

Company Registration No. 547325 (England and Wales)

ALCOHOLS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



M

A13
COMPANIES HOUSE

A1F0QCTG

0296
26/07/02

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 29 Abbeville Road Clapham London SW4 9LA

ALCOHOLS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 13

ALCOHOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

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 2001:

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 2001	1 January 2001
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.

Financial Reporting Standard 17

A full actuarial valuation of the company's Retirement and Death Benefit Scheme will be carried out on 1st June 2002. The information required to comply with FRS 17 could only be obtained with reference to the last actuarial valuation on 1st June 1999. The directors have decided not to comply with the transitional provisions of FRS 17 as they do not consider that the expense of obtaining the required information would be justified nor are they satisfied that accurate information could be obtained by using old data. A much more accurate position will be reported on in next year's financial statements when the latest valuation results are available.

ALCOHOLS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

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.

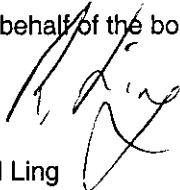
Directors' responsibilities

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

21 May 2002

ALCOHOLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED

We have audited the financial statements of Alcohols Limited on pages 4 to 13 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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.

Qualified Opinion arising from the omission of certain disclosures

For reasons stated in the Directors' Report and as disclosed in Note 1.2, the directors have decided not to comply with the transitional provisions of Financial Reporting Standard 17 which concerns Retirement Benefits.

Except for the absence of these disclosures, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 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

Chartered Accountants
Registered Auditor

23 May 2002

10 Charterhouse Square
London
EC1M 6LQ

ALCOHOLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2	10,184,089	9,265,850
Cost of sales		(7,180,723)	(6,372,976)
Gross profit		3,003,366	2,892,874
Distribution costs		(2,134,456)	(1,960,561)
Administrative expenses		(619,084)	(554,590)
Other operating income		-	223
Operating profit	3	249,826	377,946
Other interest receivable and similar income		85,212	95,090
Profit on ordinary activities before taxation		335,038	473,036
Tax on profit on ordinary activities	4	(98,000)	(138,000)
Profit on ordinary activities after taxation		237,038	335,036
Dividends	5	(105,000)	(105,000)
Retained profit for the year	14	132,038	230,036

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.

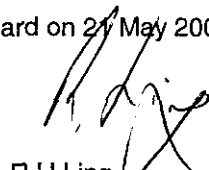
ALCOHOLS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	6	600,699		644,346	
Investments	7	121,500		121,500	
		<u>722,199</u>		<u>765,846</u>	
Current assets					
Stocks	8	941,547	1,014,340		
Debtors	9	1,800,477	1,680,235		
Cash at bank and in hand		1,593,931	1,389,499		
		<u>4,335,955</u>	<u>4,084,074</u>		
Creditors: amounts falling due within one year	10	<u>(1,654,112)</u>	<u>(1,575,916)</u>		
Net current assets		2,681,843		2,508,158	
Total assets less current liabilities		<u>3,404,042</u>		<u>3,274,004</u>	
Provisions for liabilities and charges	11	<u>(14,000)</u>		<u>(16,000)</u>	
		<u>3,390,042</u>		<u>3,258,004</u>	
Capital and reserves					
Called up share capital	13	1,000	1,000		
Profit and loss account	14	3,389,042	3,257,004		
Shareholders' funds - equity interests	15	<u>3,390,042</u>	<u>3,258,004</u>		

The financial statements were approved by the Board on 27 May 2002


AJ Wallis
Director


R H Ling
Director

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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 and departure from accounting standards

The financial statements are prepared in accordance with applicable accounting standards (except as noted below).

The company operates a defined benefit scheme on behalf of its directors and employees. The directors have decided not to comply with the transitional provisions of Financial Reporting Standard 17, Retirement Benefits, as they do not consider that the expense of obtaining such valuations would be justified.

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.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

(continued)

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.

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	
	2001	2000
	£	£
United Kingdom	9,504,863	8,631,205
Rest of the world	679,226	634,645
	<u>10,184,089</u>	<u>9,265,850</u>

3 Operating profit

	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	159,438	162,998
Operating lease rentals	154,628	181,111
Auditors' remuneration	9,500	9,000
	<u>313,566</u>	<u>353,109</u>

4 Taxation

	2001	2000
	£	£
Domestic current year taxation		
U.K. corporation tax	100,000	151,000
Deferred taxation	(2,000)	(13,000)
	<u>98,000</u>	<u>138,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

5	Dividends		2001 £	2000 £		
	Ordinary interim paid		40,000	40,000		
	Ordinary final proposed		65,000	65,000		
			<u>105,000</u>	<u>105,000</u>		
6	Tangible fixed assets	Land and buildings short lease	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
		£	£	£	£	£
	Cost					
	At 1 January 2001	104,411	1,270,010	192,937	278,366	1,845,724
	Additions	-	42,769	4,780	78,055	125,604
	Disposals	-	(75,894)	-	(38,867)	(114,761)
	At 31 December 2001	<u>104,411</u>	<u>1,236,885</u>	<u>197,717</u>	<u>317,554</u>	<u>1,856,567</u>
	Depreciation					
	At 1 January 2001	66,064	835,282	147,609	152,423	1,201,378
	On disposals	-	(66,989)	-	(37,959)	(104,948)
	Charge for the year	4,844	69,339	18,940	66,315	159,438
	At 31 December 2001	<u>70,908</u>	<u>837,632</u>	<u>166,549</u>	<u>180,779</u>	<u>1,255,868</u>
	Net book value					
	At 31 December 2001	<u>33,503</u>	<u>399,253</u>	<u>31,168</u>	<u>136,775</u>	<u>600,699</u>
	At 31 December 2000	<u>38,347</u>	<u>434,728</u>	<u>45,328</u>	<u>125,943</u>	<u>644,346</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

7 Fixed asset investments

	Unlisted investments £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 January 2001 & at 31 December 2001	15,000	125,500	140,500
Provisions for diminution in value			
At 1 January 2001 & at 31 December 2001	14,000	5,000	19,000
Net book value			
At 31 December 2001	1,000	120,500	121,500
At 31 December 2000	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

	2001 £	2000 £
Finished goods and goods for resale	941,547	1,014,340

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

9 Debtors	2001 £	2000 £
Trade debtors	1,725,236	1,625,505
Other debtors	9,621	3,358
Prepayments and accrued income	65,620	51,372
	<u>1,800,477</u>	<u>1,680,235</u>
10 Creditors: amounts falling due within one year	2001 £	2000 £
Trade creditors	695,737	606,745
Amounts owed to parent and fellow subsidiary undertakings	-	1,143
Amounts owed to subsidiary undertakings	120,511	120,511
Corporation tax	119,714	171,172
Other taxes and social security costs	40,633	44,996
Other creditors	9,291	3,235
Accruals and deferred income	603,226	563,114
Proposed dividend	65,000	65,000
	<u>1,654,112</u>	<u>1,575,916</u>
11 Provisions for liabilities and charges		Deferred taxation £
Balance at 1 January 2001		16,000
Profit and loss account		(2,000)
		<u>14,000</u>
Balance at 31 December 2001		<u>14,000</u>
Deferred taxation provided in the financial statements is as follows:		
	2001 £	Fully provided 2000 £
Accelerated capital allowances	63,000	69,000
Other timing differences	(49,000)	(53,000)
	<u>14,000</u>	<u>16,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

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 last year. The pension charge in respect of this scheme was £32,161 (2000: £21,446). 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.

The pension scheme is now closed to new members and under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

13 Share capital	2001	2000
	£	£
Authorised		
1,000 Ordinary of £ 1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1,000 Ordinary of £ 1 each	1,000	1,000
	<u> </u>	<u> </u>

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2001	3,257,004
Retained profit for the year	132,038
	<u> </u>
Balance at 31 December 2001	3,389,042
	<u> </u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

15 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit for the financial year	237,038	335,036
Dividends	(105,000)	(105,000)
Net addition to shareholders' funds	132,038	230,036
Opening shareholders' funds	3,258,004	3,027,968
Closing shareholders' funds	3,390,042	3,258,004

16 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001 £	2000 £
Expiry date:		
Between two and five years	19,700	19,700
In over five years	112,440	114,433
	132,140	134,133

17 Capital commitments

At 31 December 2001 the company had capital commitments as follows:

	2001 £	2000 £
Contracted for but not provided in the financial statements	31,573	19,785

18 Directors' emoluments

	2001 £	2000 £
Emoluments for qualifying services	185,580	179,990

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2000 - 2).

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

19 Employees

Number of employees

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

	2001 Number	2000 Number
Administration and management	8	8
Operational, selling and distribution	31	31
	<u>39</u>	<u>39</u>

Employment costs

	£	£
Wages and salaries	874,444	823,455
Social security costs	81,599	78,919
Other pension costs	39,386	25,854
	<u>995,429</u>	<u>928,228</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.