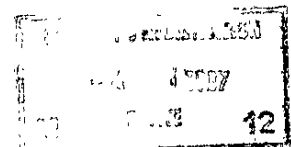


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SACCOE & SPEED LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE 11 MONTHS ENDED 27TH SEPTEMBER 1986



SACCONE & SPEED LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the 11 months ended 27th September, 1986.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company during the period were as follows:

- (a) The purchasing, importing and bottling of wines and spirits, the blending of Scotch whisky and the compounding of gin and vodka.
- (b) The sale of alcoholic and non-alcoholic drinks to wholesale and retail outlets.
- (c) The retail sale of alcoholic and non-alcoholic drinks, tobacco and ancillary products through a managed off-licence chain.
- (d) The exporting and duty-free selling of beers, wines and spirits and supervision of overseas interests of the immediate holding company.

The process of streamlining the Company's operations continued during the period with further rationalisation and introduction of new warehousing and distribution systems.

The organization has also been revised to meet current and future business needs.

In support of its growing strength in brands and agency sales, new products have been introduced and additional agencies have been acquired.

With effect from 19th November 1986 the ultimate Holding Company is Elders IXL Limited, which is incorporated in the state of South Australia.

OPERATIONS

- (a) The following companies operated as the management companies for the related divisions and sub-divisions of the Company:

Saccone & Speed Wholesale Limited

Roberts & Cooper Limited
(Previously Imperial Retail Shops Limited)

- Roberts & Son (Worthing) Limited

Saccone & Speed International Limited

Percy Fox & Company Limited

- (b) All transactions relating to the foregoing operations were recorded in the books of the Company.

SACCONE & SPEED LIMITED

DIRECTORS' REPORT - Continued

EMPLOYMENT OF DISABLED PERSONS

In considering applications for employment from disabled persons, the Company sought to ensure that full and fair consideration was given to the abilities and aptitudes of the applicants, against the requirements of the job for which they had applied.

Employees who became unable to carry out the job for which they were employed, were given individual consideration. Depending on the nature, severity and duration of the disability, individuals were considered for alternative work including retraining if necessary.

Training, career development and promotion opportunities were available to all employees on the basis of individual aptitude and abilities and the business requirements of the organisation. Disabled employees were eligible for special training if there was a particular individual need for which the Company could provide.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, various company papers and special employees' edition of the annual accounts.

EMPLOYEE INVOLVEMENT

The Company has developed voluntarily, practices and procedures for employee involvement appropriate to its circumstances and needs and has encouraged decentralised development of information provision, consultation and other forms of involvement as it believes this contributes to good relations between management and employees and promotes a better understanding of the issues facing those parts of the business in which employees work.


FORMAT OF ACCOUNTS

The accounts have been drawn up in accordance with the reporting and presentation requirements of the Companies Act 1985. The directors consider that the format adopted in these accounts is the most suitable for the Company's purposes.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



J.C. MOORE
SECRETARY
LON

12th MARCH 1987

AUDITORS' REPORT TO THE MEMBERS OF
SACCONI & SPEED LIMITED

We have audited the financial statements on pages 5 to 20 in accordance with approved Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 27th September 1936 and of its profit and source and application of funds for the eleven months then ended and comply with the Companies Act 1935.

Deloitte Haskins & Sells
DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
LONDON

12th MARCH 1937

SACCONE & SPEED LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE 11 MONTHS TO 27TH SEPTEMBER 1986


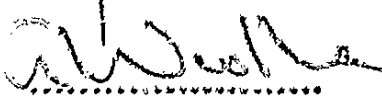
		<u>1986</u> (11 MONTHS)	<u>1985</u> (12 MONTHS)
	<u>Notes</u>	£000	£000
<u>TURNOVER</u>	1 (h)	207,512	214,020
Cost of sales		(189,095)	(199,334)
Gross profit		18,417	14,686
Distribution and administrative costs	2	(14,144)	(10,914)
Other net operating income	3	472	90
<u>OPERATING PROFIT</u>		4,745	3,862
Investment income	4	1	3
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		4,746	3,865
Taxation charge	7	(1,040)	(529)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		3,706	3,336
Extraordinary items	8	683	(2,392)
<u>PROFIT FOR THE FINANCIAL PERIOD</u>		4,389	944
Ordinary Dividends		(3,000)	-
<u>NET PROFIT</u>		£ 1,389	£ 944

SACCONE & SPEED LIMITED

BALANCE SHEET AT 27TH SEPTEMBER 1986

	<u>Notes</u>	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
<u>FIXED ASSETS</u>			
Tangible assets	9	22,598	22,477
Investments	10	99	196
		<u>22,697</u>	<u>22,673</u>
<u>CURRENT ASSETS</u>			
Stocks	12	29,416	32,781
Debtors	13	32,366	16,013
Cash at bank and in hand		1,924	2,106
		<u>63,706</u>	<u>50,900</u>
<u>CURRENT LIABILITIES</u>			
Creditors due within one year	14(a)	(77,829)	(65,670)
<u>NET CURRENT LIABILITIES</u>		<u>(14,123)</u>	<u>(14,770)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>8,574</u>	<u>7,903</u>
Creditors due after more than one year	14(b)	(1,841)	(507)
Provisions for liabilities	15	(208)	(2,247)
<u>NET ASSETS</u>		<u>£ 6,525</u>	<u>£ 5,147</u>
<u>CAPITAL AND RESERVES</u>			
Called-up share capital	16	200	200
Revaluation reserve	17	4,855	4,683
Profit and loss account	17	1,470	264
		<u>£ 6,525</u>	<u>£ 5,147</u>

The financial statements on page 5 to 20 were approved by the board of directors on 12th March 1987 and were signed on its behalf by:

	R.J. SPENCE)
.....)
) DIRECTORS
	M. WOOTTON)
.....)

SACCONI & SPEED LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 11 MONTHS ENDED 31ST SEPTEMBER 1986

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
<u>SOURCE OF FUNDS</u>		
Profit on ordinary activities before taxation	4,746	3,865
Extraordinary items before taxation	813	(3,232)
<u>Items not involving the movement of funds:</u>		
Depreciation	1,610	1,791
(Profit) on disposal of tangible fixed assets	(696)	(130)
Trade loans written (back)	-	(46)
Provisions for future losses	(1,170)	1,892
<u>FUNDS GENERATED FROM OPERATIONS</u>	<u>5,303</u>	<u>4,140</u>
<u>Funds from other sources:</u>		
Taxation received by group relief	-	1,407
Proceeds from disposal of tangible fixed assets	1,296	1,777
Repayment of trade loans	90	82
<u>TOTAL SOURCE OF FUNDS</u>	<u>6,689</u>	<u>7,406</u>
<u>APPLICATION OF FUNDS</u>		
Dividends Paid	3,000	-
Purchase of tangible fixed assets	2,970	4,513
Net inter-group transfer of fixed assets at net book value	(657)	(228)
Taxation paid [including by group relief]	-	13
Provisions utilised	668	-
<u>TOTAL APPLICATION OF FUNDS</u>	<u>5,090</u>	<u>4,298</u>
<u>NET SOURCE OF FUNDS</u>	<u>699</u>	<u>3,108</u>
The net source of funds is represented by the following increase/(decrease) in net current assets:		
Stocks	(3,365)	1,111
Debtors	16,353	2,076
Creditors	(12,107)	359
	<u>881</u>	<u>3,546</u>
<u>Movement in net liquid funds:</u>		
Cash at bank and in hand	(182)	(438)
	<u>699</u>	<u>3,108</u>

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 11 MONTHS ENDED 27TH SEPTEMBER 1986

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

b) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost includes an appropriate proportion of overheads.

c) Tangible Fixed Assets

Licensed and unlicensed properties are stated at valuation with subsequent additions at cost. No depreciation is currently provided on freehold and long leasehold (leases with an unexpired term of more than 100 years) licensed and unlicensed properties, since the estimated remaining and useful life of the assets is maintained by a regular refurbishment programme, which makes the provision of depreciation insignificant in the context of the financial statements. Landlords' fixtures, which are aggregated with the properties, are written off over their average estimated useful life, currently 20 years. Short leasehold (leases with an unexpired term of 100 years or less) properties are amortised over the unexpired period of the leases.

Other land and buildings are stated at valuation, with subsequent additions at cost. Buildings included in this heading are depreciated at 2 per cent per annum on a straight-line basis. Other fixed assets are stated at cost, and depreciation is applied on a straight-line basis over their estimated lives, which are:

Plant	-	20	years
Machinery	-	10	years
Furniture	-	10	years
Cars and light commercial vehicles	-	4 - 5	years
Heavy commercial vehicles	-	5 - 16	years

Certain fully depreciated assets have been eliminated from the accounts.

d) Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ['finance leases'], the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as "Obligations under finance leases".

Depreciation on leased assets is charged to the Profit and Loss Account on a straight line basis over their estimated lives in accordance with the depreciation policy in Note 1 (c).

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

ACCOUNTING POLICIES - Continued

d) Leased Assets - Continued

The interest element of the lease payment is charged to the Profit and Loss Account using the reducing balance method.

All other leases are 'operating leases', and the annual rentals are charged to the Profit and Loss Account over the lease term.

e) Deferred Taxation

Provision is made on the liability method, to the extent that there is a reasonable probability that such tax will become payable in the foreseeable future, for taxation which is deferred because of timing differences between charges provided for in the accounts and the corresponding allowances for tax purposes.

f) Pension Costs

It is the general policy of the Company to fund pension liabilities on the advice of external actuaries by payment to trusts. Payments made to the funds and charged in the financial statements comprise current and past service contributions. External actuarial valuations are carried out triennially.

g) Foreign Currency

Foreign currency assets and liabilities are translated into sterling as follows:

(1) Where forward cover has been obtained, at the forward cover rate.

(2) Where forward cover has not been obtained, at the exchange rates ruling at the year end.

h) Turnover

Turnover is stated exclusive of value added tax.

SACCONI & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

2. DISTRIBUTION AND ADMINISTRATIVE COSTS

	<u>1986</u>	<u>1985</u>
	<u>£000</u>	<u>£000</u>
Distribution costs	6,841	6,767
Administrative expenses	7,303	4,147
	<u>14,144</u>	<u>10,914</u>

3. OTHER NET OPERATING INCOME

Rents receivable	50	34
Profit on disposal of licensed & unlicensed properties	667	357
(Loss) on exchange	(245)	(301)
	<u>472</u>	<u>90</u>

4. INVESTMENT INCOME

Interest receivable	<u>1</u>	<u>3</u>
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SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1986</u> £000	<u>1985</u> £000
Depreciation on owned assets	1,483	1,652
Depreciation on leased assets	127	139
Auditors' remuneration	80	60
Hire of plant and machinery - operating leases	31	42
- other	95	72

6. DIRECTORS AND EMPLOYEES

a) Employee costs:

	<u>1986</u> £000	<u>1985</u> £000
Wages and salaries	14,886	14,624
Social security costs	1,027	1,226
Other pension costs	116	1,534
	<u>16,029</u>	<u>17,384</u>

b) The average number of persons employed by the company during the period was:

	<u>Number</u>	<u>Number</u>
Retail shop staff	3,592	1,576
Administration [including marketing, property services and field management]	440	457
Others [including production, warehousing and distribution]	398	405
	<u>2,430</u>	<u>2,438</u>

c) Directors' Remuneration

The following remuneration was paid in respect of directors of the Company:

	<u>1986</u> £000	<u>1985</u> £000
Directors' emoluments [including pension contributions and performance related bonuses/other bonuses]	134	213

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

6. DIRECTORS AND EMPLOYEES - Continued

A further amount of £17,244 was paid to a director representing compensation for loss of office.

- d) The directors' remuneration disclosed above [excluding pensions and pension contributions but including, where applicable, a performance related bonus] was:

	<u>1986</u> £	<u>1985</u> £
The Chairman	NIL	NIL
The highest paid director	31,668	47,053

Other directors emoluments:

	Number	Number
NIL - £ 5,000	12	4
£ 5,001 - £10,000	1	1
£10,001 - £20,000	2	-
£20,001 - £30,000	1	2
£30,001 - £40,000	-	1
£40,001 - £45,000	-	1
	16	9

- e) The number of senior employees [other than directors of the company] whose pre-tax emoluments exceeded £30,000 [excluding pensions and pension contributions but including, where applicable, a performance related bonus] were:

	<u>1986</u> Number	<u>1985</u> Number
£30,001 - £35,000	NIL	3

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

7. TAXATION CHARGE

	<u>1986</u> £000	<u>1985</u> £000
<u>U.K. Corporation Tax:</u>		
Current	1,420	1,629
Deferred	(339)	(785)
<u>Prior Year Adjustment:</u>		
(Over) provision of current tax	(41)	(315)
	<u>1,040</u>	<u>529</u>

The U.K. Corporation Tax has been calculated at the rate of 37.3% (1985 - 42.1%), after taking into account the excess of depreciation over capital allowances of £78,000 (1985 - £1,000) and other timing differences for which deferred taxation of £ nil (1985 - £600,000) has been provided.

Had deferred taxation been provided in full on the liability method for all timing differences, including any potential liability in respect of taxable gains on roll-over relief into replacement assets, the amount of tax deferred would have been attributable as follows:

	<u>1986</u> £000	<u>1985</u> £000
<u>Deferred taxation:</u>		
Capital allowances	2,494	2,760
Roll-over relief	458	387
Other	(170)	(392)
	<u>2,782</u>	<u>2,755</u>

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

9. EXTRAORDINARY ITEMS

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Surplus on the disposal of freehold land & buildings	-	95
Closure costs	-	(3,327)
Provision no longer required	813	-
<u>Extraordinary Profit/(charge) before taxation</u>	<u>813</u>	<u>(3,232)</u>

Taxation:

U.K. corporation tax at 33% (1985 - 42.1%)

Current	(7)	457
Deferred	(143)	383
	<u>(150)</u>	<u>840</u>
<u>Extraordinary Profit/(charge) net of taxation</u>	<u>663</u>	<u>(2,392)</u>

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

9. TANGIBLE FIXED ASSETS

	<u>OWNED</u>			<u>LEASED</u>	<u>Total</u> £000
	<u>Land & Buildings</u> £000	<u>Plant & Machinery</u> £000	<u>Furniture, Fittings & Vehicles</u> £000	<u>Plant, Furniture, Fittings & Vehicles</u> £000	
<u>COST OR VALUATION</u>					
At 26th October 1985	14,223	3,373	8,471	1,156	27,223
<u>Additions:</u>					
External Group	1,169	306	1,513	-	2,979
	-	-	67	-	67
<u>Disposals:</u>					
External Group	(834)	-	(938)	-	(1,492)
	(289)	-	(517)	-	(806)
Revaluation adjustment	380	-	-	-	380
At 27th September 1986	14,040	3,679	8,576	1,156	28,351
<u>DEPRECIATION</u>					
At 26th October 1985	107	1,469	2,833	337	4,746
Charge for period	129	202	1,062	127	1,610
Additions - Group	-	-	10	-	19
<u>Disposals:</u>					
External Group	(4)	-	(517)	-	(521)
	(1)	-	(100)	-	(101)
At 27th September 1986	231	1,761	3,207	464	5,753
<u>NET BOOK VALUE</u>					
At 27th September 1986	14,769	1,918	5,279	692	22,598
At 26th October 1985	14,116	1,904	5,638	819	22,477

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

9. TANGIBLE FIXED ASSETS - Continued

(a) Cost or valuation at 27th September 1985 is represented by:

	<u>OWNED</u>			<u>LEASED</u>	<u>Total</u>
	<u>Land & Buildings</u>	<u>Plant & Machinery</u>	<u>Furniture, Fittings & Vehicles</u>	<u>Plant, Furniture, Fittings & Vehicles</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cost	1,799	3,679	8,576	1,158	15,212
Valuation in 1985	13,141	-	-	-	13,141
	<u>14,940</u>	<u>3,679</u>	<u>8,576</u>	<u>1,158</u>	<u>28,353</u>

(b) Land and Buildings at net book value comprise:

	<u>1988</u>	<u>1985</u>
	<u>£000</u>	<u>£000</u>
Freehold	12,105	12,447
Long leasehold	340	339
Short leasehold	2,258	1,330
	<u>14,703</u>	<u>14,116</u>

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10. FIXED ASSET INVESTMENTS

Trade Loans

	<u>COST</u> £000	<u>PROVISION</u> £000	<u>NET TOTAL</u> £000
At 26th October 1985	293	(97)	196
Repayments	(90)	-	(90)
Provisions not required	-	7	7
Amounts written off	(40)	40	-
Provisions Made	-	(14)	(14)
	<u>163</u>	<u>(64)</u>	<u>99</u>

11. CAPITAL COMMITMENTS

	<u>1986</u> £000	<u>1985</u> £000
Capital expenditure contracted for but not provided for in the financial statements	-	266

Capital expenditure authorised by the Directors but not contracted for

67	313
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Commitment Under Operating Leases

At 27th September 1986, the company had annual commitments under non-cancellable operating leases as follows:-

- Expiring within one year	31	24
- Expiring between two and five years inclusive	27	71
- Expiring in five years or more	3	9
	<u>61</u>	<u>104</u>

12. STOCKS

	<u>1986</u> £000	<u>1985</u> £000
Raw materials and consumables	718	470
Work in progress	532	9,729
Finished goods	28,116	22,582
	<u>29,416</u>	<u>32,781</u>

SACCONE & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

13. DEBTORS

Amounts falling due within one year:

	<u>1986</u> £000	<u>1985</u> £000
Trade debtors	12,665	12,730
Amounts owed by Group Companies	9,666	129
Other debtors	8,649	2,033
Prepayments and accrued income	1,354	1,103
	<u>32,334</u>	<u>15,995</u>

Amounts falling due after more than one year:

Other debtors	<u>32</u>	<u>18</u>
	<u>32,366</u>	<u>16,013</u>

14. CREDITORS

(a) Amounts falling due within one year:

Trade creditors	10,627	12,688
Amounts owed to Group Companies	5,250	2,447
Taxation and social security payable	4,984	10,121
Other creditors	6,423	1,393
Accruals and deferred income	6,123	4,315
Obligations under finance leases	151	168
	<u>33,558</u>	<u>31,132</u>
Amount owing to holding company	44,271	34,538
	<u>77,829</u>	<u>65,670</u>

(b) Amounts falling due after more than one year

Obligations under finance leases:-

In the second to fifth year inclusive	386	494
Over five years	3	11
	<u>389</u>	<u>505</u>
Other Creditors	5	2
Corporation Tax payable	1,447	-
	<u>1,841</u>	<u>507</u>

SACCONI & SPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

15. PROVISIONS FOR LIABILITIES

	<u>Deferred Taxation</u>	<u>Other Provisions</u>	<u>Total</u>
At 26th October 1985	169	2,080	2,249
Utilised in the period	(339)	(668)	(1,007)
Further provision/(release) charged to:-			
Extraordinary items	143	(1,177)	(1,034)
	(27)	235	208

16. SHARE CAPITAL

	<u>1986 £000</u>	<u>1985 £000</u>
<u>Authorised, allotted, called-up and fully paid</u>		
200,000 ordinary shares of £1 each	200	200

17. RESERVES

	<u>Revaluation Reserve £000</u>	<u>Profit and Loss Account £000</u>
At 26th October 1985	4,683	264
Retained profit for year	-	1,369
Transfer	163	(163)
Surplus on revaluation	380	-
Disposal of Fixed Assets	(371)	-
At 27th September 1986	4,855	1,470

18. CONTINGENT LIABILITIES

The company has floating charges on its undertaking, property and assets as security for debenture stocks issued by Imperial Brewing & Leisure Limited.

NOTES TO THE FINANCIAL STATEMENTS - Continued

19. PENSION COMMITMENTS

The Group has pension funds covering the majority of its employees and for which actuarial valuations indicate that assets in the funds are sufficient to secure the benefits of existing pensioners and to provide paid up pensions to present employees.

Valuations are undertaken triennially, with the latest valuation as at April 1985 indicating that contributions were not required during the period ended 27th September 1986.

20. TRANSACTIONS WITH OFFICERS

Included in other debtors is a loan to one officer amounting to £2,752.

21. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Hanson Trust PLC, which is incorporated in Great Britain. The immediate holding company is Imperial Browing & Leisure Limited.