

Company Registration No. 547325 (England and Wales)

ALCOHOLS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



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ALCOHOLS LIMITED

COMPANY INFORMATION

Directors	A J Wallis R H Ling
Secretary	R H Ling
Company number	547325
Registered office	Charringtons House The Causeway Bishop's Stortford Hertfordshire CM23 2EW
Auditors	F W Stephens & Co 10 Charterhouse Square London EC1M 6LQ
Bankers	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD
Solicitors	Whitehouse Gibson & Alton 25 Bedford Row London WC1R 4HE

ALCOHOLS LIMITED

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ALCOHOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The principal activity of the company continued to be 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 results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £40,000. The directors recommend payment of a final dividend amounting to £65,000.

Future developments

The company will continue to concentrate on further development of its core activities of chemical distribution and gin distillation by expansion resulting from its marketing strategy or acquisition of any business complementary to its core activities.

Directors

The following directors have held office since 1 January 2000:

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.

Directors' interests

The directors had no interest in the shares of the company. The directors' interests in the ordinary shares of the ultimate holding company were as stated below:

	Ordinary of £ 1 each	
	31 December 2000	1 January 2000
A J Wallis	7,500	7,500
R H Ling	-	-

The directors had no interest in the shares of any other company within the group.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that F W Stephens & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

ALCOHOLS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

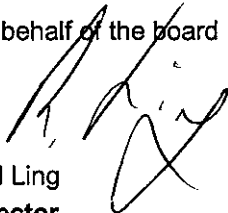
Directors' responsibilities

Company law requires the directors 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, the directors 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



R H Ling
Director

15 May 2001

ALCOHOLS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F W Stephens & Co

F W Stephens & Co

17 May 2001

Chartered Accountants
Registered Auditor

10 Charterhouse Square
London
EC1M 6LQ

ALCOHOLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	9,265,850	9,394,333
Cost of sales		(6,372,976)	(6,508,154)
Gross profit		2,892,874	2,886,179
Distribution costs		(1,960,561)	(2,002,982)
Administrative expenses		(554,590)	(547,536)
Other operating income		223	513
Operating profit	3	377,946	336,174
Interest receivable		95,090	69,316
Profit on ordinary activities before taxation		473,036	405,490
Tax on profit on ordinary activities	4	(138,000)	(126,000)
Profit on ordinary activities after taxation		335,036	279,490
Dividends	5	(105,000)	(95,000)
Retained profit for the year	14	230,036	184,490

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ALCOHOLS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	6		644,346		686,676
Investments	7		121,500		121,500
			<u>765,846</u>		<u>808,176</u>
Current assets					
Stocks	8	1,014,340		870,222	
Debtors	9	1,680,235		1,587,022	
Cash at bank and in hand		1,389,499		1,199,271	
		<u>4,084,074</u>		<u>3,656,515</u>	
Creditors: amounts falling due within one year	10	<u>(1,575,916)</u>		<u>(1,407,723)</u>	
Net current assets			<u>2,508,158</u>		<u>2,248,792</u>
Total assets less current liabilities			<u>3,274,004</u>		<u>3,056,968</u>
Provisions for liabilities and charges	11		<u>(16,000)</u>		<u>(29,000)</u>
			<u>3,258,004</u>		<u>3,027,968</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Other reserves	14		-		150,000
Profit and loss account	14		3,257,004		2,876,968
Shareholders' funds - equity interests	15		<u>3,258,004</u>		<u>3,027,968</u>

The financial statements were approved by the Board on 15 May 2001


A J Wallis
Director


R H Ling
Director

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary, and its results are included in the consolidated financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT, excise duties and trade discounts.

1.4 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 less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings short lease	over the lease term
Plant and machinery	5%, 10%, 15% and 20% per annum
Fixtures, fittings & equipment	15%, 20% and 25% per annum
Motor vehicles	20%, 25% and 33 1/3% per annum

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

(continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of W H Palmer & Co (Industries) Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2000	1999
	£	£
United Kingdom	8,631,205	8,752,632
Rest of the world	634,645	641,701
	<u>9,265,850</u>	<u>9,394,333</u>

3 Operating profit

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation of tangible assets	162,998	162,367
Operating lease rentals	181,111	152,324
Auditors' remuneration	9,000	9,000
	<u>353,109</u>	<u>323,691</u>

4 Taxation

U.K. current year taxation

	2000	1999
	£	£
U.K. corporation tax at 30% (1999 - 30%)	151,000	135,000
Deferred taxation	(13,000)	(9,000)
	<u>138,000</u>	<u>126,000</u>

5 Dividends

	2000	1999
	£	£
Ordinary interim paid	40,000	33,000
Ordinary final proposed	65,000	62,000
	<u>105,000</u>	<u>95,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

6 Tangible fixed assets

	Land and buildings short lease	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2000	101,911	1,228,844	215,214	266,787	1,812,756
Additions	2,500	41,166	18,458	58,544	120,668
Disposals	-	-	(40,735)	(46,965)	(87,700)
At 31 December 2000	104,411	1,270,010	192,937	278,366	1,845,724
Depreciation					
At 1 January 2000	61,311	760,217	164,037	140,515	1,126,080
On disposals	-	-	(40,735)	(46,965)	(87,700)
Charge for the year	4,753	75,065	24,307	58,873	162,998
At 31 December 2000	66,064	835,282	147,609	152,423	1,201,378
Net book value					
At 31 December 2000	38,347	434,728	45,328	125,943	644,346
At 31 December 1999	40,600	468,627	51,177	126,272	686,676

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

7 Fixed asset investments

	Unlisted investments	Shares in subsidiary undertakings	Total
	£	£	£
Cost			
At 1 January 2000 & at 31 December 2000	15,000	125,500	140,500
Provisions for diminution in value			
At 1 January 2000 & at 31 December 2000	14,000	5,000	19,000
Net book value			
At 31 December 2000	1,000	120,500	121,500
At 31 December 1999	1,000	120,500	121,500

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Alcohols (North West) Limited	England & Wales	Ordinary	100
Lang-Met Distillers Limited	England & Wales	Ordinary	100
Langley Distillery Limited	England & Wales	Ordinary	100

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

	Capital and reserves	Profit for the year
Alcohols (North West) Limited	92,011	-
Lang-Met Distillers Limited	28,500	-
Langley Distillery Limited	-	-

The subsidiary undertakings did not trade during the year.

8 Stocks	2000	1999
	£	£
Finished goods and goods for resale	1,014,340	870,222

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

9 Debtors	2000 £	1999 £
Trade debtors	1,625,505	1,540,258
Other debtors	3,358	1,000
Prepayments and accrued income	51,372	45,764
	<u>1,680,235</u>	<u>1,587,022</u>

10 Creditors: amounts falling due within one year	2000 £	1999 £
Trade creditors	606,745	549,845
Amounts owed to parent and fellow subsidiary undertakings	1,143	551
Amounts owed to subsidiary undertakings	120,511	120,511
Corporation tax	171,172	153,023
Other taxes and social security costs	44,996	47,148
Other creditors	3,235	183
Accruals and deferred income	563,114	474,462
Proposed dividend	65,000	62,000
	<u>1,575,916</u>	<u>1,407,723</u>

11 Provisions for liabilities and charges	Deferred taxation £
Balance at 1 January 2000	29,000
Profit and loss account	(13,000)
Balance at 31 December 2000	<u>16,000</u>

Deferred taxation provided in the financial statements is as follows:

	Fully provided 2000 £	1999 £
Accelerated capital allowances	69,000	77,000
Other timing differences	(53,000)	(48,000)
	<u>16,000</u>	<u>29,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

12 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 life assurance 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 attained age funding method. The most recent valuation was at 1st June 1999.

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. The actuary has reviewed these assumptions for the purposes of SSAP 24 and his best estimates are that the return on investments would be 9% per annum, that salary increases would average 6% per annum and that current employees' pensions up to pensionable age would increase with commensurate benefit.

The most recent actuarial valuation showed that the market value of the scheme's assets was £2.99m and that the actuarial value of those assets represented 132% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Due to the actuarial surplus within the fund, the company had not made any contributions to the fund since 1993, until it re-commenced contributions this year when the pension charge in respect of this scheme was £21,446 (in 1999 a charge of £21,392 was made to the profit and loss account in order to achieve a substantially level rate of pension cost based on the actuarial assumptions for the purposes of SSAP 24). The company's normal annual contribution would amount to 15.3% of the pensionable payroll. This contribution has been reduced to 2.9% due to the amortisation of the actuarial surplus over the average remaining service lives of the current employees in the scheme. The pension scheme is non-contributory for employees.

13 Share capital	2000	1999
	£	£
Authorised		
1,000 Ordinary of £ 1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary of £ 1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

14 Statement of movements on reserves

	Other reserves	Profit and loss account
	£	£
Balance at 1 January 2000	150,000	2,876,968
Retained profit for the year	-	230,036
Movement during the year	(150,000)	150,000
	<u>-</u>	<u>150,000</u>
Balance at 31 December 2000	-	3,257,004
	<u>-</u>	<u>3,257,004</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

15 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the financial year	335,036	279,490
Dividends	(105,000)	(95,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	230,036	184,490
Opening shareholders' funds	3,027,968	2,843,478
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,258,004</u>	<u>3,027,968</u>

16 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
Within one year	-	2,702
Between two and five years	19,700	20,000
In over five years	114,433	114,433
	<hr/>	<hr/>
	<u>134,133</u>	<u>137,135</u>

17 Capital commitments

	2000	1999
	£	£

At 31 December 2000 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	<u>19,785</u>	<u>10,238</u>
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18 Directors' emoluments

	2000	1999
	£	£

Emoluments for qualifying services	<u>179,990</u>	<u>158,825</u>
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The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (1999 - 2).

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Administration and management	8	8
Operational, selling and distribution	31	32
	<u>39</u>	<u>40</u>
Employment costs	£	£
Wages and salaries	823,455	795,842
Social security costs	78,919	72,321
Other pension costs	25,854	25,800
	<u>928,228</u>	<u>893,963</u>

20 Control

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 Charringtons House, The Causeway, Bishop's Stortford, Hertfordshire, CM23 2EW.