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STRATHLEVEN BONDED WAREHOUSES LIMITED  
DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1989

COMPANIES HOUSE  
10 APR 1990  
56

# STRATHLEVEN BONDED WAREHOUSES LIMITED

## DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1989.

### 1. PRINCIPAL ACTIVITIES

The company did not trade during the year.

### 2. FINANCIAL

With effect from 1 October 1988 the company has transferred its trade, assets and liabilities to Justerini and Brooks Limited a fellow subsidiary company.

### 3. DIRECTORS

The directors of the company during the year were:

J. Bruxner	
D A Defty	(Appointed 1 November 1988)
D.R. Hall	
J.A. King	(Resigned 30 April 1989)
N.G. McGowan	(Resigned 1 November 1988)

None of the directors had any beneficial interest in the shares of the company.

In the opinion of the directors there were no contracts significant to the company's business in which any director had any material interest.

The directors who held office at the end of the financial year had the following interests in the shares of Grand Metropolitan Public Limited Company:

	<u>Ordinary shares of 50p each</u>		<u>Options</u>	
	<u>At end of year</u>	<u>At beginning of year</u>	<u>At end of year</u>	<u>At beginning of year</u>
J. Bruxner	14,500	18,500	51,945	41,580
D.R. Hall	-	-	26,248	10,000

The directors held the above options under the Grand Metropolitan Public Limited Company share option schemes, at prices between 245p and 544p per share (1988 - 245p and 544p) exercisable by 1996.

STRATHLEVEN BONDED WAREHOUSES LIMITED

DIRECTORS' REPORT (continued)

4. FIXED ASSETS

The changes in fixed assets are shown in the notes to the financial statements on page 10.

5. AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Peat Marwick McLintock is to be proposed at the forthcoming Annual General Meeting. Our auditors have informed us that, with effect from 1 January 1990, they will practise under the name of KPMG Peat Marwick McLintock.

By order of the Board

Secretary



1 York Gate  
Regents Park  
London  
NW1 4PU

6 December 1989

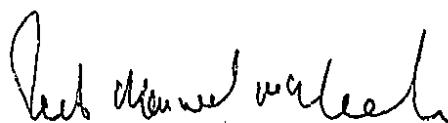
Peat Marwick McLintock

AUDITORS' REPORT TO THE MEMBERS OF  
STRATHLEVEN BOARD WAREHOUSES LIMITED

GLASGOW, 6 December 1989

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1989 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants

STRATHLEVEN BONDED WAREHOUSES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1989

	Note	1989	1988
		£	£
TURNOVER	2	-	59,556,958
Cost of sales	3-5	-	58,822,426
GROSS PROFIT		-	734,532
Interest payable	6	-	(48,825)
Other interest receivable	6	-	647,670
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	1,333,377
Tax on profit on ordinary activities	7	-	(539,105)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	794,272
Extraordinary item after taxation	8	-	402,000
PROFIT FOR THE YEAR		-	1,196,272
Dividends	9	-	(2,500,000)
BALANCE FOR THE YEAR		-	(1,303,728)
Retained profit brought forward		7,911,352	9,215,080
RETAINED PROFIT CARRIED FORWARD		7,911,352	7,911,352

STRATHLEVEN BONDED WAREHOUSES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 1989

	Notes	1989		1988
		£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	10	-	-	5,838,570
Investments	11	-	-	10,000
				<u>5,848,570</u>
<b>CURRENT ASSETS</b>				
Stocks	12	-	-	8,693,007
Debtors	13	8,911,352	-	11,937,243
Cash at bank and in hand		-	-	6,056,471
		<u>8,911,352</u>		<u>26,686,721</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	-	-	(23,593,333)
<b>NET CURRENT ASSETS</b>			<u>8,911,352</u>	<u>3,093,388</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,911,352</u>	<u>8,941,958</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14		-	(30,606)
			<u>8,911,352</u>	<u>8,911,352</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15	1,000,000	1,000,000	1,000,000
Profit and loss account		7,911,352	7,911,352	7,911,352
		<u>8,911,352</u>	<u>8,911,352</u>	<u>8,911,352</u>

Director

*[Signature]*

Director

*[Signature]*

# STRATHLEVEN BONDED WAREHOUSES LIMITED

## NOTES (forming part of the financial statements)

### 1. ACCOUNTING POLICIES

#### (a) Accounting convention

The financial statements of the company are prepared under the historical cost convention. They have been drawn up to comply in all material respects with UK statements of standard accounting practice in force at the relevant time (except that they do not include a statement of source and application of funds for the reason set out in note 16). The bases used are consistent with those used in the previous year.

#### (b) Fixed assets and depreciation

Fixed assets are stated at cost after deducting government grants.

No depreciation is provided on freehold land. All other buildings, plant and equipment are depreciated over their estimated useful lives within the following ranges:

Industrial buildings	25 to 50 years
Plant and machinery	10 to 20 years
Furniture and office equipment	10 to 20 years
Motor vehicles	4 years
Mechanical handling equipment	5 years

#### (c) Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a fixed tangible asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are operating leases and the rental charges are taken to profit and loss accounts on a straight line basis over the life of the lease.

#### (d) Deferred taxation

No provision is made for taxation deferred by accelerated taxation allowances on UK capital expenditure. The company is a member of a group which provides for any deferred tax payable in the foreseeable future on a group basis.

The deferred taxation provision therefore relates to those other taxation liabilities which are deferred because items of expense or income are allowed or assessed for taxation purposes in periods different from those in which they enter the profit and loss account.

#### (e) Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

STRATHLEVEN BONDED WAREHOUSES LIMITED

NOTES (continued)

1. ACCOUNTING POLICIES (continued)

(f) Investments

Investments are valued individually at the lower of cost and net realisable value. Net realisable value is estimated by the directors.

(g) Stocks

Stocks and consumable stores have been consistently valued at the beginning and end of the period at the lower of cost and net realisable value. Cost comprises invoice price. Due allowance is made for obsolete and slow moving items.

(h) Pension funding

The company operates pension schemes covering the majority of employees. Contributions are based on periodic actuarial calculations and are charged against profits of the year in which they become payable. The schemes are funded by payments to trustee administered funds completely independent of the company's finances. On 28 June 1989 the pension schemes were terminated and the obligations and assets transferred to the Grand Metropolitan Group pension scheme.

(i) Government grants

Capital grants received have been credited against the relevant fixed asset

2. ANALYSIS OF TURNOVER AND PROFIT BEFORE TAXATION

The turnover and profit before taxation are attributable to the one activity, the blending, bottling and storage of wines and spirits within the United Kingdom.

3. COST OF SALES

	<u>1989</u>	<u>1988</u>
	£	£
Rent on buildings	-	824,996
Raw materials and consumables	-	47,555,678
Other external charges	-	2,914,465
Staff costs	-	6,713,797
Depreciation of tangible fixed assets	-	811,403
Loss/(gain) on sale of investments	-	2,087
	<u>-</u>	<u>58,822,426</u>

Other external charges include operating lease rentals for plant and machinery of £Nil (1988 - £217,135). Auditors' remuneration was £Nil (1988 - £22,000).



# STRATHLEVEN BONDED WAREHOUSES LIMITED

## NOTES (continued)

### 4. STAFF COSTS

	<u>1989</u>	<u>1988</u>
	<u>Number</u>	<u>Number</u>
<u>Employee numbers (including directors)</u>		
Administration	-	118
Production	-	544
	<u>-</u>	<u>662</u>
<u>Employee costs (including directors)</u>	<u>£</u>	<u>£</u>
Wages and salaries	-	5,968,065
Social security costs	-	450,666
Other pension costs	-	295,056
	<u>-</u>	<u>6,713,797</u>

### 5. DIRECTORS' EMOLUMENTS

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Emoluments (including pension contributions)	<u>-</u>	<u>NIL</u>

The emoluments, excluding pension contributions, of the chairman amounted to £Nil (1988 - £Nil) and of the highest paid director amounted to £Nil (1988 - £Nil).

The number of other directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	<u>1989</u>	<u>1988</u>
	<u>Number</u>	<u>Number</u>
£0 - £5,000	-	4
£15,001 - £20,000	-	-
£20,001 - £25,000	-	-
	<u>-</u>	<u>-</u>

# STRATHLEVEN BONDED WAREHOUSES LIMITED

## NOTES (continued)

### 6. INTEREST

	<u>1989</u>	<u>1988</u>
	£	£
Interest on bank loans, overdrafts and other loans repayable wholly within five years	-	44,025
Interest on finance leases	-	4,870
	-	48,825
<u>Less: Interest receivable from group companies</u>	-	<u>(647,670)</u>
	-	<u>(598,845)</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u>	<u>1988</u>
	£	£
UK corporation tax at 35% (1987 - 35%) on the profits of the year	-	534,000
Transfer to/(from) deferred taxation	-	5,105
Prior years' adjustment	-	-
	-	<u>539,105</u>

The charge for UK corporation tax includes amounts which may be paid to other companies in the Grand Metropolitan Group in return for the surrender of tax losses.

### 8. EXTRAORDINARY ITEM

	<u>1989</u>	<u>1988</u>
<u>Extraordinary income</u>	£	£
Pension Fund surplus arising on the winding up of the company's pension schemes	-	680,000
Transfer from deferred taxation	-	-
Extraordinary income	-	680,000
Tax on extraordinary income	-	<u>(278,000)</u>
	-	<u>402,000</u>

### 9. DIVIDENDS

	<u>1989</u>	<u>1988</u>
	£	£
Proposed final dividend	-	<u>2,500,000</u>

STRATHLEVEN BONDED WAREHOUSES LIMITED

NOTES (continued)

10. FIXED TANGIBLE ASSETS

Plant and  
machinery

£

Cost or valuation

At beginning of year  
Inter company transfers

12,773,903  
(12,773,903)

At end of year

-

Depreciation

At beginning of year  
Inter company transfers

6,935,333  
(6,935,333)

At end of year

-

Net book value

At 30 September 1989

-

At 30 September 1988

5,838,570

11. FIXED ASSETS - INVESTMENTS

Unlisted

£

Cost

At beginning of year  
Realised during year

10,000  
(10,000)

At end of year

-

12. STOCKS

1989

1988

£

£

Finished goods  
Raw materials and consumables

- 4,872,408  
- 3,820,599

- 3,693,007

13. DEBTORS : Amounts due within one year

1989

1988

£

£

Trade debtors  
Amounts owed by holding company and fellow subsidiaries  
Other debtors  
Prepayments and accrued income  
Deferred taxation

- 11,985  
8,911,352 10,358,565  
- 711,731  
- 854,962  
- -

8,911,352 11,937,243

# STRATHLEVEN BONDED WAREHOUSES LIMITED

## NOTES (continued)

### 14. CREDITORS

	1989		1988	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Trade creditors	-	-	4,123,072	-
Amounts owed to holding company and fellow subsidiaries	-	-	15,351,439	-
Taxation	-	-	2,028,210	-
Other taxation including social security	-	-	160,143	-
Other creditors	-	-	268,628	30,606
Accruals and deferred income	-	-	<u>1,661,841</u>	-
	-	-	<u>23,593,333</u>	<u>30,606</u>

Other creditors include secured amounts in respect of obligations under finance leases, as follows:

	1989	1988
	£	£
Gross amounts due:		
Within one year	-	38,626
From two to five years	-	31,549
Over five years	-	-
	-	70,175
	-	<u>(3,547)</u>
Less: Future finance charges	-	<u>66,628</u>

### 15. CALLED UP SHARE CAPITAL

	1989	1988
	£	£
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 16. STATEMENT OF SOURCE AND APPLICATION OF FUNDS

A statement of source and application of funds has not been produced. The directors consider that such a statement would not be helpful as the company is a wholly owned subsidiary of International Distillers and Vintners Limited and its funds are managed as part of the group funds. A group statement of source and application of funds is included in the financial statements of International Distillers and Vintners Limited.

STRATHLEVEN BONDED WAREHOUSES LIMITED

NOTES (continued)

17. CAPITAL COMMITMENTS

Capital expenditure authorised and commitments not provided for in these financial statements are estimated at:

	<u>1989</u>	<u>1988</u>
	£	£
Committed	<u>-</u>	<u>1,101,650</u>
Authorised but not committed	<u>-</u>	<u>3,558,348</u>

18. OPERATING LEASE COMMITMENTS

At 30 September 1989, the company had annual commitments not provided for under operating leases, other than land and buildings, as follows:

	<u>1989</u>	<u>1988</u>
	£	£
Payments due within one year for leases which expire:		
From two to five years	<u>-</u>	<u>48,174</u>

19. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate holding company is International Distillers and Vintners Limited. The ultimate holding company is Grand Metropolitan Public Limited Company, a company incorporated in Great Britain.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 6 December 1989.