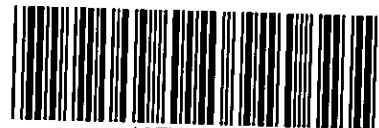


**W H PALMER & CO (INDUSTRIES) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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

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**COMPANY INFORMATION**

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**DIRECTORS**

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

**COMPANY SECRETARY**

R H Ling

**COMPANY NUMBER**

00727228

**REGISTERED OFFICE**

Charringtons House  
The Causeway  
Bishop's Stortford  
Hertfordshire  
CM23 2ER

**AUDITORS**

Reeves & Co LLP  
Chartered Accountants and Statutory Auditors  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

**BANKERS**

National Westminster Bank Plc  
134 Aldersgate Street  
London  
EC1A 4LD

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

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**CONTENTS**

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	Page
<b>Directors' report</b>	<b>1 - 3</b>
<b>Independent auditors' report</b>	<b>4 - 5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Statement of total recognised gains and losses</b>	<b>7</b>
<b>Consolidated balance sheet</b>	<b>8</b>
<b>Company balance sheet</b>	<b>9</b>
<b>Consolidated cash flow statement</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 28</b>

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## **W H PALMER & CO (INDUSTRIES) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and the financial statements for the year ended 31 December 2010

#### **PRINCIPAL ACTIVITIES**

The principal activities of the group during the year were the distillation of gin and the packing and distribution of solvents and alcohol products

#### **BUSINESS REVIEW**

Group turnover for the year increased to £19,513,611 from £18,656,931 in 2009. Margins remain under pressure and the constant threat of increased operating costs resulted in our consolidated profit after taxation decreasing to £639,936 from £655,156 in 2009. After taking into account the actuarial increase on pension scheme assets the total recognised gain for the year was £580,936.

The group's Occupational Health and Safety Management System, Quality Management System and Environmental Management System support our activities and enhance customer service whilst protecting employees, the public and the environment.

Despite the fragile economic recovery the directors remain optimistic about the group's future.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £639,936 (2009 - £655,156).

The consolidated profit and loss account for the year is set out on page 6.

Ordinary dividends amounting to £150,000 (2009 £150,000) were paid during the year.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Commercial Risks**

The principal risks facing the business include volatile raw material prices and availability, currency exchange rates, competitor activity and legislation. The recent unstable political crisis in Arab and North African countries continues to impact on group activities. Costs outside our immediate control such as fuel and power can also have a negative effect on the group's performance. The group continues to abide with legislation in all respects. However, the relentless flow of legislation, bureaucracy and regulation by the authorities has over the last decade grown far too high only adding to the severe difficulties experienced by companies. Last year's change of government will hopefully help companies overcome this huge burden enabling them to be more proactive in driving the economic recovery creating new jobs in the process.

##### **Financial Risks**

Maintaining margins whilst containing operating costs are the major risks. Poor returns on pension scheme assets are also a significant risk despite the group suspending accrual of benefit in 2003 and replacing our defined benefit scheme with a defined contribution scheme. New customers are assessed for credit risk and credit limits applied where necessary. Existing customers are reassessed when considered necessary. A meagre return on the group's cash reserves due to low interest rates also impacts on group results.

All risks are constantly monitored and appropriate action taken when necessary. Selling prices are adjusted where possible to maintain margins, cash flow is monitored daily and professionally qualified staff employed to ensure all new legislation is complied with.

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## **W H PALMER & CO (INDUSTRIES) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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#### **KEY PERFORMANCE INDICATORS**

Key performance indicators for the group are turnover, gross margins, operating costs and profitability for each division all of which are regularly reported on and reviewed

#### **MARKET VALUE OF LAND AND BUILDINGS**

In the opinion of the directors, the collective current market value of all the group's freehold properties is substantially in excess of the net book value stated in the Balance Sheet but they do not consider it of any benefit to have formal valuations carried out as these assets are retained for the group's continuing activities and occupation

#### **FUTURE DEVELOPMENTS**

The group will continue to concentrate on further development of its core activities of chemical distribution both in the UK and overseas and gin distillation by expansion resulting from its marketing strategy or acquisition of any business complimentary to its core activities

#### **DIRECTORS**

The directors who served during the year were

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

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

This report was approved by the board on 5<sup>th</sup> August 2011 and signed on its behalf

  
**R H Ling**  
Secretary

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## **W H PALMER & CO (INDUSTRIES) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF W H PALMER & CO (INDUSTRIES) LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of W H Palmer & Co (Industries) Limited for the year ended 31 December 2010, set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF W H PALMER & CO (INDUSTRIES) LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Reeves & Co Ltd.*

Stephen Tanner BSc (Econ) FCA (Senior statutory auditor)

for and on behalf of

**Reeves & Co LLP**

Chartered Accountants and Statutory Auditors

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date *10<sup>th</sup> August 2011.*



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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	<b>19,513,611</b>	<b>18,656,931</b>
Cost of sales		<u>(15,153,880)</u>	<u>(14,377,168)</u>
<b>GROSS PROFIT</b>		<b>4,359,731</b>	<b>4,279,763</b>
Distribution costs		<u>(2,783,082)</u>	<u>(2,628,051)</u>
Administrative expenses		<u>(833,514)</u>	<u>(821,835)</u>
<b>OPERATING PROFIT</b>	3	<b>743,135</b>	<b>829,877</b>
Interest receivable and similar income		<b>16,527</b>	<b>15,571</b>
Other finance income/(expense)	4	<u><b>33,000</b></u>	<u><b>(7,000)</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>792,662</b>	<b>838,448</b>
Tax on profit on ordinary activities	5	<u><b>(152,726)</b></u>	<u><b>(183,292)</b></u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><b>639,936</b></u>	<u><b>655,156</b></u>

All amounts relate to continuing operations

The notes on pages 11 to 28 form part of these financial statements

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

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>639,936</b>	<b>655,156</b>
Actuarial gain/(loss) in relation to the defined benefit pension scheme	22	<b>138,000</b>	<b>(254,000)</b>
Deferred tax attributable to actuarial (gain)/loss	22	<b>(56,000)</b>	<b>25,000</b>
Unrealised defined benefit pension scheme surplus		<b>(141,000)</b>	<b>-</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>580,936</b>	<b>426,156</b>

The notes on pages 11 to 28 form part of these financial statements

**W H PALMER & CO (INDUSTRIES) LIMITED**  
**REGISTERED NUMBER: 00727228**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Intangible assets	6		68,072		87,072
Tangible assets	7		1,796,435		1,791,414
Investments	8		6,000		6,000
			<u>1,870,507</u>		<u>1,884,486</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,434,687		1,374,058	
Debtors	11	3,092,993		2,925,024	
Cash at bank and in hand		2,756,931		2,347,261	
		<u>7,284,611</u>		<u>6,646,343</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(3,137,104)</u>		<u>(2,804,751)</u>	
<b>NET CURRENT ASSETS</b>			<u>4,147,507</u>		<u>3,841,592</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,018,014</u>		<u>5,726,078</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(162,300)</u>		<u>(157,300)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>			<u>5,855,714</u>		<u>5,568,778</u>
Defined benefit pension scheme liability	22		-		(144,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>5,855,714</u></u>		<u><u>5,424,778</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		100,000		100,000
Revaluation reserve	15		87,295		87,295
Other reserves	15		28,532		38,043
Profit and loss account	15		5,639,887		5,199,440
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>5,855,714</u></u>		<u><u>5,424,778</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**A J Wallis**  
 Director

  
**R H Ling**  
 Director

5<sup>th</sup> August 2011

The notes on pages 11 to 28 form part of these financial statements

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

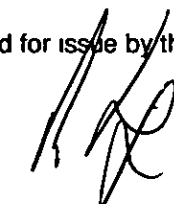
**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	7		685,808		686,188
Investments	8		160,850		160,850
			<u>846,658</u>		<u>847,038</u>
<b>CURRENT ASSETS</b>					
Debtors	11	88,255		82,400	
Cash at bank		734		-	
		<u>88,989</u>		<u>82,400</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(26,000)</u>		<u>(17,441)</u>	
<b>NET CURRENT ASSETS</b>			<u>62,989</u>		<u>64,959</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>909,647</u>		<u>911,997</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(2,300)</u>		<u>(2,300)</u>
<b>NET ASSETS</b>			<u><u>907,347</u></u>		<u><u>909,697</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		100,000		100,000
Revaluation reserve	15		87,295		87,295
Other reserves	15		-		(152,170)
Profit and loss account	15		720,052		874,572
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>907,347</u></u>		<u><u>909,697</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**A J Wallis**  
Director



**R H Ling**  
Director

5<sup>th</sup> August 2011

The notes on pages 11 to 28 form part of these financial statements

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

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	18	918,813	1,143,528
Returns on investments and servicing of finance	19	16,527	15,571
Taxation		(183,726)	(193,619)
Capital expenditure and financial investment	19	(191,403)	(124,842)
Equity dividends paid		(150,000)	(150,000)
<b>CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES</b>		<b>410,211</b>	<b>690,638</b>
Management of liquid resources	19	-	600,000
<b>INCREASE IN CASH IN THE YEAR</b>		<b>410,211</b>	<b>1,290,638</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
Increase in cash in the year	410,211	1,290,638
Cash outflow from increase in liquid resources	-	(600,000)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>410,211</b>	<b>690,638</b>
Net funds at 1 January 2010	2,346,720	1,656,082
<b>NET FUNDS AT 31 DECEMBER 2010</b>	<b>2,756,931</b>	<b>2,346,720</b>

The notes on pages 11 to 28 form part of these financial statements

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## W H PALMER & CO (INDUSTRIES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards

##### 1.2 COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Accounting Practice), which have been applied consistently (except as otherwise stated)

##### 1.3 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of W H Palmer & Co (Industries) Limited and all of its subsidiary undertakings ('subsidiaries')

##### 1.4 TURNOVER

Turnover represents sales to external customers and affiliated companies at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods pass to the customer which is generally on delivery

##### 1.5 GOODWILL

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life less provision for impairment

Prior to the implementation of Financial Reporting Standard 10 (Goodwill and Intangible Assets) in the year ended 31 December 1998, positive goodwill was eliminated against reserves and negative goodwill was added to reserves

##### 1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	over 25 years (buildings only)
Short term leasehold property	-	over the lease term
Plant & machinery	-	5%, 10%, 15%, 20% and 25% per annum
Motor vehicles	-	20%, 25% and 33 1/3% per annum
Fixtures & fittings	-	15%, 20% and 25% per annum

##### 1.7 REVALUATION OF TANGIBLE FIXED ASSETS

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the group has elected not to adopt a policy of revaluation of tangible fixed assets. The group will retain the book value of land and buildings, previously revalued at 31 December 1978 and will not update that valuation

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 INVESTMENTS**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment

**1.9 OPERATING LEASES**

Rentals under operating leases are charged to the Profit and loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the first rent review

**1.10 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

**1.11 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

**1.12 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss Account

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 PENSIONS**

**Defined contribution pensions**

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**Defined benefit pensions**

The operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by the employees and the related finance costs of any other changes in the value of the assets and liabilities are recognised in the accounting period in which they arise in accordance with FRS17.

**2. TURNOVER**

The whole of the turnover is attributable to the principal activities of the group.

A geographical analysis of turnover is as follows:

	2010 £	2009 £
United Kingdom	15,933,597	14,161,503
Rest of world	3,580,014	4,495,428
	<u>19,513,611</u>	<u>18,656,931</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	2010 £	2009 £
Amortisation - intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets		
- owned by the group	189,803	183,675
Auditors' remuneration	35,900	35,100
Operating lease rentals		
- other operating leases	92,887	97,732
Difference on foreign exchange	17,769	16,720
	<u></u>	<u></u>

Auditors fees for the company and consolidation of the group financial statements were £5,000 (2009 - £4,900)



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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**4. OTHER FINANCE INCOME**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	<b>267,000</b>	<b>216,000</b>
Interest on pension scheme liabilities	<b>(234,000)</b>	<b>(223,000)</b>
	<b>33,000</b>	<b>(7,000)</b>

**5. TAXATION**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	<b>148,000</b>	<b>184,000</b>
Adjustments in respect of prior periods	<b>(274)</b>	<b>(1,708)</b>
<b>TOTAL CURRENT TAX</b>	<b>147,726</b>	<b>182,292</b>
<b>DEFERRED TAX</b> (see note 13)		
Origination and reversal of timing differences	<b>5,000</b>	<b>1,000</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>152,726</b>	<b>183,292</b>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**5. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2009 - *lower than*) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>792,662</u>	<u>838,448</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	221,945	234,765
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	2,131	4,666
Capital allowances for year in excess of depreciation	(3,478)	4,281
Adjustments to tax charge in respect of prior periods	(274)	(1,708)
Contributions to pensions scheme	(47,600)	(47,600)
Pension scheme finance (income)/charge	(9,240)	1,960
Chargeable disposals	(958)	(4,181)
Other tax adjustments	(14,800)	(9,891)
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>147,726</u>	<u>182,292</u>

There were no factors that may affect future tax charges

**6. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>GROUP COST</b>	
At 1 January 2010 and 31 December 2010	<u>197,905</u>
<b>AMORTISATION</b>	
At 1 January 2010	110,833
Charge for the year	<u>19,000</u>
At 31 December 2010	<u>129,833</u>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<u>68,072</u>
At 31 December 2009	<u>87,072</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**7. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Freehold property £</b>	<b>Short term leasehold property £</b>	<b>Plant &amp; machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>						
At 1 January 2010	1,056,827	161,580	2,343,631	285,659	308,553	4,156,250
Additions	-	-	127,751	61,560	6,092	195,403
Disposals	-	-	-	(17,380)	-	(17,380)
At 31 December 2010	1,056,827	161,580	2,471,382	329,839	314,645	4,334,273
<b>DEPRECIATION</b>						
At 1 January 2010	370,639	108,675	1,488,561	123,238	273,723	2,364,836
Charge for the year	380	5,246	109,070	60,787	14,320	189,803
On disposals	-	-	-	(16,801)	-	(16,801)
At 31 December 2010	371,019	113,921	1,597,631	167,224	288,043	2,537,838
<b>NET BOOK VALUE</b>						
At 31 December 2010	685,808	47,659	873,751	162,615	26,602	1,796,435
At 31 December 2009	686,188	52,905	855,070	162,421	34,830	1,791,414

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**7. TANGIBLE FIXED ASSETS (continued)**

Included in freehold property is freehold land at valuation of £642,294 (2009 £642,294), (cost £570,499 (2009 £570,499)) which is not depreciated

Also, included in freehold property are certain freehold premises shown at a 1978 valuation of £410,000  
The remaining freehold and later additions are shown at cost

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

<b>GROUP</b>	<b>2010 £</b>	<b>2009 £</b>
Cost	<b>830,030</b>	<b>830,030</b>
Accumulated depreciation	<b>(231,516)</b>	<b>(231,136)</b>
Net book value	<b>598,514</b>	<b>598,894</b>
		<b>Freehold property £</b>
<b>COMPANY</b>		
<b>COST OR VALUATION</b>		
At 1 January 2010 and 31 December 2010		<b>1,056,827</b>
<b>DEPRECIATION</b>		
At 1 January 2010		<b>370,639</b>
Charge for the year		<b>380</b>
At 31 December 2010		<b>371,019</b>
<b>NET BOOK VALUE</b>		
At 31 December 2010		<b>685,808</b>
At 31 December 2009		<b>686,188</b>

Included in freehold property is freehold land at valuation of £642,294 (2009 £642,294), (cost £570,499 (2009 £570,499)) which is not depreciated

Also, included in freehold property are certain freehold premises shown at a 1978 valuation of £410,000  
The remaining freehold and later additions are shown at cost

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**7. TANGIBLE FIXED ASSETS (continued)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

<b>COMPANY</b>	<b>2010 £</b>	<b>2009 £</b>
Cost	<b>830,030</b>	<i>830,030</i>
Accumulated depreciation	<b>(231,516)</b>	<i>(231,136)</i>
Net book value	<b>598,514</b>	<i>598,894</i>

**8. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Unlisted Investments £</b>
<b>COST</b>	
At 1 January 2010 and 31 December 2010	<b>68,394</b>
<b>IMPAIRMENT</b>	
At 1 January 2010 and 31 December 2010	<b>62,394</b>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<b>6,000</b>
<i>At 31 December 2009</i>	<i>6,000</i>
	<b>Investments in subsidiary companies £</b>
<b>COMPANY</b>	
<b>COST</b>	
At 1 January 2010 and 31 December 2010	<b>160,850</b>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<b>160,850</b>
<i>At 31 December 2009</i>	<i>160,850</i>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**9. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Alcohols Limited	England & Wales	100	Ordinary
Alcohols (North West) Limited	England & Wales	100	Ordinary
Lang-Met Distillers Limited	England & Wales	100	Ordinary
Langley Distillery Limited	England & Wales	100	Ordinary
Trithin Products Limited	England & Wales	100	Ordinary

<b>Company name</b>	<b>Principal activity</b>
Alcohols Limited	The manufacture of various alcohol products and distribution of alcohols and solvents
Alcohols (North West) Limited	Dormant
Lang-Met Distiller Limited	Dormant
Langley Distillery Limited	Dormant
Trithin Products Limited	Export of chemical products

**10. STOCKS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<b>1,434,687</b>	<b>1,374,058</b>	-	-

**11. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>2,918,544</b>	<b>2,739,316</b>	-	-
Amounts owed by group undertakings	-	-	<b>88,255</b>	<b>82,397</b>
Other debtors	<b>16,058</b>	<b>2,587</b>	-	<b>3</b>
Prepayments and accrued income	<b>158,391</b>	<b>183,121</b>	-	-
	<b>3,092,993</b>	<b>2,925,024</b>	<b>88,255</b>	<b>82,400</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**12. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	541	-	541
Trade creditors	1,952,060	1,824,289	-	-
Corporation tax	147,989	183,989	21,000	12,000
Social security and other taxes	515,536	272,889	-	-
Accruals and deferred income	521,519	523,043	5,000	4,900
	<b>3,137,104</b>	<b>2,804,751</b>	<b>26,000</b>	<b>17,441</b>

**13. DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2009	157,300	156,300	2,300	2,300
Charge for the year	5,000	1,000	-	-
At 31 December 2009	<b>162,300</b>	<b>157,300</b>	<b>2,300</b>	<b>2,300</b>

The provision for deferred taxation is made up as follows

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>162,300</b>	<b>157,300</b>	<b>2,300</b>	<b>2,300</b>

**14. SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
100,000 Ordinary shares of £1 each	<b>100,000</b>	<b>100,000</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**15. RESERVES**

	Revaluation reserve £	Other reserves £	Profit and loss account £
<b>GROUP</b>			
At 1 January 2010	87,295	38,043	5,199,440
Profit for the year	-	-	639,936
Dividends Equity capital	-	-	(150,000)
Pension reserve movement	-	-	82,000
Defined benefit pension scheme surplus	-	-	(141,000)
Transfer between reserves	-	(9,511)	9,511
	<u>87,295</u>	<u>28,532</u>	<u>5,639,887</u>
At 31 December 2010			

Other reserves includes £30,690 of negative goodwill arising on consolidation added to reserves and £2,158 of positive goodwill eliminated against reserves. These amounts relate to acquisitions before the implementation of FRS 10.

Other reserves are being written off to the Profit and loss account over the useful economic life of 20 years.

	Revaluation reserve £	Other reserves £	Profit and loss account £
<b>COMPANY</b>			
At 1 January 2010	87,295	(152,170)	874,572
Profit for the year	-	-	147,650
Dividends Equity capital	-	-	(150,000)
Transfer between reserves	-	152,170	(152,170)
	<u>87,295</u>	<u>-</u>	<u>720,052</u>
At 31 December 2010			



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
<b>GROUP</b>		
Opening shareholders' funds	5,424,778	5,148,622
Profit for the year	639,936	655,156
Dividends (Note 17)	(150,000)	(150,000)
Other recognised gains and losses during the year	(59,000)	(229,000)
	<u>5,855,714</u>	<u>5,424,778</u>
Closing shareholders' funds		
	<u>5,855,714</u>	<u>5,424,778</u>
	2010 £	2009 £
<b>COMPANY</b>		
Opening shareholders' funds	909,697	945,275
Profit for the year	147,650	114,422
Dividends (Note 17)	(150,000)	(150,000)
	<u>907,347</u>	<u>909,697</u>
Closing shareholders' funds		
	<u>907,347</u>	<u>909,697</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account

The profit for the year dealt with in the accounts of the company was £147,650 (2009 - £114,422)

**17. DIVIDENDS**

	2010 £	2009 £
Final dividends paid on equity capital of £1 50 (2009 £1 50) per share	<u>150,000</u>	<u>150,000</u>

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2010 £	2009 £
Operating profit	743,135	829,877
Amortisation of intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets	189,803	183,675
Impairments of fixed assets	-	4,725
Loss on disposal of tangible fixed assets	(3,421)	(14,933)
(Increase)/decrease in stocks	(60,629)	48,043
(Increase)/decrease in debtors	(167,969)	125,586
Increase in creditors	368,894	117,555
Decrease in net pension assets/liabilities	(170,000)	(170,000)
	<u>918,813</u>	<u>1,143,528</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
	<u>918,813</u>	<u>1,143,528</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2010 £	2009 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	16,527	15,571
	2010 £	2009 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(195,403)	(135,817)
Sale of tangible fixed assets	4,000	15,700
Purchase of unlisted investments	-	(4,725)
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	(191,403)	(124,842)
	2010 £	2009 £
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
Cash placed on short-term deposit	-	600,000

**20. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2010 £	Cash flow £	31 December 2010 £
Cash at bank and in hand	2,347,261	409,670	2,756,931
Bank overdraft	(541)	541	-
<b>NET FUNDS</b>	2,346,720	410,211	2,756,931

**21. DEFINED CONTRIBUTION PENSION COSTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in employee owned independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £49,699 (2009 £47,937).

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**22. DEFINED BENEFIT PENSION COSTS**

The group operates a Defined benefit pension scheme

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on property has been set equal to the expected return on equities less an allowance for liquidity. The expected return on other assets is broadly the current interest rate set by the Bank of England.

THE AMOUNTS RECOGNISED IN THE BALANCE SHEET ARE AS FOLLOWS

The amounts recognised in the Balance sheet are as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	<b>(4,468,000)</b>	<b>(4,217,000)</b>
Fair value of scheme assets	<b>4,609,000</b>	<b>4,017,000</b>
	<hr/>	<hr/>
Surplus/(deficit) in scheme	<b>141,000</b>	<b>(200,000)</b>
Surplus not recognised	<b>(141,000)</b>	<b>-</b>
	<hr/>	<hr/>
Deficit included in balance sheet	<b>-</b>	<b>(200,000)</b>
Related deferred tax asset	<b>-</b>	<b>56,000</b>
	<hr/>	<hr/>
Net liability	<b>-</b>	<b>(144,000)</b>
	<hr/>	<hr/>

THE AMOUNTS RECOGNISED IN THE PROFIT AND LOSS ACCOUNT ARE AS FOLLOWS

The amounts recognised in profit or loss are as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Interest on obligation	<b>(234,000)</b>	<b>(223,000)</b>
Expected return on scheme assets	<b>267,000</b>	<b>216,000</b>
	<hr/>	<hr/>
Total	<b>33,000</b>	<b>(7,000)</b>
	<hr/>	<hr/>
Actual return on scheme assets	<b>506,000</b>	<b>522,000</b>
	<hr/>	<hr/>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**22 DEFINED BENEFIT PENSION COSTS (continued)**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS ARE AS FOLLOWS

Changes in the present value of the defined benefit obligation are as follows

	2010 £	2009 £
Opening defined benefit obligation	4,217,000	3,527,000
Interest cost	234,000	223,000
Actuarial losses/(gains)	101,000	560,000
Benefits paid	(84,000)	(93,000)
	<hr/>	<hr/>
Closing defined benefit obligation	4,468,000	4,217,000
	<hr/>	<hr/>

CHANGES IN THE FAIR VALUE OF SCHEME ASSETS ARE AS FOLLOWS.

Changes in the fair value of scheme assets are as follows

	2010 £	2009 £
Opening fair value of scheme assets	4,017,000	3,418,000
Expected return	267,000	216,000
Actuarial gains	239,000	306,000
Contributions by employer	170,000	170,000
Benefits paid	(84,000)	(93,000)
	<hr/>	<hr/>
	4,609,000	4,017,000
	<hr/>	<hr/>

The cumulative amount of actuarial losses recognised in the Statement of Total Recognised Gains and Losses was £285,000 (2009 - £423,000)

The group expects to contribute £60,000 to its Defined benefit pension scheme in 2011

THE MAJOR CATEGORIES OF SCHEME ASSETS AS A PERCENTAGE OF TOTAL SCHEME ASSETS ARE AS FOLLOWS

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2010	2009
European equities	18.00 %	33.00 %
European bonds	38.00 %	38.00 %
Other	44.00 %	29.00 %

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**22 DEFINED BENEFIT PENSION COSTS (continued)**

PRINCIPLE ACTUARIAL ASSUMPTIONS AT THE BALANCE SHEET DATE (EXPRESSED AS WEIGHTED AVERAGES)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2010	2009
Discount rate at 31 December	5.40 %	5.60 %
Expected return on scheme assets at 31 December	6.22 %	6.46 %
Future salary increases	3.00 %	3.00 %
Future pension increases	3.45 %	3.65 %
Price inflation	3.60 %	3.70 %

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2010 £	2009 £	2008 £	2007 £	2006 £
Defined benefit obligation	(4,468,000)	(4,217,000)	(3,527,000)	(4,078,000)	(4,135,000)
Scheme assets	4,609,000	4,017,000	3,418,000	3,919,000	3,717,000
Surplus/(deficit)	<u>141,000</u>	<u>(200,000)</u>	<u>(109,000)</u>	<u>(159,000)</u>	<u>(418,000)</u>
Experience adjustments on scheme liabilities	(60,000)	82,000	(71,000)	-	(59,000)
Experience adjustments on scheme assets	<u>239,000</u>	<u>306,000</u>	<u>(770,000)</u>	<u>(36,000)</u>	<u>443,000</u>

**23. OPERATING LEASE COMMITMENTS**

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2010 £	2009 £
<b>GROUP</b>		
<b>EXPIRY DATE:</b>		
Between 2 and 5 years	-	93,596

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**24. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	1,261,954	1,181,611
Social security costs	144,029	136,353
Other pension costs (Note 22)	51,041	49,495
	<u>1,457,024</u>	<u>1,367,459</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No
Administration and management	8	8
Operational, selling and distribution	36	32
	<u>44</u>	<u>40</u>

**25. DIRECTORS' EMOLUMENTS**

	2010 £	2009 £
Emoluments	<u>327,042</u>	<u>316,916</u>
Group pension contributions to money purchase pension schemes	<u>24,034</u>	<u>23,563</u>

During the year retirement benefits were accruing to 3 directors (2009 - 3) in respect of money purchase pension schemes

During the year retirement benefits were accruing to 3 directors (2009 - 3) in respect of defined benefit pension schemes

The highest paid director received remuneration of £131,353 (2009 - £130,139)

The value of the Group's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9,971 (2009 - £9,775)

The accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £44,624 (2009 - £43,493) per annum

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**26. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES**

During the year, the company paid dividends totalling £29,295 (2009 £29,295) to A J Wallis, a director of the company, and his close family

During the year, the company paid dividends totalling £22,847 (2009 £22,847) to M H Colling, a director of the company, and his close family

During the year, the company paid dividends totalling £13,455 (2009 £13,455) to the close family of S P Read, a director of the company