

Company Registration No. 547325 (England and Wales)

ALCOHOLS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



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 2ER
Auditors	FW Stephens 3rd Floor 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

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ALCOHOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

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.

Ordinary dividends were paid amounting to £105,000.

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 complementary to its core activities. An acquisition of a business which specialised in gin distillation was made in September 2005.

Directors

The following directors have held office since 1 January 2005:

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 2005	1 January 2005
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.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that FW Stephens 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 2005

Directors' responsibilities

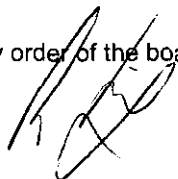
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

By order of the board



R H Ling

Secretary

16 May 2006

ALCOHOLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED

We have audited the financial statements of Alcohols Limited for the year ended 31 December 2005 set out on pages 4 to 21. 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 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 (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


FW Stephens

16 May 2006

Chartered Accountants
Registered Auditor

3rd Floor
10 Charterhouse Square
London
EC1M 6LQ

ALCOHOLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		2005	2004
	Notes	£	as restated £
Turnover	2	10,328,848	10,446,141
Cost of sales		(7,328,220)	(7,181,658)
Gross profit		3,000,628	3,264,483
Distribution costs		(2,173,030)	(2,171,918)
Administrative expenses		(680,722)	(681,793)
Other operating income		100,000	77,500
Operating profit	3	246,876	488,272
Other interest receivable and similar income	4	75,731	87,895
Profit on ordinary activities before taxation		322,607	576,167
Tax on profit on ordinary activities	5	(48,194)	(111,150)
Profit for the year	17	274,413	465,017

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

ALCOHOLS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Profit for the financial year		274,413	465,017
Actuarial gains or (losses) on pension scheme assets		(466,000)	(316,000)
Total recognised gains and losses relating to the year		<u>(191,587)</u>	<u>149,017</u>
Prior year adjustment	7	(17,000)	(207,000)
Total gains and losses recognised since last financial statements		<u><u>(208,587)</u></u>	<u><u>(57,983)</u></u>

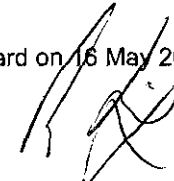
ALCOHOLS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005		2004 as restated	
		£	£	£	£
Fixed assets					
Intangible assets	8		5		-
Tangible assets	9		1,272,797		563,163
Investments	10		129,500		143,135
			<u>1,402,302</u>		<u>706,298</u>
Current assets					
Stocks	11	903,654		1,187,033	
Debtors	12	2,102,616		1,995,571	
Cash at bank and in hand		1,076,254		1,114,932	
		<u>4,082,524</u>		<u>4,297,536</u>	
Creditors: amounts falling due within one year	13	<u>(1,635,211)</u>		<u>(1,240,632)</u>	
Net current assets			<u>2,447,313</u>		<u>3,056,904</u>
Total assets less current liabilities			<u>3,849,615</u>		<u>3,763,202</u>
Provisions for liabilities and charges	14		<u>(138,000)</u>		<u>(47,000)</u>
Net assets excluding pension liability			<u>3,711,615</u>		<u>3,716,202</u>
Pension scheme liability	15		<u>(646,000)</u>		<u>(354,000)</u>
Net assets including pension liability			<u><u>3,065,615</u></u>		<u><u>3,362,202</u></u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		3,064,615		3,361,202
Shareholders' funds - equity interests	18		<u><u>3,065,615</u></u>		<u><u>3,362,202</u></u>

The financial statements were approved by the Board on 16 May 2006


A J Wallis
Director


R H Ling
Director

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT, 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 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%, 20% and 25% per annum
Fixtures, fittings & equipment	15%, 20% and 25% per annum
Motor vehicles	20%, 25% and 33 1/3% per annum

1.6 Leasing

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

1.7 Investments

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

1.8 Stock

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

1.9 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 in accordance with FRS 17.

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. This is in accordance with FRS 19.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

(continued)

1.11 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.

1.12 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.

1.13 Changes in accounting policies

The accounting standards, FRS 17 'Retirement Benefits' and FRS 21 'Events after the balance sheet date' require adoption of accounting policies which differ from those previously adopted by the company. Accordingly, the following changes have been made. Comparative figures have also been amended to reflect these changes.

(a) The regular cost of providing retirement pensions and related benefits are charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Subsequent to the transitional period allowed by FRS 17 the deficit on the company's defined benefit pension scheme has now been recognised in the balance sheet.

(b) Dividends relating to a financial year which are paid or approved by members in a General Meeting after the balance sheet date are no longer reported as liabilities and distributions in the financial statements for that year. Dividends are now accounted for in the financial statements in which they are paid or approved by members in a General Meeting.

The effects of the above changes in accounting policies are disclosed in Note 7 on page 11.

2 Turnover

Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	9,099,513	9,407,144
Rest of the world	1,229,335	1,038,997
	<u>10,328,848</u>	<u>10,446,141</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

3	Operating profit	2005	2004
		£	£
	<i>Operating profit is stated after charging:</i>		
	Depreciation of tangible assets	140,188	130,926
	Loss on foreign exchange transactions	172	-
	Operating lease rentals	168,835	150,914
	Auditors' remuneration	21,700	20,225
	<i>and after crediting:</i>		
	Profit on disposal of tangible assets	(8,000)	(6,921)
	Profit on foreign exchange transactions	-	(1,319)
		<hr/>	<hr/>
4	Investment income	2005	2004
		£	£
	Bank interest	61,731	63,895
	Pension Scheme Finance Income	14,000	24,000
		<hr/>	<hr/>
		75,731	87,895
		<hr/>	<hr/>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

5	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	-	124,150
	Adjustment for prior years	(42,806)	-
	Current tax charge	<u>(42,806)</u>	<u>124,150</u>
	Deferred tax		
	Deferred tax charge/credit current year	91,000	(13,000)
		<u>48,194</u>	<u>111,150</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>322,607</u>	<u>576,167</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>96,782</u>	<u>172,850</u>
	Effects of:		
	Non deductible expenses	8,434	25,346
	Depreciation add back	42,056	39,278
	Capital allowances	(116,885)	(38,885)
	Tax losses utilised	(3,593)	-
	Pension contributions paid	(48,000)	(63,000)
	Pension Scheme Finance Income	(4,200)	(7,200)
	Chargeable disposals	(2,400)	(2,076)
	Other tax adjustments	(15,000)	(2,163)
		<u>(139,588)</u>	<u>(48,700)</u>
	Current tax charge	<u>(42,806)</u>	<u>124,150</u>
6	Dividends	2005	2004
		£	£
	Ordinary paid	<u>105,000</u>	<u>105,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Changes in accounting policy

The prior year adjustment made as a result of the changes in accounting policies (note 1) which is reported in the Statement of Total Recognised Gains and Losses and adjusted to opening reserves in note 17 is analysed as follows:

	2005 £
FRS 21 - Dividends proposed for 2004 declared in 2005	65,000
FRS 17 - Reduction in pension contributions	210,000
FRS 17 - Increase in other finance income	24,000
FRS 17 - Increase in pension scheme liability	(351,000)
FRS 17 - Increase in deferred tax asset	35,000
	<u>(17,000)</u>

The effect of these changes in the accounting policies is to increase the current year's retained profit by £109,000 as set out below:

	2005 £
FRS 21 - Dividends proposed for 2004 declared in 2005	(65,000)
FRS 17 - Reduction in pension contributions	160,000
FRS 17 - Increase in other finance income	14,000
	<u>109,000</u>

The effect of the changes in the accounting policies on the comparative profit and loss account figures is to increase retained profit by £184,000 as set out below:

	2004 £
FRS 21 - Dividends proposed for 2004 declared in 2005	(65,000)
FRS 21 - Dividends proposed for 2003 declared in 2004	65,000
FRS 17 - Reduction in pension contributions	210,000
FRS 17 - Increase in other finance income	24,000
	<u>234,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2005	-
Additions	5
	<hr/>
At 31 December 2005	5
	<hr/>
Net book value	
At 31 December 2005	5
	<hr/> <hr/>
At 31 December 2004	-
	<hr/> <hr/>

9 Tangible fixed assets

	Land and buildings short lease £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2005	104,411	1,401,062	245,282	233,437	1,984,192
Additions	57,168	726,944	3,374	62,337	849,823
Disposals	-	-	-	(53,410)	(53,410)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	161,579	2,128,006	248,656	242,364	2,780,605
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2005	83,178	985,931	217,698	134,223	1,421,030
On disposals	-	-	-	(53,410)	(53,410)
Charge for the year	3,004	77,012	13,008	47,164	140,188
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	86,182	1,062,943	230,706	127,977	1,507,808
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2005	75,397	1,065,063	17,950	114,387	1,272,797
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2004	21,233	415,131	27,585	99,214	563,163
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Fixed asset investments

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 January 2005	51,959	133,500	185,459
Additions	6,710	-	6,710
At 31 December 2005	58,669	133,500	192,169
Provisions for diminution in value			
At 1 January 2005	37,324	5,000	42,324
Charge for the year	20,345	-	20,345
At 31 December 2005	57,669	5,000	62,669
Net book value			
At 31 December 2005	1,000	128,500	129,500
At 31 December 2004	14,635	128,500	143,135

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	100.00
Lang-Met Distillers Limited	England & Wales	Ordinary	100.00
Langley Distillery Limited	England & Wales	Ordinary	100.00
Trithin Products Limited	England & Wales	Ordinary	100.00

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 2005 £	Profit for the year 2005 £
		Alcohols (North West) Limited	Dormant
Lang-Met Distillers Limited	Dormant	28,500	-
Langley Distillery Limited	Dormant	-	-
Trithin Products Limited	Exporter of chemical products	61,121	42,247

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Stocks	2005	2004
	£	£
Finished goods and goods for resale	903,654	1,187,033
	<u>903,654</u>	<u>1,187,033</u>

12 Debtors	2005	2004
	£	£
Trade debtors	1,716,420	1,545,719
Amounts owed by subsidiary undertakings	177,551	254,520
Corporation tax	42,806	-
Other debtors	6,073	11,042
Prepayments and accrued income	159,766	184,290
	<u>2,102,616</u>	<u>1,995,571</u>

Amounts falling due after more than one year and included in the debtors above are:

	2005	2004
	£	£
Other debtors	-	4,417
	<u>-</u>	<u>4,417</u>

13 Creditors: amounts falling due within one year	2005	2004
	£	£
Trade creditors	1,026,134	621,048
Amounts owed to subsidiary undertakings	120,511	120,511
Corporation tax	1,793	126,558
Other taxes and social security costs	189,439	69,692
Other creditors	-	12,409
Accruals and deferred income	297,334	290,414
	<u>1,635,211</u>	<u>1,240,632</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

14 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2005	47,000
Profit and loss account	91,000
	<hr/>
Balance at 31 December 2005	138,000
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	138,000	62,000
Other timing differences	-	(15,000)
	<hr/>	<hr/>
	138,000	47,000
	<hr/> <hr/>	<hr/> <hr/>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15 Pension costs

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company, being invested with life assurance companies.

The pension cost is assessed in accordance with FRS 17, Retirement Benefits, based on triennial valuations on the advice of an independently qualified actuary using the attained age funding method. The latest actuarial valuation, for the purposes of these financial statements, was as at 1st June 2005.

The principal assumptions used were that, in the long term, the investment return before retirement will be 6.75% per annum and the investment return after retirement will be 5% per annum, that pensionable salary increases are restricted to a maximum of 3% per annum and that current employees' pensions up to pensionable age would increase with commensurate benefit.

The valuation also indicated that the market value of the schemes assets was £3.083m and that the actuarial value of those assets represented 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

As accrual of benefit for future service 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 total pension cost for the company was £160,000 (2004: £210,000). This includes an additional £Nil (2004: £50,000) above that recommended by the scheme actuary to reduce the deficit reported by him at the last full valuation.

A new defined contribution scheme was introduced on 1st April 2006.

FRS 17, Retirement benefits, disclosures

The valuation has been based on the most recent actuarial valuation as at 1st June 2005 and updated by the scheme actuary to 31st December 2005 for the purposes of FRS 17.

The principal actuarial assumptions were as follows:

	2005	2004	2003
	%	%	%
The main financial assumptions are as follows:			
Rate of increase in salaries	3.00	3.00	3.00
Rate of increase in pensions in payment	3.00	3.00	2.75
Rate of increase of deferred pensions	3.00	3.00	2.75
Discount rate	4.75	5.25	5.50
Inflation assumption	3.00	3.00	2.75

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15 Pension costs (continued)

The long term expected rates of return are as follows:

Equities	8.00	8.00	8.00
Bonds	4.50	5.00	5.25
Other assets	4.00	4.00	4.00

<u>2005</u>	<u>2004</u>	<u>2003</u>
£'000s	£'000s	£'000s

The assets in the scheme are as follows:

Equities	1,839	1,577	1,948
Bonds	1,217	1,027	278
Other assets	438	274	448

<u>3,494</u>	<u>2,878</u>	<u>2,674</u>
(4,417)	(3,383)	<u> </u>

Present value of scheme liabilities

Deficit in scheme (923) (505)

Related deferred tax asset 277 151

Net pension liability (646) (354)

The principal assumptions used by the actuary have been chosen from a range of possible assumptions which, due to volatile equity and financial markets, may not necessarily be borne out in practice. The actuary regularly changes his assumptions which has resulted in significant fluctuations to the deficit he has reported in recent years.

The market value of the scheme's assets, which are not intended to be realised in the short term, may be subject to significant change before they are realised. The present value of the scheme's liabilities are derived from long term projections and are therefore inherently uncertain.

Analysis of the amount charged to operating profit

	2005	2004
	£'000s	£'000s
Current service cost	-	-
Past service cost	-	-
Total operating charge	<u>-</u>	<u>-</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15 Pension costs

(continued)

Analysis of the amount credited to other finance income

	2005 £'000s	2004 £'000s
Expected return on pension scheme assets	190	190
Interest on pension scheme liabilities	(176)	(166)
Net return	14	24

Analysis of amount recognised in the statement of recognised gains and losses

	2005 £'000s	2004 £'000s
Actual return less expected return on pension scheme assets	345	(69)
Experience gains and losses arising on the scheme liabilities	(224)	17
Changes in assumptions underlying the present value of the scheme liabilities	(713)	(299)
Increase in the related deferred tax asset	126	35
Total amount of actuarial losses recognised on the statement of recognised gains and losses	(466)	(316)

Movement in scheme's deficit during the year

	2005 £'000s	2004 £'000s
(Deficit) in scheme at beginning of the year	(505)	(388)
Movement in year:		
Contributions	160	210
Other finance income	14	24
Actuarial (loss)/gain	(592)	(351)
Gross deficit in scheme at end of year	(923)	(505)
Less related deferred tax asset	277	151
Deficit in scheme at end of year	(646)	(354)

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15	Pension costs	(continued)	
	History of experience gains and losses		
		2005	2004
		£'000s	£'000s
	Difference between the expected and actual return on pension scheme assets:		
	Amount	345	(69)
	Percentage of scheme assets	10%	(2%)
	Experience gains and losses on the scheme liabilities:		
	Amount	(224)	17
	Percentage of the present value of the scheme assets	(5%)	1%
	Total amount recognised in the statement of recognised gains and losses:		
	Amount	(592)	(301)
	Percentage of the present value of the scheme assets	(13%)	(9%)
16	Share capital	2005	2004
		£	£
	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>
17	Statement of movements on profit and loss account		Profit and loss account £
	Balance at 1 January 2005 as previously reported		3,378,202
	Prior year adjustment		(17,000)
			<u> </u>
	Balance at 1 January 2005 as restated		3,361,202
	Profit for the year		274,413
	Dividends paid		(105,000)
	Actuarial gains or losses on pension scheme assets		(466,000)
			<u> </u>
	Balance at 31 December 2005		3,064,615
			<u> </u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

18 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial year	274,413	465,017
Dividends	(105,000)	(105,000)
	<u>169,413</u>	<u>360,017</u>
Other recognised gains and losses	(466,000)	(316,000)
	<u>(296,587)</u>	<u>44,017</u>
Net (depletion in)/addition to shareholders' funds	(296,587)	44,017
Opening shareholders' funds	3,362,202	3,318,185
	<u>3,065,615</u>	<u>3,362,202</u>
Closing shareholders' funds	3,065,615	3,362,202

19 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
In over five years	149,740	149,740
	<u>149,740</u>	<u>149,740</u>

20 Capital commitments

At 31 December 2005 the company had capital commitments as follows:

	2005	2004
	£	£
Contracted for but not provided in the financial statements	61,965	-
	<u>61,965</u>	<u>-</u>

21 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	193,022	197,391
	<u>193,022</u>	<u>197,391</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2004- 2).

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

22 Employees

Number of employees

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

	2005 Number	2004 Number
Administration and management	7	7
Operational, selling and distribution	35	35
	<u>42</u>	<u>42</u>

Employment costs

	£	£
Wages and salaries	982,146	980,775
Social security costs	111,029	111,608
Other pension costs	1,658	1,958
	<u>1,094,833</u>	<u>1,094,341</u>

23 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 2ER.

ALCOHOLS LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2005

ALCOHOLS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		2005		2004
	£	£	£	£
Turnover				
Sales - UK		9,099,513		9,407,144
Sales - export		1,229,335		1,038,997
		<u>10,328,848</u>		<u>10,446,141</u>
Cost of sales				
Opening stock of finished goods	1,187,033		945,447	
Purchases	7,021,733		7,406,678	
Direct costs	-		11,494	
Commissions payable	14,456		1,599	
Carriage inwards	8,480		4,792	
Profit/loss on foreign currency	172		(1,319)	
	<u>8,231,874</u>		<u>8,368,691</u>	
Closing stock of finished goods	(903,654)		(1,187,033)	
		<u>(7,328,220)</u>		<u>(7,181,658)</u>
Gross profit	29.05%	3,000,628	31.25%	3,264,483
Distribution costs	2,173,030		2,171,918	
Administrative expenses	680,722		681,793	
		<u>(2,853,752)</u>		<u>(2,853,711)</u>
		146,876		410,772
Other operating income				
Management fees received		100,000		77,500
		<u>246,876</u>		<u>488,272</u>
Operating profit		246,876		488,272
Other interest receivable and similar income				
Bank interest received	61,731		63,895	
Other finance income	14,000		24,000	
		<u>75,731</u>		<u>87,895</u>
Profit before taxation	3.12%	<u>322,607</u>	5.52%	<u>576,167</u>

ALCOHOLS LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
Distribution costs		
Wages and salaries (excl. N.I.)	662,865	649,634
Employer's N.I. contributions	69,348	69,954
Rent re operating leases	104,745	98,771
Rates	62,602	62,060
Insurance	129,207	127,606
Light and heat	21,193	20,106
Repairs & maintenance - premises	86,274	49,545
Repairs & maintenance - plant	57,720	69,341
Printing, post & stationery	8,649	10,321
Advertising	7,767	10,445
Telephone	13,385	15,777
Carriage outwards	762,823	807,570
Motor running expenses	19,335	22,959
Travelling expenses	5,359	5,959
Entertaining	8,273	5,836
Bank charges	188	-
Bad debts	2,006	19,847
Sundry expenses	41,511	30,626
Amortisation on short leasehold	2,854	2,615
Depreciation on plant and machinery	77,012	64,614
Depreciation on FF & E	4,336	4,891
Depreciation on motor vehicles	29,078	27,272
Profits/losses on disp of tangibles	(3,500)	(3,831)
	<u>2,173,030</u>	<u>2,171,918</u>
Administrative expenses		
Wages and salaries (excl. N.I.)	148,060	154,468
Directors' remuneration	171,221	176,673
Employer's N.I. contributions	41,681	41,654
Staff pension costs	1,658	1,958
Rent re operating leases	64,090	52,143
Rates	12,725	11,099
Insurance	20,107	21,400
Light and heat	2,416	2,387
Repairs & maintenance - premises	5,615	7,199
Repairs & maintenance - equipment	12,149	14,207
Printing, postage and stationery	8,955	12,223
Telephone	8,859	12,813
Motor running expenses	14,001	18,243
Travelling expenses	4,372	8,391
Entertaining	15,343	7,678
Legal and prof fees	61,144	58,376
Accountancy	2,975	2,850
Audit fees	21,700	20,225

ALCOHOLS LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
Bank charges	7,918	6,047
Impairment of Investments	20,345	5,327
Release of Provision	(13,500)	-
Sundry expenses	26,480	17,988
Amortisation on short leasehold	150	150
Depreciation on FF & E	8,672	9,783
Depreciation on motor vehicles	18,086	21,601
Profits/losses on disp of tangibles	(4,500)	(3,090)
	<hr/>	<hr/>
	680,722	681,793
	<hr/>	<hr/>
