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**ALCOHOLS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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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>COMPANY 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 and Registered Auditors Third Floor 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 2008

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The directors present their report and the financial statements for the year ended 31 December 2008.

#### PRINCIPAL ACTIVITIES

The principal activities of the group 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

Group turnover for the year increased from £14,697,522 in 2007 to £18,791,954. Margins remained under severe pressure throughout the year whilst operating costs outside our control increased significantly. This resulted in a consolidated profit for the year after taxation of £611,186 up from £416,555 in 2007. After taking into account the actuarial net loss on pension scheme assets and liabilities the total recognised gain for the year was £522,186.

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

Despite the negative outlook for the economy the directors remain optimistic about the group'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 £611,186 (2007 - £416,555).

Ordinary dividends were paid amounting to £60,000 (2007: £50,000).

#### PRINCIPAL RISKS

##### *Commercial Risks*

The principal risks facing the business include volatile raw material prices and availability, currency exchange rates, competitor activity and legislation. Costs outside our immediate control such as fuel and power can also have a negative effect on the group's performance. The group continues to abide by all areas of legislation which remains 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 as 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. Poor returns on pension scheme assets are also a significant risk despite the group suspending accrual of benefit in 2003 and replacing our defined benefit scheme with a defined contribution scheme. New customers are assessed for credit risk and credit limits applied where necessary. Existing customers are reassessed when considered necessary. Low returns on the group's cash reserves due to reducing interest rates result in a loss of income.

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 are employed to ensure all new legislation is complied with.

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## ALCOHOLS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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#### KEY PERFORMANCE INDICATORS

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

#### FUTURE DEVELOPMENTS

The group 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

#### AUDITORS

It is the intention of the directors that the auditors, FW Stephens, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### 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 the group and of the profit or loss of the group 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 group 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 the group 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 the group 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 2008

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PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 20<sup>th</sup> May 2009 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 group and parent company financial statements (the "financial statements") of Alcohols Limited for the year ended 31 December 2008, set out on pages 6 to 25. These financial statements have been prepared under 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 group 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 group's and 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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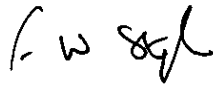
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED**

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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 group's and the parent company's affairs as at 31 December 2008 and of the group's 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 and Registered Auditors  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

Date: 26<sup>th</sup> May, 2009



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**ALCOHOLS LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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	Note	2008 £	2007 £
<b>TURNOVER</b>	1,2	<b>18,791,954</b>	<b>14,697,522</b>
Cost of sales		<b>(14,625,170)</b>	<b>(11,192,311)</b>
<b>GROSS PROFIT</b>		<b>4,166,784</b>	<b>3,505,211</b>
Selling and distribution costs		<b>(2,705,903)</b>	<b>(2,358,342)</b>
Administrative expenses		<b>(736,847)</b>	<b>(719,828)</b>
<b>OPERATING PROFIT</b>	3	<b>724,034</b>	<b>427,041</b>
Interest receivable		<b>56,419</b>	<b>65,316</b>
Other finance income	4	<b>22,000</b>	<b>26,000</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>802,453</b>	<b>518,357</b>
Tax on profit on ordinary activities	5	<b>(191,267)</b>	<b>(101,802)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<b>611,186</b>	<b>416,555</b>

All amounts relate to continuing operations.

The notes on pages 10 to 25 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 2008

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	Note	2008 £	2007 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>611,186</b>	<b>416,555</b>
Actuarial (loss)/gain related to pension scheme	20	(72,000)	153,000
Deferred tax attributable to actuarial (loss)/gain	20	(17,000)	(77,000)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>522,186</b>	<b>492,555</b>

The notes on pages 10 to 25 form part of these financial statements.

ALCOHOLS LIMITED

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008

	Note	£	2008 £	£	2007 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	6		106,072		125,072
Tangible fixed assets	7		1,153,471		1,105,256
Fixed asset investments	8		126,500		126,500
			<u>1,386,043</u>		<u>1,356,828</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,422,101		1,321,598	
Debtors	11	3,050,606		3,023,251	
Cash at bank and in hand		1,657,502		1,533,735	
			<u>6,130,209</u>	<u>5,878,584</u>	
<b>CREDITORS: amounts falling due within one year</b>	12		<u>(2,920,066)</u>	<u>(3,076,412)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,210,143</u>		<u>2,802,172</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,596,186</u>		<u>4,159,000</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(154,000)</u>		<u>(146,000)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			<u>4,442,186</u>		<u>4,013,000</u>
Defined benefit pension scheme liability	20		<u>(78,000)</u>		<u>(111,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			<u>4,364,186</u>		<u>3,902,000</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,000		1,000
Profit and loss account	15		4,363,186		3,901,000
<b>SHAREHOLDERS' FUNDS</b>	16		<u>4,364,186</u>		<u>3,902,000</u>

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

20<sup>th</sup> May 2009

The notes on pages 10 to 25 form part of these financial statements.

**ALCOHOLS LIMITED**

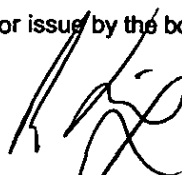
**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	£	2008 £	£	2007 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	6		5		5
Tangible fixed assets	7		1,153,471		1,105,174
Fixed asset investments	8		134,500		134,500
			<u>1,287,976</u>		<u>1,239,679</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,378,584		1,311,589	
Debtors	11	2,633,804		2,666,582	
Cash at bank and in hand		1,581,692		1,464,497	
		<u>5,594,080</u>		<u>5,442,668</u>	
<b>CREDITORS: amounts falling due within one year</b>	12		<u>(2,593,029)</u>		<u>(2,662,966)</u>
<b>NET CURRENT ASSETS</b>			<u>3,001,051</u>		<u>2,779,702</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,289,027</u>		<u>4,019,381</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(154,000)</u>		<u>(146,000)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			<u>4,135,027</u>		<u>3,873,381</u>
Defined benefit pension scheme liability	20		<u>(78,000)</u>		<u>(111,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			<u>4,057,027</u>		<u>3,762,381</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,000		1,000
Profit and loss account	15		4,056,027		3,761,381
<b>SHAREHOLDERS' FUNDS</b>	16		<u>4,057,027</u>		<u>3,762,381</u>

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

20<sup>th</sup> May 2009

The notes on pages 10 to 25 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 2008**

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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.

**1.2 CASH FLOW**

The group, 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 BASIS OF CONSOLIDATION**

The financial statements consolidate the accounts of Alcohols Limited and Trithin Products Limited. The financial statements do not consolidate the accounts of the company's other subsidiary undertakings (as disclosed in Note 8 to these accounts) as they have all remained dormant during the year and any effect on the group accounts would be immaterial.

**1.4 TURNOVER**

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

**1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION**

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

**1.6 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

**1.7 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 provision for impairment.

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

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1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 STOCKS

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

1.10 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.

1.11 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.

1.12 PENSIONS

**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.

**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.

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

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2. **TURNOVER**

The whole of the turnover is attributable to the principal activities of the group.

A geographical analysis of turnover is as follows:

	2008 £	2007 £
United Kingdom	15,238,344	11,978,673
Rest of world	3,553,610	2,718,849
	<u>18,791,954</u>	<u>14,697,522</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2008 £	2007 £
Amortisation - intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets:		
- owned by the group	172,506	171,617
Auditors' remuneration	28,200	27,700
Operating lease rentals:		
- other operating leases	173,016	165,256
Difference on foreign exchange	(307,920)	(68,994)
	<u>173,016</u>	<u>165,256</u>
	<u>(307,920)</u>	<u>(68,994)</u>

Auditors fees for the company were £23,200 (2007 - £22,800)

4. **OTHER FINANCE INCOME**

	2008 £	2007 £
Expected return on pension scheme assets	254,000	241,000
Interest on pension scheme liabilities	(232,000)	(215,000)
	<u>22,000</u>	<u>26,000</u>

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**5. TAXATION**

	2008 £	2007 £
<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	183,598	105,900
Adjustments in respect of prior periods	(331)	1,902
<b>TOTAL CURRENT TAX</b>	<b>183,267</b>	<b>107,802</b>
<b>DEFERRED TAX</b> (see note 13)		
Origination and reversal of timing differences	8,000	(6,000)
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>191,267</b>	<b>101,802</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 (28%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	802,453	518,357
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%)	224,687	155,507

**EFFECTS OF:**

Expenses not deductible for tax purposes	4,238	2,589
Capital allowances for year in excess of depreciation	(4,670)	(3,453)
Adjustments to tax charge in respect of prior periods	(331)	1,902
Pension contributions paid	(28,000)	(24,000)
Pensions Scheme Finance Income	(6,160)	(7,800)
Chargeable disposals	(3,812)	(1,835)
Other tax adjustments	(2,685)	(15,108)

<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<b>183,267</b>	<b>107,802</b>
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**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.



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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

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6. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>GROUP</b>	
<b>COST</b>	
At 1 January 2008 and 31 December 2008	197,905
<b>AMORTISATION</b>	
At 1 January 2008	72,833
Charge for the year	19,000
At 31 December 2008	91,833
<b>NET BOOK VALUE</b>	
At 31 December 2008	106,072
At 31 December 2007	125,072
	Goodwill £
<b>COMPANY</b>	
<b>COST</b>	
At 1 January 2008 and 31 December 2008	5
<b>NET BOOK VALUE</b>	
At 31 December 2008	5
At 31 December 2007	5

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

7. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>COST</b>					
At 1 January 2008	161,579	2,251,389	227,629	268,472	2,909,069
Additions	-	78,785	136,873	29,150	244,808
Disposals	-	-	(103,109)	(2,080)	(105,189)
At 31 December 2008	161,579	2,330,174	261,393	295,542	3,048,688
<b>DEPRECIATION</b>					
At 1 January 2008	97,428	1,294,890	161,346	250,149	1,803,813
Charge for the year	5,623	110,907	45,807	10,169	172,506
On disposals	-	-	(79,022)	(2,080)	(81,102)
At 31 December 2008	103,051	1,405,797	128,131	258,238	1,895,217
<b>NET BOOK VALUE</b>					
At 31 December 2008	58,528	924,377	133,262	37,304	1,153,471
At 31 December 2007	64,151	956,499	66,283	18,323	1,105,256
<b>COMPANY</b>					
<b>COST</b>					
At 1 January 2008	161,579	2,251,389	227,629	266,473	2,907,070
Additions	-	78,785	136,873	29,150	244,808
Disposals	-	-	(103,109)	(2,080)	(105,189)
At 31 December 2008	161,579	2,330,174	261,393	293,543	3,046,689
<b>DEPRECIATION</b>					
At 1 January 2008	97,428	1,294,890	161,346	248,232	1,801,896
Charge for the year	5,623	110,907	45,807	10,087	172,424
On disposals	-	-	(79,022)	(2,080)	(81,102)
At 31 December 2008	103,051	1,405,797	128,131	256,239	1,893,218
<b>NET BOOK VALUE</b>					
At 31 December 2008	58,528	924,377	133,262	37,304	1,153,471
At 31 December 2007	64,151	956,499	66,283	18,241	1,105,174

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**8. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Shares in group undertakings £</b>	<b>Unlisted investments £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>			
At 1 January 2008 and 31 December 2008	<u>125,500</u>	<u>63,669</u>	<u>189,169</u>
<b>IMPAIRMENT</b>			
At 1 January 2008 and 31 December 2008	<u>5,000</u>	<u>57,669</u>	<u>62,669</u>
<b>NET BOOK VALUE</b>			
At 31 December 2008	<u>120,500</u>	<u>6,000</u>	<u>126,500</u>
At 31 December 2007	<u>120,500</u>	<u>6,000</u>	<u>126,500</u>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the group:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Alcohols (North West) Limited	Ordinary	100%
Lang-Met Distillers Limited	Ordinary	100%
Langley Distillery Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
Alcohols (North West) Limited	<u>92,011</u>	-
Lang-Met Distillers Limited	<u>28,500</u>	-
Langley Distillery Limited	<u>-</u>	-

The subsidiary companies listed above have remained dormant and their results have accordingly not been included within the group financial statements.

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. FIXED ASSET INVESTMENTS (continued)**

<b>COMPANY</b>	<b>Shares in group undertakings £</b>	<b>Unlisted investments £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>			
At 1 January 2008 and 31 December 2008	133,500	63,669	197,169
<b>IMPAIRMENT</b>			
At 1 January 2008 and 31 December 2008	5,000	57,669	62,669
<b>NET BOOK VALUE</b>			
At 31 December 2008	128,500	6,000	134,500
At 31 December 2007	128,500	6,000	134,500

The dormant subsidiary undertakings included within the company balance sheet are detailed in Note 8 on page 16.

Details of the company's other principal subsidiary undertaking is disclosed in note 9.

**9. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Trithin Products Limited	England & Wales	100.00	Ordinary

The principal activity of Trithin Products Limited is the export of chemical products.

**10. STOCKS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2008 £</b>	<b>2007 £</b>	<b>2008 £</b>	<b>2007 £</b>
Finished goods and goods for resale	1,422,101	1,321,598	1,378,584	1,311,589

**11. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2008 £</b>	<b>2007 £</b>	<b>2008 £</b>	<b>2007 £</b>
Trade debtors	2,858,430	2,822,603	2,455,756	2,199,924
Amounts owed by group undertakings	-	-	-	293,285
Other debtors	17,128	27,275	3,000	-
Prepayments and accrued income	175,048	173,373	175,048	173,373
	<b>3,050,606</b>	<b>3,023,251</b>	<b>2,633,804</b>	<b>2,666,582</b>

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	2008 £	2007 £	2008 £	2007 £
Trade creditors	1,601,942	1,981,744	1,474,634	1,645,855
Amounts owed to group undertakings	238,615	273,145	274,639	273,145
Corporation tax	183,587	107,999	80,489	85,099
Social security and other taxes	350,568	272,653	350,568	272,653
Other creditors	-	3,000	-	3,000
Accruals and deferred income	545,354	437,871	412,699	383,214
	<b>2,920,066</b>	<b>3,076,412</b>	<b>2,593,029</b>	<b>2,662,966</b>

**13. DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	2008 £	2007 £	2008 £	2007 £
At 1 January 2008	146,000	152,000	146,000	152,000
Charge for/(released during) the year	8,000	(6,000)	8,000	(6,000)
At 31 December 2008	<b>154,000</b>	<b>146,000</b>	<b>154,000</b>	<b>146,000</b>

The provision for deferred taxation is made up as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	2008 £	2007 £	2008 £	2007 £
Accelerated capital allowances	154,000	146,000	154,000	146,000

**14. SHARE CAPITAL**

	2008 £	2007 £
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,000 Ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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15. RESERVES

	Profit and loss account £
<b>GROUP</b>	
At 1 January 2008	3,901,000
Profit for the year	611,186
Dividends: Equity capital	(60,000)
Pension reserve movement	(89,000)
	<hr/>
At 31 December 2008	4,363,186
	<hr/>
	Profit and loss account £
<b>COMPANY</b>	
At 1 January 2008	3,761,381
Profit for the year	443,646
Dividends: Equity capital	(60,000)
Pension reserve movement	(89,000)
	<hr/>
At 31 December 2008	4,056,027
	<hr/>

The closing balance on the Profit and loss account includes a £78,000 (2007 - £111,000) debit, stated after deferred taxation of £31,000 (2007 - £48,000), in respect of pension scheme liabilities of the Group and Company pension scheme.

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
<b>GROUP</b>		
Opening shareholders' funds	3,902,000	3,459,445
Profit for the year	611,186	416,555
Dividends (Note 17)	(60,000)	(50,000)
Other recognised gains and losses during the year	(89,000)	76,000
	<u>4,364,186</u>	<u>3,902,000</u>
	2008	2007
	£	£
<b>COMPANY</b>		
Opening shareholders' funds	3,762,381	3,381,229
Profit for the year	443,646	355,152
Dividends (Note 17)	(60,000)	(50,000)
Other recognised gains and losses during the year	(89,000)	76,000
	<u>4,057,027</u>	<u>3,762,381</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £443,646 (2007 - £355,152).

17. DIVIDENDS

	2008	2007
	£	£
Dividends paid on equity capital	<u>60,000</u>	<u>50,000</u>

18. CONTINGENT LIABILITIES

The group has guaranteed two loans for a company in which it holds an investment. The possible liability which could arise is £8,895.

19. DEFINED CONTRIBUTION PENSION COSTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in employee owned independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £46,480 (2007: £43,042).

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ALCOHOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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**20. DEFINED BENEFIT PENSION COSTS**

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

The pension costs charge represents contributions payable by the group to the fund and amounted to £nil (2007: £nil).

The amounts for the year ended 31 December 2008, relating to pensions, are based on a full actuarial valuation and updated by the scheme actuary to 31 December 2008 for the purposes of FRS 17. The latest full actuarial valuation was completed as at 1 June 2008 and showed a past service surplus of £86,000.

As accrual of benefit for future services was suspended from 1 September 2003 to protect benefit earned by scheme members up to that date the actuary has advised there is no future contribution rate. However, since the last valuation date the value of the scheme's assets has considerably reduced in line with the stock market. Consequently the company has agreed with the scheme's trustees to make contributions at a minimum rate of £60,000 per annum, to include the cost of Death in Service premiums, with effect from 1 January 2009.

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on property has been set equal to the expected return on equities less an allowance for liquidity. The expected return on other assets is broadly the current interest rate set by the Bank of England.

**THE AMOUNTS RECOGNISED IN THE BALANCE SHEET ARE AS FOLLOWS:**

	2008 £	2007 £
Present value of funded obligations	(3,527,000)	(4,078,000)
Fair value of scheme assets	3,418,000	3,919,000
Deficit	(109,000)	(159,000)
Related deferred tax asset	31,000	48,000
Net liability	(78,000)	(111,000)

**THE AMOUNTS RECOGNISED IN THE PROFIT AND LOSS ACCOUNT ARE AS FOLLOWS:**

	2008 £	2007 £
Interest on obligation	(232,000)	(215,000)
Expected return on scheme assets	254,000	241,000
Total	22,000	26,000



**ALCOHOLS LIMITED**

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

**CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS ARE AS FOLLOWS:**

	2008 £	2007 £
Opening defined benefit obligation	4,078,000	4,135,000
Interest cost	232,000	215,000
Actuarial Gains	(698,000)	(189,000)
Benefits paid	(85,000)	(83,000)
	<u>3,527,000</u>	<u>4,078,000</u>
Closing defined benefit obligation	<u>3,527,000</u>	<u>4,078,000</u>

**CHANGES IN THE FAIR VALUE OF SCHEME ASSETS ARE AS FOLLOWS:**

	2008 £	2007 £
Opening fair value of scheme assets	3,919,000	3,717,000
Expected return	254,000	241,000
Actuarial gains and (losses)	(770,000)	(36,000)
Contributions by employer	100,000	80,000
Benefits paid	(85,000)	(83,000)
	<u>3,418,000</u>	<u>3,919,000</u>
	<u>3,418,000</u>	<u>3,919,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(169,000) (2007 - £(97,000)).

The group expects to contribute £100,000 to its Defined benefit pension scheme in 2009.

**THE MAJOR CATEGORIES OF SCHEME ASSETS AS A PERCENTAGE OF TOTAL SCHEME ASSETS ARE AS FOLLOWS:**

	2008	2007
European equities	53.00 %	52.00 %
European bonds	34.00 %	37.00 %
Other	13.00 %	11.00 %

**PRINCIPAL ACTUARIAL ASSUMPTIONS AT THE BALANCE SHEET DATE (EXPRESSED AS WEIGHTED AVERAGE) ARE AS FOLLOWS:**

	2008	2007
Discount rate at 31 December	6.40 %	5.75 %
Expected return on scheme assets at 31 December	6.26 %	6.52 %
Future salary increases	3.00 %	3.00 %
Future pension increases	2.75 %	3.00 %
Price inflation	2.75 %	3.25 %

**ALCOHOLS LIMITED**

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

**AMOUNTS FOR THE CURRENT AND PREVIOUS FOUR PERIODS ARE AS FOLLOWS:**

	2008 £	2007 £	2006 £	2005 £	2004 £
Defined benefit obligation	(3,527,000)	(4,078,000)	(4,135,000)	(4,417,000)	(3,383,000)
Scheme assets	3,418,000	3,919,000	3,717,000	3,494,000	2,878,000
Deficit	(109,000)	(159,000)	(418,000)	(923,000)	(505,000)
Experience adjustments on scheme liabilities	(71,000)	-	(59,000)	(224,000)	17,000
Experience adjustments on scheme assets	(770,000)	(36,000)	443,000	345,000	(69,000)

**21. OPERATING LEASE COMMITMENTS**

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as follows:

<b>GROUP</b>	<b>Land and buildings</b>	
	2008 £	2007 £
<b>EXPIRY DATE:</b>		
Between 2 and 5 years	93,596	77,040
After more than 5 years	72,700	72,700

**ALCOHOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**22. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,158,040</b>	1,048,930	<b>1,158,040</b>	1,048,930
Social security costs	<b>131,322</b>	116,792	<b>131,322</b>	116,792
Other pension costs (Note 20)	<b>48,097</b>	44,700	<b>48,097</b>	44,700
	<b>1,337,459</b>	1,210,422	<b>1,337,459</b>	1,210,422

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Administration and management	<b>7</b>	7	<b>7</b>	7
Operational, selling and distribution	<b>32</b>	31	<b>32</b>	31
	<b>39</b>	38	<b>39</b>	38

**23. DIRECTORS' REMUNERATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>229,171</b>	215,282
Group pension contributions to money purchase pension schemes	<b>17,949</b>	17,786

During the year retirement benefits were accruing to 2 directors (2007 - 2) in respect of money purchase pension schemes.

The highest paid director received remuneration of £122,156 (2007 - £114,283).

The value of the group's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9,491 (2007 - £9,215).

The accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £42,541 (2007: £41,748).

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**ALCOHOLS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**24. 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 Charringtons House, The Causeway, Bishop's Stortford, Hertfordshire, CM23 2ER.