

**ALCOHOLS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**



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**ALCOHOLS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	A J Wallis R H Ling
<b>SECRETARY</b>	R H Ling
<b>COMPANY NUMBER</b>	547325
<b>REGISTERED OFFICE</b>	Charringtons House The Causeway Bishop's Stortford Hertfordshire CM23 2ER
<b>AUDITORS</b>	FW Stephens Chartered Accountants & Registered Auditors 24 Chiswell Street London EC1Y 4YX
<b>BANKERS</b>	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD
<b>SOLICITORS</b>	Whitehouse Gibson & Alton 29 Abbeville Road Clapham London SW4 9LA

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**ALCOHOLS LIMITED**

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## ALCOHOLS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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The directors present their report and the financial statements for the year ended 31 December 2007

#### PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the distillation of gin and the packing and distribution of solvents and alcohol products

The company is a subsidiary of W H Palmer & Co (Industries) Limited

#### BUSINESS REVIEW

Turnover for the year increased from £11,540,107 in 2006 to £13,287,433. Although margins remained under severe pressure throughout the year, the company was successful in restricting cost increases which resulted in a profit for the year after taxation of £355,152 up from £159,614 in 2006. After taking into account the actual gain on pension scheme assets the total recognised gain for the year before payment of dividends was £431,152

The company's quality, environmental and health and safety management systems continue to support our activities and enhance customer service whilst protecting employees and the environment.

Despite difficult trading conditions the directors remain optimistic about the company's future

The results for the year and the financial position at the year end were considered satisfactory by the directors

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £355,152 (2006 - £159,614)

Ordinary dividends were paid amounting to £50,000 (2006 - £105,000)

#### PRINCIPAL RISKS

##### *Commercial Risks*

The principal risks facing the business include volatile raw material prices and availability, currency exchange rates, competitor activity and legislation. The company continues to abide by all areas of legislation which continues to be a major burden on organisations. When combined with bureaucracy and regulation this creates long working hours for management and in many instances appears to serve little purpose other than making life difficult as possible for companies and employers with those least deserving receiving most protection

##### *Financial Risks*

Maintaining margins whilst containing operating costs are the major risks. New customers are assessed for credit risk and credit limits applied where necessary. Existing customers are reassessed when considered necessary

All risks are constantly monitored and appropriate action taken when necessary. Selling prices are adjusted where possible to maintain margins, cash flow is monitored daily and professional staff employed to ensure all new legislation is complied with

#### KEY PERFORMANCE INDICATORS

Key performance indicators for the company are turnover, gross margins, operating costs and profitability for each division all of which are regularly reported on and reviewed.

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## ALCOHOLS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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#### FUTURE DEVELOPMENTS

The company will continue to concentrate on further development of its core activities of chemical distribution both in the UK and overseas and gin distillation by expansion resulting from its marketing strategy or acquisition of any business complimentary to its core activities

#### DIRECTORS

The directors who served during the year were.

A J Wallis  
R H Ling

In accordance with the company's Articles of Association, R H Ling retires by rotation and, being eligible, offers himself for re-election.

#### AUDITORS

The auditors, FW Stephens, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**ALCOHOLS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**PROVISION OF INFORMATION TO AUDITORS**

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report was approved by the board on 16<sup>th</sup> May 2008 and signed on its behalf.



**R H Ling**  
Secretary

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## ALCOHOLS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED

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We have audited the financial statements of Alcohols Limited for the year ended 31 December 2007 set out on pages 6 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

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ALCOHOLS LIMITED

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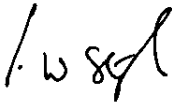
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED

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**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements



**FW STEPHENS**  
Chartered Accountants  
Registered Auditors  
24 Chiswell Street  
London  
EC1Y 4YX

Date 16<sup>th</sup> May, 2008



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**ALCOHOLS LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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	Note	2007 £	2006 £
<b>TURNOVER</b>	1,2	<b>13,287,433</b>	<b>11,540,107</b>
Cost of sales		<u>(10,029,384)</u>	<u>(8,661,881)</u>
<b>GROSS PROFIT</b>		<b>3,258,049</b>	<b>2,878,226</b>
Selling and distribution costs		(2,338,248)	(2,191,555)
Administrative expenses		(711,974)	(690,866)
Other operating income	3	<u>110,000</u>	<u>100,000</u>
<b>OPERATING PROFIT</b>	4	<b>317,827</b>	<b>95,805</b>
Income from investments in related companies		25,000	25,000
Interest receivable		65,308	43,709
Other finance income	5	<u>26,000</u>	<u>12,000</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>434,135</b>	<b>176,514</b>
Tax on profit on ordinary activities	6	<u>(78,983)</u>	<u>(16,900)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	<b><u>355,152</u></b>	<b><u>159,614</u></b>

All amounts relate to continuing operations

The notes on pages 9 to 20 form part of these financial statements

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ALCOHOLS LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2007

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	Note	2007 £	2006 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>355,152</b>	<b>159,614</b>
Actuarial gain related to pension scheme	19	153,000	413,000
Deferred tax attributable to actuarial gain		(77,000)	(152,000)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>431,152</b>	<b>420,614</b>

The notes on pages 9 to 20 form part of these financial statements

**ALCOHOLS LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Note	£	2007 £	£	2006 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	7		5		5
Tangible fixed assets	8		1,105,174		1,195,934
Fixed asset investments	9		134,500		129,500
			1,239,679		1,325,439
<b>CURRENT ASSETS</b>					
Stocks	10	1,311,589		1,084,452	
Debtors	11	2,666,582		2,271,844	
Cash at bank and in hand		1,464,497		1,174,645	
		5,442,668		4,530,941	
<b>CREDITORS: amounts falling due within one year</b>	12	(2,662,966)		(2,030,151)	
<b>NET CURRENT ASSETS</b>			2,779,702		2,500,790
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,019,381		3,826,229
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(146,000)		(152,000)
<b>NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			3,873,381		3,674,229
Defined benefit pension scheme liability	19		(111,000)		(293,000)
<b>NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			3,762,381		3,381,229
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,000		1,000
Profit and loss account	15		3,761,381		3,380,229
<b>SHAREHOLDERS' FUNDS</b>	16		3,762,381		3,381,229

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**A J Wallis**  
Director



**R H Ling**  
Director

16<sup>th</sup> May 2008

The notes on pages 9 to 20 form part of these financial statements.

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## ALCOHOLS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group

##### 1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

##### 1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax, excise duties and trade discounts

##### 1.4 GOODWILL

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

##### 1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Short term leasehold property	-	over term lease
Plant & machinery	-	5%, 10%, 15%, 20% and 25% per annum
Motor vehicles	-	20%, 25% and 33 1/3% per annum
Fixtures & fittings	-	15%, 20% and 25% per annum

##### 1.6 INVESTMENTS

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provisions for their impairment

##### 1.7 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

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**ALCOHOLS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

**1.9 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted.

**1.10 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account.

**1.11 PENSIONS**

**Defined benefit pensions**

The operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by the employees and the related finance costs of any other changes in the value of the assets and liabilities are recognised in the accounting period in which they arise in accordance with FRS17.

**Defined contribution pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

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**ALCOHOLS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**2. TURNOVER**

The whole of the turnover is attributable to the principal activities of the company

A geographical analysis of turnover is as follows

	2007 £	2006 £
United Kingdom	12,006,177	10,370,542
Rest of world	1,281,256	1,169,565
	<u>13,287,433</u>	<u>11,540,107</u>

**3. OTHER OPERATING INCOME**

	2007 £	2006 £
Fees receivable	<u>110,000</u>	<u>100,000</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of tangible fixed assets		
- owned by the company	171,117	175,980
Auditors' remuneration	22,800	22,400
Operating lease rentals		
- other operating leases	152,253	174,725
Difference on foreign exchange	(23,269)	669
	<u>                    </u>	<u>                    </u>

**5. OTHER FINANCE INCOME**

	2007 £	2006 £
Expected return on pension scheme assets	241,000	219,000
Interest on pension scheme liabilities	(215,000)	(207,000)
	<u>26,000</u>	<u>12,000</u>

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**6. TAXATION**

	2007 £	2006 £
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	83,000	2,900
Adjustments in respect of prior periods	1,983	-
	<b>84,983</b>	<b>2,900</b>
<b>DEFERRED TAX</b> (see note 13)		
Origination and reversal of timing differences	(6,000)	14,000
	<b>78,983</b>	<b>16,900</b>
	<b>84,983</b>	<b>2,900</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	434,135	176,514
	<b>434,135</b>	<b>176,514</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	130,241	52,954
	<b>130,241</b>	<b>52,954</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	2,490	1,635
Capital allowances for year in excess of depreciation	(3,453)	(13,934)
Adjustments to tax charge in respect of prior periods	1,983	-
Pension contributions paid	(24,000)	(24,000)
Pensions Scheme Finance Income	(7,800)	(3,600)
Chargeable disposals	(1,835)	(997)
Dividends and distributions received	(7,500)	(7,500)
Other tax adjustments	(5,143)	(1,658)
	<b>84,983</b>	<b>2,900</b>
	<b>84,983</b>	<b>2,900</b>

**7. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 January 2007 and 31 December 2007	5
	5
At 31 December 2006	5
	5
	5

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**8. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>COST</b>					
At 1 January 2007	161,579	2,217,654	227,625	251,120	2,857,978
Additions	-	34,835	30,902	15,353	81,090
Disposals	-	(1,100)	(30,898)	-	(31,998)
At 31 December 2007	<u>161,579</u>	<u>2,251,389</u>	<u>227,629</u>	<u>266,473</u>	<u>2,907,070</u>
<b>DEPRECIATION</b>					
At 1 January 2007	91,805	1,180,425	149,961	239,853	1,662,044
Charge for the year	5,623	114,832	42,283	8,379	171,117
On disposals	-	(367)	(30,898)	-	(31,265)
At 31 December 2007	<u>97,428</u>	<u>1,294,890</u>	<u>161,346</u>	<u>248,232</u>	<u>1,801,896</u>
<b>NET BOOK VALUE</b>					
At 31 December 2007	<u>64,151</u>	<u>956,499</u>	<u>66,283</u>	<u>18,241</u>	<u>1,105,174</u>
At 31 December 2006	<u>69,774</u>	<u>1,037,229</u>	<u>77,664</u>	<u>11,267</u>	<u>1,195,934</u>

**9. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Unlisted Investments £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2007	133,500	58,669	192,169
Additions	-	5,000	5,000
At 31 December 2007	<u>133,500</u>	<u>63,669</u>	<u>197,169</u>
<b>IMPAIRMENT</b>			
At 1 January 2007 and 31 December 2007	5,000	57,669	62,669
<b>NET BOOK VALUE</b>			
At 31 December 2007	<u>128,500</u>	<u>6,000</u>	<u>134,500</u>
At 31 December 2006	<u>128,500</u>	<u>1,000</u>	<u>129,500</u>



**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies

Company name	Country	Percentage Shareholding	Description
Alcohols (North West) Limited	England & Wales	100 00	Ordinary
Lang-Met Distillers Limited	England & Wales	100 00	Ordinary
Langley Distillery Limited	England & Wales	100 00	Ordinary
Trithin Products Limited	England & Wales	100 00	Ordinary

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principal activity	Capital and reserves 2007 £	Profit for the year 2007 £
Alcohols (North West) Limited	Dormant	92,011	-
Lang-Met Distillers Limited	Dormant	28,500	-
Langley Distillery Limited	Dormant	-	-
Trithin Products Limited	Exporter of chemical products	139,719	86,403

**10. STOCKS**

	2007 £	2006 £
Finished goods and goods for resale	1,311,589	1,084,452

**11. DEBTORS**

	2007 £	2006 £
Trade debtors	2,199,924	1,860,895
Amounts owed by group undertakings	293,285	247,298
Prepayments and accrued income	173,373	163,651
	2,666,582	2,271,844

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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12. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	1,645,855	1,158,653
Amounts owed to group undertakings	273,145	300,330
Corporation tax	85,099	2,986
Social security and other taxes	272,653	280,731
Other creditors	3,000	-
Accruals and deferred income	383,214	287,451
	<u>2,662,966</u>	<u>2,030,151</u>

13. DEFERRED TAXATION

	2007	2006
	£	£
At 1 January 2007	152,000	138,000
(Released during)/charge for the year	(6,000)	14,000
	<u>146,000</u>	<u>152,000</u>

The provision for deferred taxation is made up as follows

	2007	2006
	£	£
Accelerated capital allowances	<u>146,000</u>	<u>152,000</u>

14. SHARE CAPITAL

	2007	2006
	£	£
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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15. RESERVES

	Profit and loss account £
At 1 January 2007	3,380,229
Profit for the year	355,152
Dividends: Equity capital	(50,000)
Pension reserve movement	76,000
	<hr/>
At 31 December 2007	3,761,381
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The closing balance on the Profit and loss account includes a £111,000 (2006 - £293,000) debit, stated after deferred taxation of £48,000 (2006 - £125,000), in respect of pension scheme liabilities of the company pension scheme.

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening shareholders' funds	3,381,229	3,065,615
Profit for the year	355,152	159,614
Dividends (Note 17)	(50,000)	(105,000)
Other recognised gains and losses during the year	76,000	261,000
	<hr/>	<hr/>
Closing shareholders' funds	3,762,381	3,381,229
	<hr/> <hr/>	<hr/> <hr/>

17. DIVIDENDS

	2007 £	2006 £
Dividends paid on equity capital	50,000	105,000
	<hr/> <hr/>	<hr/> <hr/>

18. DEFINED CONTRIBUTION PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in employee owned independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £43,042 (2006: £29,645).

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**19. DEFINED BENEFIT PENSION COSTS**

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company, being invested with life assurance companies

The pension cost charge represents contributions payable by the company to the fund and amount to £NIL (2006: £NIL)

The amounts for the year ended 31 December 2007, relating to pensions, are based on a full actuarial valuation and updated by the scheme actuary to 31st December 2007 for the purposes of FRS 17

As accrual of benefit for future services was suspended from 1st September 2003 to protect benefit earned by scheme members up to that date the actuary has advised there is no future contribution rate. However, to remove the past service deficit over a period of 10 years the actuary has recommended a minimum fixed rate contribution of £47,000 per annum plus the cost of Death in Service insurance premiums with effect from 1st January 2006

**THE MAIN FINANCIAL ASSUMPTIONS USED BY THE ACTUARY FOR THE PURPOSES OF FRS 17**

	<b>2007</b>	<b>2006</b>	<b>2005</b>
	%	%	%
Inflation	3.25	3.00	3.00
Rate of increase in salaries	3.25	3.00	3.00
Rate of increase for pensions	3.25	3.00	3.00
Discount rate for liabilities	5.75	5.25	4.75

**THE ASSETS IN THE SCHEME AND THE EXPECTED RATES OF RETURN WERE:**

The following amounts have been recognised in the financial statements as at 31 December 2007 and 31 December 2006 under the requirements of FRS17

	<b>Long-term rate of return expected at 31 December 2007 %</b>	<b>Value at 31 December 2007 £</b>	<b>Long-term rate of return expected at 31 December 2006 %</b>	<b>Value at 31 December 2006 £</b>	<b>Long-term rate of return expected at 31 December 2005 %</b>	<b>Value at 31 December 2005 £</b>
Equities	7.75	2,037,000	8.00	1,992,000	8.00	1,839,000
Bonds	5.25	1,438,000	5.00	1,305,000	4.50	1,217,000
Cash and other investments	5.00	444,000	4.00	420,000	4.00	438,000
Total market value of assets		<u>3,919,000</u>		<u>3,717,000</u>		<u>3,494,000</u>
Present value of scheme liabilities		<u>(4,078,000)</u>		<u>(4,135,000)</u>		<u>(4,417,000)</u>
Deficit in the scheme		(159,000)		(418,000)		(923,000)
Related deferred tax asset		48,000		125,000		277,000
Net pension liability		<u>(111,000)</u>		<u>(293,000)</u>		<u>(646,000)</u>

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**19. DEFINED BENEFIT PENSION COSTS (continued)**

	2007 £	2006 £
<b>OTHER FINANCE INCOME</b>		
Expected return on pension scheme assets	241,000	219,000
Interest on pension scheme liabilities	(215,000)	(207,000)
Net return	26,000	12,000
<b>ANALYSIS OF AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)</b>		
Actual return less expected return on pension scheme assets	(36,000)	29,000
Experience gains and losses arising on the scheme liabilities	-	(59,000)
Changes in assumptions underlying the present value of the scheme liabilities	189,000	443,000
Actuarial gain recognised in STRGL	153,000	413,000
	2007 £	2006 £
<b>MOVEMENTS IN DEFICIT DURING THE YEAR:</b>		
Deficit in scheme at beginning of year	(418,000)	(923,000)
Contributions during the year	80,000	80,000
Other finance income	26,000	12,000
Actuarial gain	153,000	413,000
Deficit in scheme at end of year	(159,000)	(418,000)

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. DEFINED BENEFIT PENSION COSTS (continued)**

**HISTORY OF EXPERIENCE GAINS AND LOSSES IN THE SCHEME**

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount (£)	(36,000)	29,000	345,000	(69,000)	238,000
Percentage of scheme assets	(0.92)%	0.78%	9.87%	(2.40)%	8.90%
Experience gains and losses on scheme liabilities					
Amount (£)	-	(59,000)	(224,000)	17,000	52,000
Percentage of the present value of the scheme liabilities	0.00%	(1.43)%	(5.07)%	0.50%	1.70%
Total amount recognised in statement of total recognised gains and losses					
Amount (£)	153,000	413,000	(592,000)	(301,000)	282,000
Percentage of the present value of the scheme liabilities	3.75%	9.99%	(13.40)%	(8.90)%	9.20%

**20. OPERATING LEASE COMMITMENTS**

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>	
	2007	2006
	£	£
<b>EXPIRY DATE:</b>		
Between 2 and 5 years	77,040	77,040
After more than 5 years	72,700	72,700

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**ALCOHOLS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**21. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2007 £	2006 £
Wages and salaries	1,048,930	965,575
Social security costs	116,792	108,547
Other pension costs (Note 19)	44,700	31,328
	<u>1,210,422</u>	<u>1,105,450</u>

The average monthly number of employees, including the directors, during the year was as follows

	2007 No.	2006 No.
Administration and management	7	7
Operational, selling and distribution	31	32
	<u>38</u>	<u>39</u>

**22. DIRECTORS' EMOLUMENTS**

	2007 £	2006 £
Emoluments	<u>215,282</u>	<u>197,517</u>
Company pension contributions to money purchase pension schemes	<u>17,786</u>	<u>12,957</u>

During the year retirement benefits were accruing to 2 directors (2006 - 2) in respect of money purchase pension schemes

The highest paid director received emoluments of £114,283 (2006 - £105,378)

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9,575 (2006 - £6,855)

The accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £41,748 (2006 £40,977)

**23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company is W H Palmer & Co (Industries) Limited, a company registered in England and Wales

W H Palmer & Co (Industries) Limited prepares group financial statements and copies can be obtained from Chamngtons House, The Causeway, Bishop's Stortford, Hertfordshire, CM23 2ER.