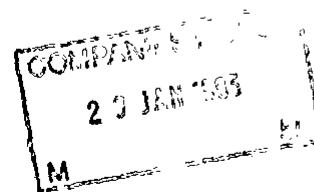


ALFRED DUNHILL LIMITED

ACCOUNTS
For the year ended
31 MARCH 1992



ALFRED DUNHILL LIMITED

Report of the Directors for the year ended 31 March 1992

The directors submit their report and the audited accounts for the year ended 31 March 1992.

Review of activities

The principal activity of the Group is the marketing of luxury consumer products worldwide including fashion clothing and accessories for men and women, watches, leather goods, pens and associated products, smokers' requisites and fragrances under the Alfred Dunhill, Montblanc, Chloe, Hackett and Karl Lagerfeld brand names. The group manufactures writing instruments and pipes.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results

The results of the Group for the year are set out in the profit and loss account on page 4 and the notes on pages 7 to 27. The retained profit of £34,948,000 has been taken to reserves.

Appropriations

Dividends on the preference shares paid in respect of the year amounted to £25,200. Interim dividends of 55.4p per share were paid on the ordinary shares in respect of the year to 31 March 1992 amounting to £4,651,000. The directors now recommend payment of a final dividend for the year to 31 March 1992 of 99.7p per share, absorbing a further £8,375,000.

Fixed assets

The movements in fixed assets during the year are set out in note 9 to the accounts.

In the opinion of the directors, having considered independent professional advice, the market value of the freehold and leasehold premises on an existing use basis exceeds the amount of £23,860,000 at which such premises are included in the historical cost balance sheet at 31 March 1992 by an amount in excess of £7,700,000. The majority of this surplus is attributable to the head office at Duke Street, London and the Montblanc factory. All the premises are used for the purpose of the Group's business. If the premises were realised at this market value, there would be an estimated taxation liability of £1,400,000.

Report of the directors (continued)**Directors**

The directors of the Company during the year to 31 March 1992, were:-

Richard Dunhill	
Edmund C Skepper	(resigned 30 September 1991)
Graham W Searle	
John P Manners	
Michael A G Nicholson	
Mounir T Moufarrige	
Aubrey I Styles	
Ronald J Legg	
John S T Tomlinson	
Richard P Green	(appointed 10 December 1991)

The beneficial interests and options of directors who are also directors of Dunhill Holdings PLC are disclosed in the accounts of that company.

The individual interests of the other directors and their families in Dunhill Holdings PLC ordinary shares, as shown in the register kept in accordance with section 325 of the Companies Act 1985, were:

	Beneficial interests at 31 March		Options at 31 March		Options year to 31 March 1992	
	1992	1991	1992	1991	Granted	Exercised
Mounir T Moufarrige	17,743	17,743	97,501	75,639	21,862	-
Aubrey I Styles	-	-	45,275	60,395	-	15,120
Ronald J Legg	-	1,823	34,378	34,378	-	-
John S T Tomlinson	-	-	32,518	79,896	-	47,378

The above options were issued between June 1988 and July 1991 at prices between 198.4p and 457.4p per share. These options are exercisable between 6th June 1991 and 10th July 2001.

During the year no director had a material interest in any contract that was significant in relation to the Company's business.

Report of the Directors (continued)**Personnel**

The Group is an equal opportunity employer and no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, race, colour or creed. Employees are kept as fully informed as possible on the Group's performance and direction and there are established channels for consultation and communication at a corporate and divisional level.

Employment of disabled persons

It is the policy of the Group to give full and fair consideration to the employment of disabled persons, in jobs suited to their individual circumstances and as appropriate, to consider them for recruitment opportunities, career development and training. Special consideration is given to retraining those who become disabled whilst in the Group's employment.

Post Balance Sheet Event

The Company announced on 1 June 1992 that it had acquired the Karl Lagerfeld business, which includes the Paris-based fashion house and the ownership of the Karl Lagerfeld trademarks worldwide for luxury clothes and accessories.

Close company provisions

In the opinion of the directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

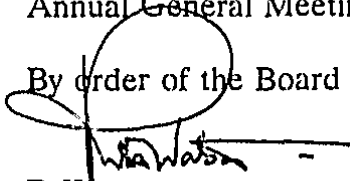
Donations

Donations for charitable purposes made by the Group in the United Kingdom during the year amounted to £57,000 (1991-£44,000). No contributions for political purposes were made during the year (1991-Nil).

Auditor

A resolution to reappoint Coopers & Lybrand as auditor will be proposed at the Annual General Meeting.

By order of the Board


R Watson
Secretary

Date

Consolidated Profit and Loss Account for the year ended 31 March 1992

	Notes	1992 £'000	1991 £'000
Turnover	2	254,562	227,282
Cost of sales		<u>145,062</u>	<u>126,685</u>
Gross profit		109,500	100,597
Net operating expenses	3	<u>53,776</u>	<u>45,484</u>
Operating profit	4	55,724	55,113
Net interest receivable	5	<u>20,290</u>	<u>18,748</u>
Profit on ordinary activities before taxation		76,014	73,861
Taxation on profit on ordinary activities	6	<u>27,756</u>	<u>27,714</u>
Profit on ordinary activities after taxation	7	48,258	46,147
Minority interests		259	-
Dividends	8	<u>13,051</u>	<u>11,846</u>
Profit retained		<u>34,948</u>	<u>34,301</u>

The notes on pages 7 to 27 form an integral part of these accounts.

The Auditor's Report is on page 28

Consolidated Balance Sheet as at 31 March 1992

	Notes	1992		1991	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		38,739		27,590
Current assets					
Stocks	11	48,049		45,194	
Debtors	12	67,282		53,491	
Investments	13	60,334		25,227	
Cash at bank and in hand		194,223		205,785	
		<u>375,888</u>		<u>329,697</u>	
Creditors: amounts falling due within one year	14	<u>159,807</u>		<u>137,328</u>	
Net current assets			<u>216,081</u>		<u>192,369</u>
Total assets less current liabilities			254,820		219,969
Creditors: amounts falling due after more than one year	15	50,282		42,976	
Provisions for liabilities and charges	16	<u>22,608</u>		<u>27,862</u>	
			<u>72,890</u>		<u>70,838</u>
			<u>181,930</u>		<u>149,111</u>
Capital and reserves					
Called up share capital	17		1,440		1,440
Minority interests			1,861		-
Reserves	18		<u>178,629</u>		<u>147,671</u>
			<u>181,930</u>		<u>149,111</u>

Approved by the Board

Date

Graham W. Searle Director
John S T Tomlinson Director

30th June 1992

The notes on pages 7 to 27 form an integral part of these accounts.

The Auditor's Report is on page 28

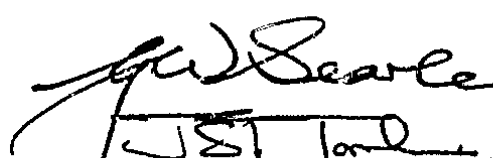
Alfred Dunhill Limited

Balance Sheet of the Company
as at 31 March 1992

	Notes	1992		1991	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		3,441		4,116
Investments in subsidiaries	10		14,773		11,335
Current Assets					
Stocks	11	7,272		9,138	
Debtors	12	39,460		55,288	
Investments	13	21,186		19,442	
Cash at bank and in hand		<u>93,375</u>		<u>77,657</u>	
		161,293		159,412	
Creditors: amounts falling due within one year	14	<u>92,620</u>		<u>91,790</u>	
Net current assets			<u>68,673</u>		<u>67,622</u>
Total assets less current liabilities			86,887		83,073
Creditors: Amounts falling due after more than one year	15	46,179		41,271	
Provisions for liabilities and charges	16	<u>1,610</u>		<u>1,193</u>	
			<u>47,789</u>		<u>42,464</u>
			<u>39,098</u>		<u>40,609</u>
Capital and reserves					
Called up share capital	17		1,440		1,440
Reserves	18		<u>37,658</u>		<u>39,169</u>
			<u>39,098</u>		<u>40,609</u>

Approved by the Board

Date

Graham W. Searle
John S T TomlinsonDirector
Director

The notes on pages 7 to 27 form an integral part of these accounts.
The Auditor's Report is on page 28

Notes to the Accounts for the year ended 31 March 1992**1 Accounting Policies**

The consolidated accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

The following is a summary of the more important policies adopted by the Group.

Basis of Consolidation

The consolidated accounts include the results of all subsidiary undertakings up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated on consolidation.

Historical Cost Convention

The accounts have been prepared under the historical cost convention.

Goodwill

Goodwill is written off against reserves in the year in which it first arises.

Foreign Currencies

The results of overseas subsidiary companies are translated into sterling at an average of the exchange rates prevailing in the year to 31 March. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange adjustments arising from the restatement of the opening attributable net assets and earnings of overseas subsidiary companies are dealt with as adjustments to retained profit. Where foreign currency borrowings are used to provide a hedge against group equity investments in foreign enterprises the exchange adjustments on the borrowings are offset as reserve movements against the exchange differences arising on the retranslation of net investments. All other exchange differences, including those arising from currency conversion in the usual course of trading, are taken into account in arriving at the profit for the period.

Taxation

Provision is made in each financial year for all taxation expected to be payable in respect of profits earned to the end of that period. Advance corporation tax arising on dividends paid during the financial year, not recovered against the

Notes to the Accounts for the year ended 31 March 1992**Taxation - continued**

mainstream corporation tax liability for the year, and advance corporation tax arising on proposed dividends is carried forward to the extent that it can be offset against deferred taxation.

Deferred taxation, arising from timing differences between the recognition of certain items of income and expenditure for accounting and taxation purposes, is calculated on the liability method. Full provision is made in respect of short-term timing differences. Provision in respect of other timing differences, which for the most part arise from accelerated fiscal depreciation, is made to the extent that forward plans indicate that liabilities are expected to arise in the foreseeable future. Where a debit balance arises, the asset carried forward is restricted to the amount expected to become recoverable in the following financial year.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and, where appropriate, includes labour, materials, duty and overheads attributable to the stages of production reached. Net realisable value is the price at which the stocks can be realised in the normal course of business, after allowing for the estimated costs of realisation. Provision is made for obsolete, slow moving and defective stocks.

Depreciation

Freehold land is not depreciated. Depreciation on other fixed assets is calculated to write off the cost of valuation of the assets during their expected normal lives, for the most part by equal annual instalments. Freehold buildings are depreciated at 2% per annum, leasehold buildings over the period of the lease with a minimum of 2% per annum, plant and equipment at rates mainly between 10% and 33% per annum.

Turnover

Turnover, which excludes value added tax, sales and similar taxes, sales between Group companies and trade discounts, represents the invoiced value of goods supplied and also includes royalties and similar income receivable.

Investments held as Current Assets

Investments held as current assets are stated at the lower of cost and net realisable value.

Notes to the Accounts for the year ended 31 March 1992

Provisions for Employees' Pensions

The pension costs, which are charged to the profit and loss account, are calculated on actuarial valuation methods which give a substantially even charge over the expected service lives of employees.

Leased Assets

Rentals payable on assets held under operating leases are charged in arriving at operating profit.

2 Turnover

	1992	1991
	£'000	£'000
Gross sales revenue including royalties and similar income receivable	263,761	234,936
Value added taxes, duty excise and other sales taxes	(9,199)	(7,654)
Turnover	<u>254,562</u>	<u>227,282</u>

Sales to third parties for the year ended 31st March 1992 is analysed as follows:

	Europe £'000	Asia Pacific £'000	Rest of World £'000	Group £'000
Turnover by destination	<u>78,165</u>	<u>120,613</u>	<u>55,784</u>	<u>254,562</u>
Turnover by origin*				
Total sales	185,377	95,648	10,424	291,449
Intersegment sales	(36,887)	-	-	(36,887)
	<u>148,490</u>	<u>95,648</u>	<u>10,424</u>	<u>254,562</u>

*This represents sales by the distribution companies in the geographic regions shown.

In the opinion of the directors, the Group operates in one class of business, that of luxury products. The segmental analysis of profitability and net assets by geographic region is not disclosed.

Notes to the Accounts for the year ended 31 March 1992

3 Net Operating Expenses

	1992	1991
	£'000	£'000
Distribution costs	18,210	15,175
Administration expenses	36,560	33,312
	<u>54,770</u>	<u>48,487</u>
Net operating income	(994)	(3,003)
	<u>53,776</u>	<u>45,484</u>

4 Operating Profit

	1992	1991
	£'000	£'000
Operating profit is stated after taking account of the following items:		
Depreciation of tangible fixed assets	<u>6,757</u>	<u>3,791</u>
Hire of plant and machinery	<u>824</u>	<u>666</u>
Redundancy and other costs relating to the rationalisation of operations	<u>1,606</u>	<u>1,113</u>
Auditor's remuneration	<u>348</u>	<u>299</u>
Directors' emoluments (see note 21)	<u>1,107</u>	<u>1,426</u>

Notes to the Accounts for the year ended 31 March 1992

5 Net Interest Receivable and Similar Income

	1992	1991
	£'000	£'000
Interest receivable and similar income from investments held as current assets		
Listed	2,062	365
Unlisted	24,457	23,438
	<u>26,519</u>	<u>23,803</u>
Less: Interest payable on bank loans and overdrafts due within five years	(6,229)	(5,055)
	<u>20,290</u>	<u>18,748</u>

6 Taxation

	1992	1991
	£'000	£'000
Taxation based on the profit for the year:		
United Kingdom current taxation		
Corporation tax at 34% (1991: 35%)	10,484	7,389
Less: Double taxation relief	(462)	(726)
	<u>10,022</u>	<u>6,663</u>
Overseas taxation	19,693	13,556
Transfer from deferred taxation:		
United Kingdom	(2,487)	3,645
Overseas	225	1,294
Prior year items:		
United Kingdom corporation tax	452	(316)
Overseas current taxation	(149)	2,872
	<u>27,756</u>	<u>27,714</u>

Notes to the Accounts for the year ended 31 March 1992

7 Profit of the Company

The Company has not presented its own profit and loss account. Of the consolidated profit after taxation for the year ended 31 March 1992, £11,547,000 (1991: £49,451,000) was dealt with in the profit and loss account of the Company.

8 Dividends

	1992	1991
	£'000	£'000
Paid on Preference Shares	25	25
Paid or proposed on Ordinary Shares:		
Interim dividend paid of 55.4p per share (1991: 52.2p)	4,651	4,389
Proposed final dividend of 99.7p per share (1991: 88.5p)	8,375	7,432
	<u>13,051</u>	<u>11,846</u>

Notes to the Accounts for the year ended 31 March 1992

9 Tangible Fixed Assets

GROUP	Land & buildings	Plant and Machinery	Fixtures, fittings, tools & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
1 April 1991	15,939	14,348	15,773	46,060
Exchange adjustments	376	488	29	893
Additions	2,791	2,163	2,828	7,782
Subsidiaries acquired	8,245	-	2,294	10,539
Disposals	(58)	(635)	(791)	(1,484)
31 March 1992	<u>27,293</u>	<u>16,364</u>	<u>20,133</u>	<u>63,790</u>
Depreciation				
1 April 1991	2,194	8,113	8,173	18,480
Exchange adjustments	36	341	(178)	199
Charge for the year	1,183	1,758	3,816	6,757
Subsidiaries acquired	78	-	775	853
Disposals	(58)	(515)	(665)	(1,238)
31 March 1992	<u>3,433</u>	<u>9,697</u>	<u>11,921</u>	<u>25,051</u>
Net book value at 31 March 1992	<u>23,860</u>	<u>6,667</u>	<u>8,212</u>	<u>38,739</u>
Net book value at 31 March 1991	<u>13,745</u>	<u>6,235</u>	<u>7,600</u>	<u>27,580</u>

Notes to the Accounts for the year ended 31 March 1992

9 Tangible Fixed Assets - continued

The net book value of land and buildings at 31 March 1992 comprised:

	Cost or valuation	Accumulated depreciation	Net book value
	£'000	£'000	£'000
Freehold land	2,583	-	2,583
Freehold buildings	11,247	819	10,428
Long leaseholds	7,823	666	7,157
Short leaseholds	5,640	1,948	3,692
	<u>27,293</u>	<u>3,433</u>	<u>23,860</u>

Future capital expenditure for which provision has not been made in these accounts

	1992	1991
	£'000	£'000
Contracts placed	6,162	2,044
Authorised but not yet contracted	2,980	1,587
	<u>9,142</u>	<u>3,631</u>

Notes to the Accounts for the year ended 31 March 1992

9 Tangible Fixed Assets - continued

COMPANY	Leasehold Land and buildings	Fixtures, fittings tools and equipments	Total
	£'000	£'000	£'000
Cost			
1 April 1991	1,627	7,273	8,900
Additions	-	977	977
Disposals	-	(334)	(334)
	<u>1,627</u>	<u>7,916</u>	<u>9,543</u>
31 March 1992	<u>1,627</u>	<u>7,916</u>	<u>9,543</u>
Depreciation			
1 April 1991	637	4,147	4,784
Charge for the year	60	1,363	1,423
Disposals	-	(105)	(105)
	<u>697</u>	<u>5,405</u>	<u>6,102</u>
31 March 1992	<u>697</u>	<u>5,405</u>	<u>6,102</u>
Net book value at 31 March 1992	<u>930</u>	<u>2,511</u>	<u>3,441</u>
Net book value at 31 March 1991	<u>990</u>	<u>3,126</u>	<u>4,116</u>

The Company net book value of leasehold land and buildings include £158,000 (1991 £167,000) where the term unexpired is less than 50 years.

Future capital expenditure approved for which provision has not been made in these accounts

	1992	1991
	£'000	£'000
Contracts placed	<u>1,600</u>	<u>804</u>

Notes to the Accounts for the year ended 31 March 1992

10 Investment in Subsidiaries

	1992	1991
	£'000	£'000
Investments at cost	<u>14,773</u>	<u>11,335</u>

The principal subsidiary undertakings are:

	Incorporated and operating in:
Alfred Dunhill (Holland) B.V.	Netherlands
Alfred Dunhill (Hong Kong) Limited	Hong Kong
Chloe International S.A.	France
Dunhill Group Japan Limited	Japan (34%)
Montblanc Meister GmbH	Germany
S.F. Alfred Dunhill	France
Dunhill Limited	England (79%)

With the exception of Alfred Dunhill (Holland) B.V., which is an investment holding company, all the above companies are engaged in the distribution of luxury consumer products. Unless otherwise stated, all subsidiaries are 100% owned. All companies (including Dunhill Group Japan Limited) have been accounted for as subsidiaries.

11 Stocks

	GROUP		COMPANY	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,547	2,538	-	-
Work in progress	7,405	7,513	-	-
Finished goods and goods for resale	<u>39,097</u>	<u>35,143</u>	<u>7,272</u>	<u>9,138</u>
	<u>48,049</u>	<u>45,194</u>	<u>7,272</u>	<u>9,138</u>

Notes to the Accounts for the year ended 31 March 1992

12 Debtors

	GROUP		COMPANY	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	32,991	18,974	4,492	7,069
Amounts owed by the holding company and fellow subsidiaries	2,329	1,976	2,737	1,932
Amounts owed by subsidiaries	-	-	16,493	30,871
Other debtors	2,476	801	-	-
Prepayments and accrued income	28,702	30,720	15,738	15,416
Overseas taxation	-	720	-	-
	<u>66,998</u>	<u>53,191</u>	<u>39,460</u>	<u>55,288</u>
Amounts falling due after one year:				
Other debtors	<u>284</u>	<u>300</u>	<u>-</u>	<u>-</u>
	<u>67,282</u>	<u>53,491</u>	<u>39,460</u>	<u>55,288</u>

13 Investments

	GROUP		COMPANY	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Listed securities	35,186	12,442	16,269	12,442
Unlisted investments	<u>31,148</u>	<u>12,785</u>	<u>4,917</u>	<u>7,000</u>
	<u>66,334</u>	<u>25,227</u>	<u>21,186</u>	<u>19,442</u>

The unlisted investments, which are stated at cost, are readily convertible securities.

The market value of the listed securities was £36,491,000 (1991: £12,892,000).

Notes to the Accounts for the year ended 31 March 1992

14 Creditors: Amounts falling due within one year

	GROUP		COMPANY	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Bank loans and overdrafts repayable in one year-unsecured	31,402	25,491	6,418	6,935
Trade creditors	23,154	11,038	3,218	2,750
Amounts owed to the holding company and fellow subsidiaries	22,671	22,497	530	21,928
Amounts owed to subsidiaries	-	-	41,679	14,813
Proposed final dividend	8,375	7,432	8,375	7,432
Taxes payable (see below)	24,598	19,500	7,670	6,082
Other creditors, accruals and deferred income	49,216	51,024	24,730	33,963
Pension liabilities (amounts due within one year)	391	346	-	-
	<u>159,807</u>	<u>137,328</u>	<u>92,620</u>	<u>91,790</u>

Taxes payable are made up as follows:

	GROUP		COMPANY	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
United Kingdom corporation tax	11,227	8,905	4,548	3,598
Advance corporation tax on dividends	2,792	2,477	2,792	2,477
Overseas taxation	9,547	7,469	-	-
	<u>23,566</u>	<u>18,851</u>	<u>7,390</u>	<u>6,075</u>
Excise duty	74	94	-	-
Social security	958	555	280	7
	<u>24,598</u>	<u>19,500</u>	<u>7,670</u>	<u>6,082</u>

Notes to the Accounts for the year ended 31 March 1992

15 Creditors: Amounts falling due after more than one year

	GROUP		COMPANY	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Bank loans-unsecured	48,762	40,856	46,179	40,746
Amounts owed to the holding company	-	-	-	525
Other creditors	1,520	2,120	-	-
	<u>50,282</u>	<u>42,976</u>	<u>46,179</u>	<u>41,271</u>
Bank loans are analysed as follows:				
Deutschmark	42,376	40,856	42,376	40,476
United States dollar	3,803	-	3,803	-
Japanese Yen	2,583	-	-	-
	<u>48,762</u>	<u>40,856</u>	<u>46,179</u>	<u>40,746</u>
Amounts payable between one and two years	12,752	110	12,238	-
Amounts payable between two and five years	36,010	40,746	33,941	40,746
	<u>48,762</u>	<u>40,856</u>	<u>46,179</u>	<u>40,746</u>

Notes to the Accounts for the year ended 31 March 1992

16 Provisions for Liabilities and Charges

GROUP	Pension Obligations	Deferred Taxation	Other Provisions	Total
	£'000	£'000	£'000	£'000
1 April 1991	6,992	18,165	2,705	27,862
Net amount provided in the year	651	(2,262)	750	(861)
Other movements	927	(4,527)	(793)	(4,393)
31 March 1992	<u>8,570</u>	<u>11,376</u>	<u>2,662</u>	<u>22,608</u>

COMPANY	Deferred Taxation	Other provisions	Total
	£'000	£'000	£'000
1 April 1991	443	750	1,193
Net amount provided in the year	182	750	932
Other movements	(315)	(200)	(515)
31 March 1992	<u>310</u>	<u>1,300</u>	<u>1,610</u>

Other movements comprise exchange adjustments and the application of provisions for the purposes for which they were set up.

The Group sponsors a number of pension schemes throughout the world of the defined benefit type. The total pension cost for the Group was £2,230,000 (1991: £1,985,000) of which £1,030,000 (1991: £780,000) relates to overseas schemes.

The Rothmans International U.K. Pension Fund (formerly the Carreras Pension Fund), the assets of which are held in a separate trustee administered fund, covers the UK and certain overseas employees. An actuarial valuation of the fund was performed by Messrs. R.N. Jarvis & Co., Consulting Actuaries, as at 31 March, 1990. Particulars of the valuation are to be included in the financial statements of Rothmans International p.l.c. which established the Carreras Pension Fund for the benefit of the employees of its subsidiary and associated companies.

Notes to the Accounts for the year ended 31 March 1992

16 Provisions for Liabilities and Charges - continued

The element of the total pension cost relating to foreign schemes includes £919,000 (1991: £688,000) where the charge has been determined in accordance with local best practice and regulations in Germany. The provision of £8,570,000 (1991: £6,992,000) included under provisions for liabilities and charges relates primarily to this unfunded German scheme.

The deferred taxation provision at the balance sheet date for the Group, comprised the following:

	1992	1991
	£'000	£'000
Short term timing differences	(220)	4,834
Accelerated fiscal depreciation	292	310
Other timing differences	14,096	15,498
Less: Advance corporation tax recoverable	<u>(2,792)</u>	<u>(2,477)</u>
	<u>11,376</u>	<u>18,165</u>

The provision made in both years is the same as the full potential liability.

The deferred taxation provision and full potential liability at the balance sheet date for the Company, comprised the following:

	1992	1991
	£'000	£'000
Short term timing differences	2,985	2,610
Accelerated fiscal depreciation	117	310
Less: Advance corporation tax recoverable	<u>(2,792)</u>	<u>(2,477)</u>
	<u>310</u>	<u>443</u>

Notes to the Accounts for the year ended 31 March 1992

17 Called Up Share Capital

	1992	1991
	£'000	£'000
Authorised, allotted, called up and fully paid:		
8,400,000 ordinary shares of 10p each	840	840
600,000 4.2% cumulative preference shares of £1 each	600	600
	<u>1,440</u>	<u>1,440</u>

18 Reserves

	Profit and Loss Account	
	GROUP	COMPANY
	£'000	£'000
At 1 April 1991	147,671	39,169
Exchange adjustments		
- on retained profits	3,541	-
- on foreign currency borrowings	(1,842)	-
Goodwill written off	(5,689)	-
Retained profit/(loss) for the year	<u>34,948</u>	<u>(1,511)</u>
At 31 March 1992	<u>178,629</u>	<u>37,658</u>

The undistributed retained profits of overseas subsidiaries may be liable to overseas and/or United Kingdom taxation (after allowing for double taxation relief) if distributed as dividends.

Notes to the Accounts for the year ended 31 March 1992

19 Contingencies

Certain subsidiaries have entered into commitments under operating leases in the course of trade in respect of which no material losses are expected to arise. The annual commitments, as at 31 March under these leases expire as follows:

	1992	1991
	£'000	£'000
Land and buildings		
Within one year	600	1,367
Between one and five years	2,685	2,627
In excess of five years	<u>5,271</u>	<u>2,515</u>
	<u>8,556</u>	<u>6,509</u>
Other assets		
Within one year	496	718
Between one and five years	1,014	751
In excess of five years	<u>1,325</u>	<u>3</u>
	<u>2,835</u>	<u>1,472</u>

20 Personnel

The average number of persons employed during the year by the Group in the production, distribution and sale of luxury consumer products was 2,016 (1991: 1,964)

Notes to the Accounts for the year ended 31 March 1992

20 Personnel - continued

Their aggregate compensation was as follows:

	1992	1991
	£'000	£'000
Wages and salaries	37,585	34,207
Social security costs	4,786	4,354
Other pension costs	2,230	1,985
	<u>44,601</u>	<u>40,546</u>

21 Directors' Emoluments

Emoluments of directors of the Company including pension contributions were:

	1992	1991
	£'000	£'000
Management remuneration	<u>1,107</u>	<u>1,426</u>

Notes to the Accounts for the year ended 31 March 1992

21 Directors Emoluments - continued

Emoluments of the directors, other than those working wholly or mainly outside the United Kingdom, excluding pension scheme contributions were:

	1992	1991
	£	£
Chairman	72,812	60,264
Highest paid director	166,565	225,332
The number of directors in each emolument band was:		
£30,001 - £35,000	1	-
£50,001 - £55,000	1	-
£60,001 - £65,000	-	1
£70,001 - £75,000	4	-
£80,001 - £85,000	-	2
£85,001 - £90,000	-	2
£95,001 - £100,000	-	3
£110,001 - £115,000	1	-
£120,001 - £125,000	-	1
£125,001 - £130,000	1	1
£140,001 - £145,000	1	-
£150,001 - £155,000	-	1
£165,001 - £170,000	1	-
£225,001 - £230,000	-	1

22 Goodwill

Goodwill arising during the year is that on the acquisition of 79% of the share capital of Hackett Limited and 34% of Dunhill Group Japan Limited. The consideration given on both acquisitions was wholly in cash.

Notes to the Accounts for the year ended 31 March 1992

22 Goodwill - continued

The net assets acquired in respect of these two companies is set out below:

	Book value	Adjustments	Fair value
	£'000	£'000	£'000
Fixed assets	11,256	-	11,256
Stocks	14,380	(7,532)	6,848
Debtors	10,721	-	10,721
Cash at bank	2,503	-	2,503
Total assets	38,860	(7,532)	31,328
Creditors	(13,259)	2,274	(10,985)
Net debt	(16,455)	-	(16,455)
Provision	(115)	(3,406)	(3,521)
	9,031	(8,664)	367
Goodwill			5,689
			6,056
Less: minority interests' share			(1,602)
Cash consideration paid			4,454

The adjustments relate to accounting policy alignments for stock and pensions (£6,698,000) and reorganisation costs (£1,966,000).

23 Ultimate Holding Company

The directors regard Compagnie Financière Richemont AG as the Company's ultimate holding company.

Notes to the Accounts for the year ended 31 March 1992

24 Cashflow statement

As the Company is a wholly owned subsidiary of Dunhill Holdings PLC, the cashflows of the Company are included in the consolidated group cash flow statement of Dunhill Holdings PLC. Consequently, the Company is exempt under the terms of Financial Reporting Standards No. 1 from publishing a cashflow statement.

REPORT OF THE AUDITOR

To the Members of Alfred Dunhill Limited

We have audited the accounts on pages 4 to 27 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st March 1992 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND

London

Chartered Accountants and registered Auditor

30 June 1992 Date