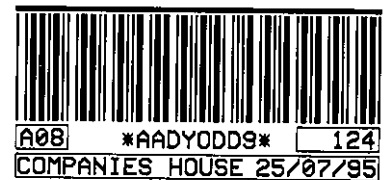


W.H. PALMER & CO. (INDUSTRIES) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

F.W. STEPHENS & CO.
Chartered Accountants
10 Charterhouse Square
London EC1M 6LQ



✦ W.H. PALMER & CO. (INDUSTRIES) LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1994

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W.H. PALMER & CO. (INDUSTRIES) LIMITED

OFFICERS AND ADVISORS

DIRECTORS

R.J. Auger
A.J. Wallis
R.H. Ling
S.P. Read
J. Alton
M.H. Colling

SECRETARY

R.H. Ling

REGISTERED OFFICE

10 Charterhouse Square
London
EC1M 6LQ

REGISTERED NUMBER

727228

REGISTERED AUDITORS

F.W. Stephens & Co.
Chartered Accountants
10 Charterhouse Square
London EC1M 6LQ

SOLICITORS

Whitehouse Gibson & Alton
25 Bedford Row
London WC1R 4HE

BANKERS

National Westminster Bank PLC
134 Aldersgate Street
London

W.H. PALMER & CO. (INDUSTRIES) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1994

DIRECTORS' RESPONSIBILITIES

Company law requires us 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, we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £145,678 (1993 £329,993) and after transfers from/(to) reserves came to £151,878 (1993 £136,193).

An interim dividend of £28,000 (1993 £35,000) was paid during the year. A final dividend of £47,000 (1993 £58,000) is proposed, making a total dividend of £75,000 (1993 £93,000) for the year.

REVIEW OF THE BUSINESS

The group's principal activity during the year was the manufacture of various alcohol products and the distribution of alcohols and solvents. The directors consider the group's results for the year and its position at the year end to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year and their beneficial interest in the share capital of the company at the beginning and end of the year or at date of resignation were as follows:

	<u>Number of shares</u>	
	<u>31st December 1994</u>	<u>1st January 1994</u>
W.R. Wallis(resigned 8.3.94)	12,727	12,727
R.J. Auger	6,349	6,349
A.J. Wallis	6,826	6,826
R.H. Ling	-	-
S.P. Read	6,296	6,296
J. Alton	-	-
M.H. Colling	2,300	2,300

J. Alton is a trustee of settlements which together own 10,000 ordinary £1 shares in the company, and as co-executor of the estate of Mr. W.R. Wallis deceased, is joint holder of 6,497 ordinary £1 shares.

In accordance with the Articles of Association, A.J. Wallis and S.P. Read retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1994

FIXED ASSETS

The movements in fixed assets during the year are set out in notes 13 and 14 to the accounts.


AUDITORS

Messrs. F.W. Stephens & Co. have expressed their willingness to remain in office and in accordance with Section 385(2) Companies Act 1985, a resolution proposing the firm's reappointment will be placed before the members at the forthcoming Annual General Meeting.

As at 31st December 1994, a partner in the firm of Messrs. F.W. Stephens & Co. was a trustee of settlements which together owned 10,000 ordinary shares in the parent company.

A second partner in Messrs. F.W. Stephens & Co, as co-executor of the estate of Mr. W.R. Wallis deceased, is joint holder of 6,497 ordinary £1 shares in the parent company, W.H. Palmer & Co. (Industries) Limited.

By order of the Board



R.H. Ling
Secretary

6th June 1995

AUDITORS REPORT TO THE MEMBERS OF
W.H. PALMER & CO. (INDUSTRIES) LIMITED

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2 the group's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion


We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and 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 of the state of affairs of the company and of the group as at 31st December 1994 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

10 Charterhouse Square
London EC1M 6LQ


F.W. STEPHENS & CO.
Chartered Accountants and
& Registered Auditors

14th June 1995

W.H. PALMER & CO. (INDUSTRIES) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
TURNOVER FROM CONTINUING OPERATIONS	2	11,046,053	10,026,555
COST OF SALES		9,223,296	8,315,883
GROSS PROFIT		1,822,757	1,710,672
Selling and distribution costs		902,439	892,817
Other operating costs		285,266	301,429
Administrative expenses		424,862	397,403
		1,612,567	1,591,649
OPERATING PROFIT FROM CONTINUING OPERATIONS	4/6	210,190	119,023
Exceptional item	3	-	275,000
Interest receivable and similar income	8	49,648	62,983
Interest payable	9	(17,563)	(21,846)
		32,085	316,137
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		242,275	435,160
Tax on ordinary activities	10	86,000	52,000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		156,275	383,160
Minority interests	23	(10,597)	(53,167)
Transfer from/(to) reserves	22	6,200	(193,800)
		151,878	136,193
Dividends	11	75,000	93,000
RETAINED PROFIT FOR THE YEAR		76,878	43,193
Retained profit brought forward		2,194,119	2,150,926
RETAINED PROFIT CARRIED FORWARD		£2,270,997	£2,194,119

The profit for the year attributable to the parent company is £86,038. (1993 £101,313 profit).

The attached notes form an integral part of these financial statements.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	13	927,196	884,169
Investments	15	-	9,600
		<u>927,196</u>	<u>893,769</u>
CURRENT ASSETS			
Stocks	16	1,033,555	668,639
Debtors	17	2,148,608	1,792,712
Cash at bank and in hand		986,149	953,707
		<u>4,168,312</u>	<u>3,415,058</u>
CREDITORS - amounts falling due within one year	18	(2,025,567)	(1,145,742)
NET CURRENT ASSETS		<u>2,142,745</u>	<u>2,269,316</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,069,941</u>	<u>3,163,085</u>
CREDITORS - amounts falling due after more than one year	19	(85,997)	(130,214)
Provisions for liabilities and charges	20	(80,750)	(58,470)
NET ASSETS		<u><u>£2,903,194</u></u>	<u><u>£2,974,401</u></u>

Financed by:

CAPITAL AND RESERVES			
Called up share capital	21	100,000	100,000
Reserve on consolidation	22	204,602	-
Revaluation reserve	22	127,595	133,795
Other reserves	22	200,000	200,000
Profit and loss account		2,270,997	2,194,119
		<u>2,903,194</u>	<u>2,627,914</u>
Minority interest	23	-	346,487
		<u><u>£2,903,194</u></u>	<u><u>£2,974,401</u></u>

Approved by the board on 6th June 1995

Signed on their behalf:

R.J. Auger )
A.J. Wallis ) Directors

The attached notes form an integral part of these financial statements.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	14	255,739	272,463
Investments	15	160,850	10,450
		<u>416,589</u>	<u>282,913</u>
CURRENT ASSETS			
Debtors	17	33,255	143,787
Cash at bank and in hand		309,665	334,007
		<u>342,920</u>	<u>477,794</u>
CREDITORS - amounts falling due within one year	18	(81,391)	(94,877)
NET CURRENT ASSETS		<u>261,529</u>	<u>382,917</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>678,118</u>	<u>665,830</u>
Provisions for liabilities and charges	20	(1,750)	(500)
NET ASSETS		<u>£ 676,368</u>	<u>£ 665,330</u>
Financed by:			
CAPITAL AND RESERVES			
Called up share capital	21	100,000	100,000
Revaluation reserve	22	127,595	133,795
Profit and loss account		448,773	431,535
		<u>£ 676,368</u>	<u>£ 665,330</u>

Approved by the board on 6th June 1995

Signed on their behalf:

R.J. Auger )
A.J. Wallis ) Directors

The attached notes form an integral part of these financial statements.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	447,397	291,136
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		48,367	61,671
Interest paid		(17,563)	(21,846)
Dividends paid		(86,000)	(93,000)
Income from investments		1,281	1,312
Dividends paid to minority shareholders in subsidiary undertaking		-	(12,812)
Net cash (outflow) from returns on investments and servicing of finance		(53,915)	(64,675)
TAXATION			
UK Corporation tax paid		(36,754)	(97,955)
Taxation paid		(36,754)	(97,955)
INVESTING ACTIVITIES			
Receipts from sales of fixed assets		23,505	14,250
Receipts from sales of investments		10,000	6,574
Payments to acquire fixed assets		(158,379)	(68,406)
Payments to acquire investments		(160,000)	-
Net cash outflow from investing activities		(284,874)	(47,582)
Net cash inflow before financing		71,854	80,924
FINANCING			
Lease purchase repayments		(39,412)	(35,129)
Net cash (outflow) from financing	25	(39,412)	(35,129)
INCREASE IN CASH AND CASH EQUIVALENTS	26	£ 32,442	£ 45,795

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST DECEMBER 1994

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting policies.

1.2 Basis of consolidation

The group financial statements consolidate the results of W.H. Palmer & Co. (Industries) Limited and its subsidiaries made up to the 31st December each year. No profit and loss account is presented for W.H. Palmer & Co. (Industries) Limited as provided by Section 228(7) of the Companies Act, 1985.

1.3 Turnover

This represents the invoiced amounts of goods sold and services provided, net of value added tax.

1.4 Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, the principal rates being as follows:

Freehold buildings:	over 25 years
Leasehold buildings:	over the lease term
Fixtures, fittings and equipment:	15% and 20% p.a.
Plant and machinery:	15%, 10% and 5% p.a.
Motor vehicles:	20% and 25% p.a.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on purchase cost on a first in first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

1.6 Deferred taxation

Deferred taxation is provided under the liability method on all short-term timing differences. Provision is also made on long-term timing differences, except those which are not expected to reverse in the foreseeable future.

1.7 Leasing commitments

Assets obtained under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

Interest on lease purchase contracts is charged to the profit and loss account on a reducing balance basis over the term of the agreement.

Operating lease charges and annual rentals are charged to the profit and loss account as incurred.

1.8 Pension costs

The company operates a pension scheme in accordance with note 7.

Pension costs are charged to the profit and loss account as and when the liability is recognised.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST DECEMBER 1994

2. **TURNOVER**

The turnover and pre-tax profit are wholly attributable to the group's main activity.

An analysis of turnover by geographical market is as follows:

	<u>1994</u>	<u>1993</u>
	£	£
United Kingdom	10,867,683	9,935,982
Rest of World	178,370	90,573
	<hr/>	<hr/>
	£11,046,053	£10,026,555
	<hr/>	<hr/>

3. **EXCEPTIONAL ITEM**

	<u>1994</u>	<u>1993</u>
	£	£
Capital sum received for change of contract	-	275,000
	<hr/>	<hr/>

4. **OPERATING PROFIT**

	<u>1994</u>	<u>1993</u>
	£	£
This is stated after charging/(crediting):		
Directors' emoluments (see note 6)	407,829	340,540
Auditors remuneration	10,750	10,000
Depreciation	106,791	106,674
(Profit) on disposal of fixed assets	(14,944)	(14,250)
(Profit) on disposal of investments	(400)	(324)
Operating lease rentals: plant and equipment	37,942	39,169
land and buildings	77,730	80,361
	<hr/>	<hr/>

5. **STAFF COSTS (including directors)**

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	651,021	705,683
Social security costs	58,600	65,591
Other pension costs	42,088	24,403
Other costs	70,000	-
	<hr/>	<hr/>
	£ 821,709	£ 795,677
	<hr/>	<hr/>

The average number of employees during the year was made up as follows:

	<u>No.</u>	<u>No.</u>
Administration and management	7	8
Operational, selling and distribution	27	28
	<hr/>	<hr/>
	34	36
	<hr/>	<hr/>

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST DECEMBER 1994

6. DIRECTORS' EMOLUMENTS	<u>1994</u>	<u>1993</u>
	£	£
Fees	10,000	10,000
Executive Remuneration	210,921	269,414
Pension contributions	9,487	5,545
Ex-gratia payment to former chairman	70,000	-
Other emoluments	31,183	55,581
	<hr/>	<hr/>
	£331,591	£340,540
	<hr/>	<hr/>
Further details, excluding pension contributions:		
1st Chairman and highest paid director 1993	£ 31,444	£104,640
	<hr/>	<hr/>
2nd Chairman and highest paid director 1994	£ 76,238	£ -
	<hr/>	<hr/>
Other directors' emoluments fell within the following ranges:	No.	No.
£Nil - £5,000	2	2
£5,001 - £10,000	-	1
£40,001 - £45,000	2	-
£45,001 - £50,000	-	2
£50,001 - £55,000	1	1
£65,001 - £70,000	-	-
£70,001 - £75,000	-	-
£75,001 - £80,000	-	1
	<hr/>	<hr/>

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31ST DECEMBER 1994

7. PENSION COSTS

The subsidiary company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate cost funding method. The most recent valuation was at 31st May, 1993.

The assumptions made by the actuary which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be at 9% per annum, that salary increases would average 7% per annum and that current employees' pensions up to pensionable age would increase with commensurate benefit. The scheme is not index-linked for those already in receipt of pensions.

The most recent actuarial valuation showed that the market value of the scheme assets was £1.66 million, and the actuarial value of the assets represented 154% of the benefits accrued to members, after allowing for future increases in earnings. Due to the actuarial surplus within the fund, the company did not make any contributions to the fund in 1994. However, a charge of £36,071 (1993 £31,343 inclusive of administration fees) has been made to the profit and loss account in order to achieve a substantially level rate of pension cost based on the present actuarial assumptions. The company's normal annual contribution would amount to 14.1% of the pensionable payroll. This contribution has been reduced to 7.3% due to the amortisation of the actuarial surplus over the average remaining service lives of current employees in the scheme. The scheme is non-contributory for employees.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1994</u>	<u>1993</u>
	£	£
Listed investments	1,281	1,312
Bank deposit interest	48,367	61,671
	<u>£ 49,648</u>	<u>£ 62,983</u>

9. INTEREST PAYABLE

	<u>1994</u>	<u>1993</u>
	£	£
Lease purchase interest	<u>17,563</u>	<u>21,846</u>

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31ST DECEMBER 1994

10. TAXATION

	<u>1994</u>	<u>1993</u>
	£	£
The tax charge on the profit on ordinary activities for the year was as follows:		
U.K corporation tax at 25%/33% (1993- 25%)	71,000	36,500
Deferred taxation	15,000	15,500
	<u>£ 86,000</u>	<u>£ 52,000</u>

11. DIVIDENDS

	<u>1994</u>	<u>1993</u>
	£	£
Interim dividends paid:		
28p (1993 35p) per share.	28,000	35,000
Final dividend proposed:		
47p (1993 58p) per share.	47,000	58,000
	<u>£ 75,000</u>	<u>£ 93,000</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Profit for the financial year	145,678	329,993	86,038	101,313
Dividends	(75,000)	(93,000)	(75,000)	(93,000)
Reserve on consolidation after purchase of minority interest	204,602	-	-	-
Net additions to funds	<u>275,280</u>	<u>236,993</u>	<u>11,038</u>	<u>8,313</u>
Opening shareholders' funds	<u>2,627,914</u>	<u>2,390,921</u>	<u>665,330</u>	<u>657,017</u>
Closing shareholders' funds	<u>£2,903,194</u>	<u>£2,627,914</u>	<u>£ 676,368</u>	<u>£ 665,330</u>

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31ST DECEMBER 1994

13. TANGIBLE FIXED ASSETS - GROUP

	<u>Land and buildings</u>	<u>Plant fixtures and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost or valuation:				
At 1st January 1994	616,441	957,617	207,713	1,781,771
Additions	-	150,779	7,600	158,379
Disposals	-	(28,278)	(65,386)	(93,664)
At 31st December 1994	616,441	1,080,118	149,927	1,846,486
Depreciation:				
At 1st January 1994	275,656	497,028	124,918	897,602
Charge for year	21,585	56,633	28,573	106,791
Disposals	-	(27,965)	(57,138)	(85,103)
At 31st December 1994	297,241	525,696	96,353	919,290
Net book value at 31st December 1994	£319,200	£554,422	£ 53,574	£ 927,196
Net book value at 31st December 1993	£340,785	£460,589	£ 82,795	£ 884,169

	<u>1994</u> £	<u>1993</u> £
The net book value of land and buildings comprises:		
Freehold	255,739	272,463
Short leasehold	63,461	68,322
	£319,200	£ 340,785

Land and buildings includes £105,231, which is not subject to depreciation charges.

Certain freehold premises are shown at a 1978 valuation of £410,000. The remaining freehold and later additions are shown at cost. The amount of freehold land and buildings determined according to the historical cost rules is as follows:

	<u>1994</u> £	<u>1993</u> £
Cost	289,163	289,163
Depreciation	(161,019)	(150,495)
	£128,144	£ 138,668

Included in the amounts for Plant and Machinery above are the following amounts relating to assets subject to lease purchase agreements:

	<u>1994</u> £	<u>1993</u> £
Depreciation charged for the year	16,150	16,150
Net book value at 31st December 1994	186,876	203,026

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31ST DECEMBER 1994

14. TANGIBLE FIXED ASSETS - COMPANY

	<u>Land and buildings</u> £
Cost or valuation:	
At 1st January 1994 &	
At 31st December 1994	515,958
Depreciation:	
At 1st January 1994	243,495
Charge for year	16,724
At 31st December 1994	260,219
Net book value at 31st December 1994	£255,739
Net book value at 31st December 1993	£272,463

Freehold land and buildings includes £105,231 which is not subject to depreciation charges.

Certain freehold premises are shown at a 1978 valuation of £410,000. The remaining freehold premises and later additions are shown at cost. The amount of freehold land and buildings determined according to the historical cost rules is as follows:

	<u>1994</u> £	<u>1993</u> £
Cost	289,163	289,163
Depreciation	(161,019)	(150,495)
	£128,144	£138,668

15. INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u> £	<u>1993</u> £	<u>1994</u> £	<u>1993</u> £
Subsidiary companies	-	-	160,850	850
Listed investments	-	9,600	-	9,600
31st December 1994	£ -	£ 9,600	£160,850	£10,450

Subsidiary companies

The company owns 100% of the issued share capital of Alcohols Limited, a company incorporated in the United Kingdom. The principal activity of Alcohols Limited is the manufacture of various alcohol products and the distribution of alcohols and solvents. The holding represents 1000 £1 ordinary shares. During the year, the company purchased the 150 Ordinary £1 shares held by the minority interest for £160,000. Alcohols Limited has two wholly owned subsidiaries, both are incorporated in the United Kingdom. Langley Distillery Limited has not traded since incorporation. No calls have been made on the shares. Lang-Met Distillers Limited was dormant throughout the year.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST DECEMBER 1994

16. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Finished goods	1,033,555	668,639	-	-

17. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Trade debtors	2,086,537	1,762,803	-	-
Amounts owed by subsidiary undertakings	-	-	-	100,000
Other taxes and social security	31,698	-	-	-
Other debtors	7,031	2,226	1,255	1,186
Prepayments	23,342	27,683	-	-
Dividends receivable	-	-	32,000	42,601
	<u>£2,148,608</u>	<u>£1,792,712</u>	<u>£ 33,255</u>	<u>£143,787</u>

18. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Lease purchase obligations	44,217	39,412	-	-
Trade creditors	1,605,836	751,335	-	-
Corporation tax	102,122	75,156	28,961	33,570
Other taxes and social security	24,326	37,537	-	-
Other creditors	-	807	-	807
Accruals	202,066	175,977	5,430	2,500
Proposed dividend	47,000	65,518	47,000	58,000
	<u>£2,025,567</u>	<u>£1,145,742</u>	<u>£ 81,391</u>	<u>£ 94,877</u>

19. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Leases purchase obligations	85,997	130,214	-	-

The obligations under lease purchase contracts are wholly repayable within 5 years.

W.H. PALMER & CO. (INDUSTRIES) LIMITED

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20. DEFERRED TAXATION

The deferred tax provision may be analysed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Capital allowances in advance of depreciation	100,500	85,500	13,500	15,000
Less advance corporation tax	(19,750)	(27,030)	(11,750)	(14,500)
	<u>£ 80,750</u>	<u>£ 58,470</u>	<u>£ 1,750</u>	<u>£ 500</u>
Unprovided deferred taxation is as follows:				
Tax on valuation surpluses	£ -	£ 15,000	£ -	£ 15,000
	<u>£ -</u>	<u>£ 15,000</u>	<u>£ -</u>	<u>£ 15,000</u>

21. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	No.	No.	£	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

22. RESERVES

22.1 REVALUATION RESERVE

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
At 1st January 1994	133,795	139,995	133,795	139,995
Transfer to profit and loss account	(6,200)	(6,200)	(6,200)	(6,200)
At 31st December 1994	<u>£127,595</u>	<u>£133,795</u>	<u>£127,595</u>	<u>£133,795</u>

The revaluation reserve represents the surplus on the revaluation of the group's freehold properties.

22.2 OTHER RESERVE

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
At 1st January 1994	200,000	-	-	-
Transfer from profit and loss account	-	200,000	-	-
At 31st December 1994	<u>£200,000</u>	<u>£200,000</u>	<u>£ -</u>	<u>£ -</u>

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22. RESERVES (CONTINUED)

22.3 CONSOLIDATION RESERVE

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
At 1st January 1994	-	-	-	-
Arising on purchase of minority shareholding	204,602	-	-	-
At 31st December 1994	<u>£204,602</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

23. MINORITY INTEREST

	<u>1994</u>	<u>1993</u>
	£	£
Share of share capital and reserves at 1st January 1994	346,487	306,132
Share of profits for the period/year	10,597	53,167
Dividends waived/(receivable) by minority interest	7,518	(12,812)
Disposal of shares by minority interest	(364,602)	-
At 31st December 1994	<u>£ -</u>	<u>£346,487</u>

24. RECONCILIATION OF OPERATING PROFIT TO THE NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Operating profit	210,190	394,023
Depreciation	106,791	106,674
(Profit) on disposal of tangible assets and investments	(15,344)	(14,574)
(Increase) in stocks	(364,916)	(125,431)
(Increase)/decrease in debtors	(355,896)	30,931
Increase/(decrease) in creditors	866,572	(100,487)
Net cash inflow from operating activities	<u>£447,397</u>	<u>£291,136</u>

25. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>1994</u>	<u>1993</u>	<u>Change for the year</u>	
	£	£	<u>1994</u>	<u>1993</u>
			£	£
Share capital	100,000	100,000	-	-
Lease purchase	130,214	169,626	(39,412)	(35,129)
	<u>£ 230,214</u>	<u>£ 269,626</u>	<u>£ (39,412)</u>	<u>£ (35,129)</u>

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26. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS
DURING THE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Balance at 1st January 1994	953,707	907,912
Net cash inflow	32,442	45,795
Balance at 31st December 1994	<u>£986,149</u>	<u>£953,707</u>

27. ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1994</u>	<u>1993</u>	Change in the year	
	£	£	<u>1994</u>	<u>1993</u>
			£	£
Cash at bank and in hand	<u>986,149</u>	<u>953,707</u>	<u>32,442</u>	<u>45,795</u>

28. COMMITMENTS AND CONTINGENT LIABILITIES

CAPITAL COMMITMENTS

	<u>1994</u>	<u>1993</u>
	£	£
Authorised by the directors but not contracted for	-	-

OPERATING LEASES

The subsidiary company has obligations under operating leases to pay the following rentals including those payable to W.H. Palmer & Co. (Industries) Limited in the year to 31st December, 1995 in respect of leases expiring:

	<u>1994</u>		<u>1993</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>buildings</u>		<u>buildings</u>	
	£	£	£	£
Within one year	-	8,117	-	2,558
Within two to five years	-	27,446	-	34,913
In more than five years	<u>128,232</u>	-	<u>128,232</u>	-

CONTINGENT LIABILITIES

The group has a contingent liability estimated at £115,000 depending upon the outcome of future events relating to trading contracts.