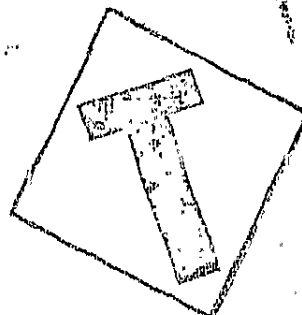


3197/1980
WM. SANDERSON & SON LIMITED

DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS

31ST MARCH, 1982

29 JUL 1982
0.00



Comptroller & Cashier
29 JUL 1982

WILLIAM SANDERSON & SON LIMITED

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WILLIAM SANDERSON & SON LIMITED

Report by the Directors for the year ended 31st March, 1982
to be submitted to the Eighty-Sixth Annual General Meeting.

DIRECTORS

M.B.J. Kimmins
A.C. Connel, C.A.
J.A.P. Hockley
L.F. Kelly
M.H.W. Ling
M. Mackie
J.L. Scott, M.A.
J.D. Watson (appointed 1st January, 1982)

The Directors have pleasure in submitting their report and
Statement of Accounts for the year ended 31st March, 1982.

<u>1981</u>		<u>1982</u>
<u>£</u>		<u>£</u>
1,629,776	The profit for the year after meeting all expenses and providing for depreciation on buildings and plant amounted to:	1,088,412
	<u>Deduct</u>	
653,564	Provision for Taxation on the profits for the year:	431,894
976,212		656,518
377,803	The credit balance brought forward from the previous year is:	386,115
1,354,015		1,042,633
	<u>Deduct</u>	
967,900	Dividend on the Ordinary Share Capital for the year:	649,900
386,115		392,733

Activity

The principal activity of the Company is the blending, bottling and sale of Scotch Whisky.

Directorate

The names of the persons who at 31st March, 1982 were Directors of the Company are as listed above. A.B. Smith retired from the Board on 31st December, 1981. No other persons served as Directors of the Company during the year to 31st March, 1982.

Directors' Interests/...

WILLIAM SANDERSON & SON LIMITED

Directors' Interests

The interests of the Directors required to be disclosed under Section 16 (1)(e) of the Companies Act 1967 in the share and loan capital of the Holding Company were as follows:-

	<u>31st March, 1982</u>	<u>1st April, 1981</u>
	<u>Ord. Shares of</u>	<u>Ord. Shares of</u>
	<u>50p each</u>	<u>50p each</u>
M.B.J. Kimmins	-	-
A.C. Connel	100	100
J.A.P. Hockley	-	-
L.F. Kelly	-	-
M.H.W. Ling	-	-
M. Mackie	-	-
J.L. Scott	-	-
J.D. Watson	-	- *

None of the above had any interest in the loan capital of the Holding Company.

* at date of appointment.

Disabled Persons

The Company's Managers are instructed to give sympathetic consideration, when recruiting, to applications from disabled persons and to bear in mind the special needs of disabled employees (including those who become disabled while in the Company's employment) in regard to training, structure of Company premises and facilities, etc; and to seek to ensure that the handicaps suffered by disabled employees do not adversely affect their promotional prospects.

Interests in Land

The Directors are of the opinion that the Company's land and buildings have a market value in excess of their balance sheet value. A professional valuation in respect of the Company's land and buildings was prepared as at 30th September, 1981 based broadly on estimated open market value for existing use, where applicable and otherwise on estimated depreciated replacement cost. In the light of this valuation and subsequent professional advice, it is estimated that the value on that basis of the Company's land and buildings at 31st March, 1982 would be approximately £2.6 million greater than the value included in the balance sheet.

Auditors

A resolution to re-appoint Messrs. Arthur Young McClelland Moores & Co. will be put to the Members at the Annual General Meeting.

BY ORDER OF THE BOARD

W. O. Page.

W.O. Page
Secretary

27 The Loan,
South Queensferry,
West Lothian.

31st May, 1982

WILLIAM SANDERSON & SON LIMITEDACCOUNTING POLICIESTurnover

Turnover represents the amount receivable for goods and services sold, including duty but excluding Value Added Tax.

Stocks

Stocks are valued at the lower of cost and the estimated amount realisable from disposal in the normal course of business. Cost comprises expenditure directly incurred in purchasing or manufacturing the stock and bringing it to its current state plus an allocation of normal overhead expenditure attributable to the processes or departments through which it has passed.

Fixed Assets and Depreciation

The cost of fixed assets is stated at the net amount after deducting grants receivable. Depreciation is calculated on the net cost.

The general policy is to provide depreciation on fixed assets other than freehold land, evenly over the estimated working life of the assets and calculated from the beginning of the quarter year of introduction into service. For assets acquired before 1st April, 1978, depreciation is calculated from the beginning of the financial year of introduction into service.

Adjustments for depreciation over or under provided are included in the depreciation charge for the year in which the relevant assets are sold or scrapped.

Deferred Taxation

The policy in relation to taxation which has been deferred because of the different timing attributed to certain items of income or expenditure for taxation purposes is to make provision at the year end rate of tax for the deferred liability only in instances where (1) the timing differences are short term and will normally reverse in the next accounting period or (2) there are not reasonable grounds to assume that continuing or recurring timing differences will prevent liabilities from crystallising.

Foreign Currencies

Any differences on exchange are taken into account in arriving at the amount of the trading profit.

WILLIAM SANDERSON & SON LIMITED

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 1982

	<u>Note</u>	<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
Turnover		11,997,555	12,747,944
Trading Profit	2	974,612	1,480,776
Income from Investments Subsidiary Company		113,800	149,000
Profit before Taxation		1,088,412	1,629,776
Taxation on Profit of Year	3	431,894	653,564
Profit before Extraordinary Items		656,518	976,212
Dividends Ordinary Dividend for the Year		649,900	967,900
Surplus Retained		6,618	8,312

The Notes on Pages 7 to 10 form part of these Accounts.

WILLIAM SANDERSON & SON LIMITEDBALANCE SHEET AT 31ST MARCH, 1982

		<u>1982</u>		<u>1981</u>	
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Current Assets</u>					
Stocks	4	1,735,925		1,700,013	
Debtors		3,492,984		3,045,842	
Cash		83,336	5,312,245	42,639	4,788,494
<u>Current Liabilities</u>					
Creditors		1,242,099		1,451,290	
Corporation Tax payable January, 1983		406,000		657,000	
Proposed Dividends		649,900	2,297,999	967,900	3,076,190
			3,014,246		1,712,304
<u>Subsidiary Companies</u>					
Shares in Subsidiaries	5	305,088		304,287	
Indebtedness to Subsidiaries		206,470	98,618	357,429	(53,142)
<u>Holding Company & Fellow Subsidiary Companies</u>					
Indebtedness by Companies		25,388		149,960	
Indebtedness to Companies		3,648,225	(3,622,837)	2,287,877	(2,137,917)
<u>Fixed Assets</u>					
Land and Buildings	7	683,051		686,405	
Plant and Fittings		430,430	1,113,481	389,240	1,075,645
			603,508		596,890
<u>Capital and Reserves</u>					
Share Capital	9	37,500		37,500	
Reserves	10	566,008	603,508	559,390	596,890

The Notes on Pages 7 to 10 form part of these Accounts.

..... *Angus L. Bonnel* DIRECTOR
 *Melvin Mackie* DIRECTOR
 A.C. GONNELL
 M. MACKIE

31st. May, 1982

WILLIAM SANDERSON & SON LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31ST MARCH, 1982

	<u>£</u>	<u>1982</u>	<u>£</u>	<u>1981</u>	<u>£</u>
<u>Source of Funds</u>					
Total generated from operations (Note A)	1,177,444		1,716,238		
Grants receivable on capital expenditure	18,183		8,573		
Proceeds from sale of fixed assets	5,472	1,201,099	5,534		1,730,345
<u>Application of Funds</u>					
Dividend Payments	967,900		-		
Investment in subsidiary company	801		309		
Group Relief Payments/(Receipts)	682,894		(3,436)		
Taxation Payments/(Receipts)	-		(10,140)		
Purchase of Fixed Assets before grants	150,523	1,802,118	100,417		87,150
		(601,019)			1,643,195
<u>Net Increase/(Decrease) in Working Capital</u>					
Increase/(Decrease) in:-					
Stocks	35,912		336,368		
Debtors	447,142		351,991		
Indebtedness by subsidiaries and fellow subsidiaries	(124,572)		66,141		
Decrease/(Increase) in:-					
Creditors	209,191		49,452		
Indebtedness to subsidiaries and fellow subsidiaries	66,361		1,649,900		
	634,034		2,453,852		
Movement in net liquid funds (Note B)	(1,235,053)	(601,019)	(810,657)		1,643,195
<u>Notes</u>					
<u>A. Funds generated from operations</u>					
Trading Profit per page 4.	974,612		1,480,776		
Depreciation provided	89,032		86,462		
Investment Income	113,800	1,177,444	149,000		1,716,238
<u>B. Movement in net liquid funds</u>					
Increase/(Decrease) in cash balances	40,697		(147,992)		
Decrease/(Increase) in current & loan account balances with The Distillers Company p.l.c.	(1,275,750)	(1,235,053)	(662,665)		(810,657)

The Notes on Pages 7 to 10 form part of these Accounts.

WILLIAM SANDERSON & SON LIMITEDNotes on the Accounts1. Ultimate Holding Company

The Company is a subsidiary of The Distillers Company p.l.c. which is registered in Scotland.

2. Trading Profit

The items listed below have been taken into account in arriving at the amount of the trading profit.

	<u>1982</u>	<u>1981</u>
Depreciation (Note 7)	89,032	86,462
Auditors' Remuneration	12,000	12,000
D.C.L. Administration Charge	201,000	186,000

3. Taxation on Profit of Year

	<u>1982</u>	<u>1981</u>
Corporation Tax at 52%	<u>431,894</u>	<u>653,564</u>

The corporation tax charge has been reduced by £32,925 (£16,874) in respect of timing differences arising from accelerated capital allowances. The charge has also been reduced by £70,443 due to stock appreciation relief.

4. Stocks

The main categories of stocks are

	<u>1982</u>	<u>1981</u>
Scotch Whisky/Gin/Vodka and other potable products	983,363	912,252
Raw Materials, Casks, Bottling & Casing Materials	706,861	741,782
Other stocks and stores	45,701	45,979
	<u>1,735,925</u>	<u>1,700,013</u>

5. Subsidiary Companies

The Company has the following interests in the issued share capital of subsidiary companies.

	<u>Country of incorporation or registration</u>	<u>Classes of shares held</u>	<u>Proportion held of each class</u>
J. & W. Hardie Ltd.	Scotland	Ordinary	100%
Vat Importers (Proprietary) Ltd.	South Africa	Ordinary	100%

6. Group Results/...

WILLIAM SANDERSON & SON LIMITEDNotes on the Accounts (Cont'd)6. Group Results

Group accounts are not submitted as the Company is a wholly owned subsidiary of another body corporate.

In the opinion of the Directors, the aggregate value of the Company's investments in subsidiaries and the aggregate value of the Company's indebtedness by subsidiaries are not less than the aggregate amounts at which these items are included in the Company's balance sheet.

7. Fixed Assets and Depreciation

	<u>Land and Buildings</u>			<u>Plant and Fittings</u>		
	<u>Cost</u>	<u>Deprec.</u>	<u>Book Value</u>	<u>Cost</u>	<u>Deprec.</u>	<u>Book Value</u>
At 31st March 1981	1,088,774	402,369	686,405	1,043,320	654,080	389,240
Disposals	-	-	-	(23,311)	(17,839)	(5,472)
	1,088,774	402,369	686,405	1,020,009	636,241	383,768
Acquisitions	17,877	-	17,877	118,047	3,584	114,463
Depreciation for Year	-	21,231	(21,231)	-	67,801	(67,801)
At 31st March 1982	1,106,651	423,600	683,051	1,138,056	707,626	430,430

Acquisitions are stated at net cost after deducting Grants receivable amounting to £18,183 (£8,573).

The book value of land and buildings at 31st March, 1982 comprises:-

	<u>£</u>
Freehold Properties	683,051
Properties held on long lease	-
Properties held on short lease	-
	<u>683,051</u>

The annual rates of depreciation applied range from 2% to 20% according to the nature of the asset. The rates most widely applied are:-

Freehold buildings	2%
Production and service plant	4%, 5% 6.2/3% or 10%
Office machinery and fittings	5% or 10%
Motor vehicles	16.2/3%
Computer equipment	20%

No depreciation has been written off the cost of freehold land amounting to £12,437 (£12,437).

8. Capital Commitments/...

WILLIAM SANDERSON & SON LIMITEDNotes on the Accounts (Cont'd)8. Capital Commitments

Contracted capital expenditure outstanding amounts to £29,670 (£59,132) after taking account of Grants receivable amounting to £5,236 (£NIL). Capital expenditure authorised by the Directors but not contracted amounts to £59,603 (£NIL) before taking account of any Grants.

9. Share Capital

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Authorised Share Capital	<u>37,500</u>	<u>37,500</u>
Issued		
150,000 Ordinary Shares of £0.25 each	<u>37,500</u>	<u>37,500</u>

10. Reserves

	<u>Share Premium</u>	<u>Other</u>	<u>Total</u>
	<u>Account</u>	<u>Reserves</u>	<u>Reserves</u>
Reserves at 31st March, 1981	-	559,390	559,390
Retained surplus of year	-	6,618	6,618
	<u>-</u>	<u>566,008</u>	<u>566,008</u>

11. Deferred Taxation

No provision for deferred taxation within the accounts is considered necessary. The major elements of the total potential liability are as follows:-

	<u>Potential Liabilities</u>	
	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Accelerated Capital Allowances	<u>523,166</u>	<u>495,320</u>

12. Contingent Liabilities

Contingent liabilities amount to £4,228, being the Value Added Tax liability of J. & W. Hardie Limited.

13. Directors' Emoluments

The aggregate amount of the Directors' emoluments including contributions to pension schemes was £183,789 (£166,220) comprising emoluments for services as Directors £NIL (£NIL) and other emoluments of £183,789 (£166,220).

The/...

WILLIAM SANDERSON & SON LIMITEDNotes on the Accounts (Cont'd)13. Directors' Emoluments (Cont'd)

The aggregate amount of Directors' or past Directors' pensions paid by the Company was £652 (£592).

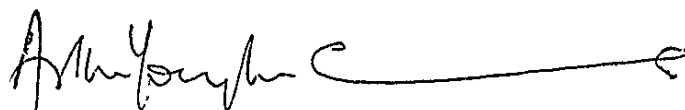
Excluding contributions to pension schemes, the emoluments of the individual Directors were as follows:-

		<u>1982</u>	<u>1981</u>
The Chairman		-	-
The most highly paid Director		28,164	24,295
Emoluments of other Directors		<u>1982</u>	<u>1981</u>
		<u>Number of Directors</u>	
<u>Exceeding</u>	<u>Not Exceeding</u>		
	£ 5,000	1	1
£ 5,000	£10,000	-	-
£10,000	£15,000	-	4
£15,000	£20,000	6	2
£20,000	£25,000	1	1

REPORT OF THE AUDITORS
TO THE MEMBERS OF WILLIAM SANDERSON & SON LIMITED

We have audited the accounts set out on pages 3 to 10 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31st March, 1982 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts, 1948 to 1981.



Arthur Young McClelland Moores & Co.
Chartered Accountants

Edinburgh

May 31. 1982