditors	1,605,836	751,335
	Amount owed to group undertakings	28,500	128,500
	Corporation tax	73,161	41,587
	Other taxes and social security costs	24,326	37,537
	Accruals	196,636	173,477
	Proposed dividend	32,000	50,118
		<u> </u>	<u> </u>
		£2,004,676	£1,221,966
		<u> </u>	<u> </u>
18.	CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1994</u>	<u>1993</u>
		£	£
	Obligations under lease purchase contracts	85,997	130,214
		<u> </u>	<u> </u>

The obligations under lease purchase contracts are wholly repayable within 5 years.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

19. DEFERRED TAXATION

Analysis of provision made and amount unprovided

	<u>1994</u>		<u>1993</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	87,000	-	70,500	-
Less: ACT recoverable	(8,000)	-	(12,530)	-
	<u>£79,000</u>	<u>£ -</u>	<u>£ 57,970</u>	<u>£ -</u>

Movements on the provision for deferred taxation are:-

	£
At 1st January 1994	57,970
Transferred from profit and loss account	16,500
Advance corporation tax	4,530
At 31st December 1994	<u>£ 79,000</u>

20. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</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>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Balance as at 1st January 1994	200,000	-
Transfer from Profit and Loss account	-	200,000
At 31st December 1994	<u>£200,000</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 1995 under operating leases expiring:

	<u>1994</u>		<u>1993</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>buildings</u>		<u>buildings</u>	
	£	£	£	£
Within one year	-	8,117	-	2,558
Within two to five years	-	27,446	-	34,913
After more than five years	128,232	-	128,232	-
	<u>£128,232</u>	<u>£35,563</u>	<u>£128,232</u>	<u>£ 37,471</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

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.