

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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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  
Statutory Auditors & Chartered Accountants  
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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## **W H PALMER & CO (INDUSTRIES) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011

#### **PRINCIPAL ACTIVITIES**

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

#### **BUSINESS REVIEW**

Group turnover for the year increased to £21,809,619 from £19,513,611 in 2010. Despite volatile markets and the constant pressure of increased operating costs our consolidated profit after taxation also increased to £748,297 from £639,936 in 2010. Our defined benefit pension scheme recorded a modest actuarial loss for the year but remains in surplus under FRS17 although the directors have decided not to show this as an asset in the Balance Sheet.

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 and uncertainty within the euro zone 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 £748,297 (2010 - £639,936).

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

Ordinary dividends amounting to £150,000 (2010 £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 political unrest during 2011 in the Arab and North African countries which we trade with is now more stable although further disturbance can always arise again. 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 continues to make life difficult for companies and forces them to incur additional costs, money which could arguably be better spent elsewhere to help improve the economy and create 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 as this necessitates significant ongoing scheme contributions 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.

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

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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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.

#### **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 complementary 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

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

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.

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

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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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.

**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 9<sup>th</sup> May 2012 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 financial statements of W H Palmer & Co (Industries) Limited for the year ended 31 December 2011, 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 Directors' responsibilities statement, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2011 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 LLP*

Stephen Tanner BSc(Econ) FCA (Senior statutory auditor)  
for and on behalf of  
**Reeves & Co LLP**  
Statutory Auditors & Chartered Accountants  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX  
Date *14<sup>th</sup> May, 2012*



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

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	<b>21,809,619</b>	<b>19,513,611</b>
Cost of sales		<b>(16,883,179)</b>	<b>(15,153,880)</b>
<b>GROSS PROFIT</b>	3	<b>4,926,440</b>	<b>4,359,731</b>
Distribution costs		<b>(2,964,912)</b>	<b>(2,783,082)</b>
Administrative expenses		<b>(1,057,027)</b>	<b>(833,514)</b>
<b>OPERATING PROFIT</b>	3	<b>904,501</b>	<b>743,135</b>
Interest receivable and similar income		<b>16,269</b>	<b>16,527</b>
Other finance income	4	<b>49,000</b>	<b>33,000</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>969,770</b>	<b>792,662</b>
Tax on profit on ordinary activities	5	<b>(221,473)</b>	<b>(152,726)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>748,297</b>	<b>639,936</b>

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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**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>748,297</b>	<b>639,936</b>
Actuarial (loss)/gain in relation to the defined benefit pension scheme	22	(278,000)	138,000
Deferred tax attributable to actuarial loss/(gain)	22	-	(56,000)
Unrealised movement in defined benefit pension scheme surplus	22	<u>79,000</u>	<u>(141,000)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u><b>549,297</b></u>	<u><b>580,936</b></u>

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 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Intangible assets	6		49,072		68,072
Tangible assets	7		1,826,064		1,796,435
Investments	8		6,000		6,000
			<u>1,881,136</u>		<u>1,870,507</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,752,584		1,434,687	
Debtors	11	3,633,946		3,092,993	
Cash at bank and in hand		2,575,690		2,756,931	
		<u>7,962,220</u>		<u>7,284,611</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(3,417,045)</u>		<u>(3,137,104)</u>	
<b>NET CURRENT ASSETS</b>			<u>4,545,175</u>		<u>4,147,507</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,426,311</u>		<u>6,018,014</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(171,300)</u>		<u>(162,300)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME SURPLUS</b>			<u>6,255,011</u>		<u>5,855,714</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		19,021		28,532
Profit and loss account	15		6,048,695		5,639,887
<b>SHAREHOLDERS' FUNDS</b>	16		<u>6,255,011</u>		<u>5,855,714</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

9<sup>th</sup> May 2012

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

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

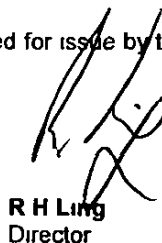
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	7		685,428		685,808
Investments	8		160,850		160,850
			<u>846,278</u>		<u>846,658</u>
<b>CURRENT ASSETS</b>					
Debtors	11	90,205		88,255	
Cash at bank		217		734	
		<u>90,422</u>		<u>88,989</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	(30,671)		(26,000)	
<b>NET CURRENT ASSETS</b>			<u>59,751</u>		<u>62,989</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>906,029</u>		<u>909,647</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(2,300)		(2,300)
<b>NET ASSETS</b>			<u><u>903,729</u></u>		<u><u>907,347</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		100,000		100,000
Revaluation reserve	15		87,295		87,295
Profit and loss account	15		716,434		720,052
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>903,729</u></u>		<u><u>907,347</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

9<sup>th</sup> May 2012

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 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	18	368,624	918,813
Returns on investments and servicing of finance	19	16,269	16,527
Taxation		(189,973)	(183,726)
Capital expenditure and financial investment	19	(226,161)	(191,403)
Equity dividends paid		(150,000)	(150,000)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(181,241)</b>	<b>410,211</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
(Decrease)/Increase in cash in the year	(181,241)	410,211
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(181,241)</b>	<b>410,211</b>
Net funds at 1 January 2011	2,756,931	2,346,720
<b>NET FUNDS AT 31 DECEMBER 2011</b>	<b>2,575,690</b>	<b>2,756,931</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 2011

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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 risk and rewards of owning goods pass to the customer which is generally on delivery

##### 1.5 GOODWILL

Acquired goodwill is written off in equal annual installments 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 2011**

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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) **Unlisted 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 2011

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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

	2011 £	2010 £
United Kingdom	19,128,709	15,933,597
Rest of world	2,680,910	3,580,014
	<u>21,809,619</u>	<u>19,513,611</u>

3. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Amortisation - intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets		
- owned by the group	213,315	189,803
Auditors' remuneration	36,900	35,900
Operating lease rentals		
- other operating leases	88,590	92,887
Difference on foreign exchange	4,519	17,769
	<u></u>	<u></u>

Auditors fees for the company and consolidation of the group financial statements were £5,850 (2010 - £ 5,000)



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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 2011**

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**4. OTHER FINANCE INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	<b>287,000</b>	<b>267,000</b>
Interest on pension scheme liabilities	<b>(238,000)</b>	<b>(234,000)</b>
	<b>49,000</b>	<b>33,000</b>

**5. TAXATION**

	<b>2011</b>	<b>2010</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>194,500</b>	<b>148,000</b>
Adjustments in respect of prior periods	<b>41,973</b>	<b>(274)</b>
Losses carried back	<b>(24,000)</b>	<b>-</b>
<b>TOTAL CURRENT TAX</b>	<b>212,473</b>	<b>147,726</b>
<b>DEFERRED TAX</b> (see note 13)		
Origination and reversal of timing differences	<b>9,000</b>	<b>5,000</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>221,473</b>	<b>152,726</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**5. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	969,770	792,662
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	252,140	221,945
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	2,131
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,779	-
Capital allowances for year in excess of depreciation	(2,038)	(3,478)
Adjustments to tax charge in respect of prior periods	41,973	(274)
Changes in provisions leading to a decrease in the tax charge	(3,473)	-
Unrelieved tax losses carried back	(24,000)	-
Contributions to pensions scheme	(39,000)	(47,600)
Pension scheme finance income	(12,740)	(9,240)
Chargeable disposals	-	(958)
Other tax adjustments	(3,168)	(14,800)
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<b>212,473</b>	<b>147,726</b>

There were no factors that may affect future tax charges

**6. INTANGIBLE FIXED ASSETS**

<b>GROUP COST</b>	<b>Goodwill £</b>
At 1 January 2011 and 31 December 2011	197,905
<b>AMORTISATION</b>	
At 1 January 2011	129,833
Charge for the year	19,000
At 31 December 2011	148,833
<b>NET BOOK VALUE</b>	
At 31 December 2011	49,072
At 31 December 2010	68,072

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**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>COST &amp; VALUATION</b>				
At 1 January 2011	1,056,827	161,579	2,471,382	329,839
Additions	-	-	137,270	96,162
Disposals	-	-	(55,855)	(77,775)
At 31 December 2011	1,056,827	161,579	2,552,797	348,226
<b>DEPRECIATION</b>				
At 1 January 2011	371,019	113,920	1,597,631	167,224
Charge for the year	380	5,071	122,247	70,528
On disposals	-	-	(55,855)	(71,708)
At 31 December 2011	371,399	118,991	1,664,023	166,044
<b>NET BOOK VALUE</b>				
At 31 December 2011	685,428	42,588	888,774	182,182
At 31 December 2010	685,808	47,659	873,751	162,615

<b>GROUP</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>COST &amp; VALUATION</b>		
At 1 January 2011	314,645	4,334,272
Additions	15,579	249,011
Disposals	(129,720)	(263,350)
At 31 December 2011	200,504	4,319,933
<b>DEPRECIATION</b>		
At 1 January 2011	288,043	2,537,837
Charge for the year	15,089	213,315
On disposals	(129,720)	(257,283)
At 31 December 2011	173,412	2,493,869
<b>NET BOOK VALUE</b>		
At 31 December 2011	27,092	1,826,064
At 31 December 2010	26,602	1,796,435

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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 2011

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7. TANGIBLE FIXED ASSETS (continued)

Included in freehold property is freehold land at valuation of £642,294 (2010 £642,294), (cost £570,499 (2010 £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

GROUP	2011 £	2010 £
Cost	830,030	830,030
Accumulated depreciation	(231,896)	(231,516)
Net book value	<u>598,134</u>	<u>598,514</u>
		Freehold property £
COMPANY		
COST & VALUATION		
At 1 January 2011 and 31 December 2011		<u>1,056,827</u>
DEPRECIATION		
At 1 January 2011		371,019
Charge for the year		<u>380</u>
At 31 December 2011		<u>371,399</u>
NET BOOK VALUE		
At 31 December 2011		<u>685,428</u>
At 31 December 2010		<u>685,808</u>

Included in freehold property is freehold land at valuation of £642,294 (2010 £642,294), (cost £570,499 (2010 £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 2011

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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

COMPANY	2011 £	2010 £
Cost	830,030	830,030
Accumulated depreciation	(231,896)	(231,516)
Net book value	<u>598,134</u>	<u>598,514</u>

8. FIXED ASSET INVESTMENTS

GROUP	Unlisted investments £
<b>COST</b>	
At 1 January 2011 and 31 December 2011	<u>68,394</u>
<b>IMPAIRMENT</b>	
At 1 January 2011 and 31 December 2011	<u>62,394</u>
<b>NET BOOK VALUE</b>	
At 31 December 2011	<u>6,000</u>
At 31 December 2010	<u>6,000</u>
	<b>Investments in subsidiary companies £</b>
<b>COMPANY</b>	
<b>COST</b>	
At 1 January 2011 and 31 December 2011	<u>160,850</u>
<b>NET BOOK VALUE</b>	
At 31 December 2011	<u>160,850</u>
At 31 December 2010	<u>160,850</u>

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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 2011**

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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	1,000 Ordinary shares of £1 each
Alcohols (North West) Limited	England & Wales	100	100,000 Ordinary shares of £1 each
Lang-Met Distillers Limited	England & Wales	100	25,000 Ordinary shares of £1 each
Langley Distillery Limited	England & Wales	100	5,000 Ordinary shares of £1 each
Trithin Products Limited	England & Wales	100	100 Ordinary shares of £1 each

<b>Company name</b>	<b>Principal activity</b>
Alcohols Limited	The distillation of gin and the sourcing, packing and distribution of solvent and alcohol products
Alcohols (North West) Limited	Dormant
Lang-Met Distillers Limited	Dormant
Langley Distillery Limited	Dormant
Trithin Products Limited	Export of chemical products

**10. STOCKS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<b>1,752,584</b>	<b>1,434,687</b>	-	-

**11. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>3,420,051</b>	<b>2,918,544</b>	-	-
Amounts owed by group undertakings	-	-	<b>90,205</b>	<b>88,255</b>
Other debtors	<b>24,595</b>	<b>16,058</b>	-	-
Prepayments and accrued income	<b>189,300</b>	<b>158,391</b>	-	-
	<b>3,633,946</b>	<b>3,092,993</b>	<b>90,205</b>	<b>88,255</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	-	6,071	-
Trade creditors	1,860,308	1,952,060	-	-
Corporation tax	194,489	147,989	19,500	21,000
Social security and other taxes	625,960	515,536	-	-
Accruals and deferred income	736,288	521,519	5,100	5,000
	<b>3,417,045</b>	<b>3,137,104</b>	<b>30,671</b>	<b>26,000</b>

**13. DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2010	162,300	157,300	2,300	2,300
Charge for the year	9,000	5,000	-	-
At 31 December 2011	<b>171,300</b>	<b>162,300</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>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>171,300</b>	<b>162,300</b>	<b>2,300</b>	<b>2,300</b>

**14. SHARE CAPITAL**

	<b>2011</b>	<b>2010</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>

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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 2011**

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**15 RESERVES**

<b>GROUP</b>	<b>Revaluation reserve £</b>	<b>Other reserves £</b>	<b>Profit and loss account £</b>
At 1 January 2011	87,295	28,532	5,639,887
Profit for the year	-	-	748,297
Dividends Equity capital	-	-	(150,000)
Pension reserve movement	-	-	(278,000)
Unrealised movement in defined benefit pension scheme surplus	-	-	79,000
Transfer between reserves	-	(9,511)	9,511
At 31 December 2011	<u>87,295</u>	<u>19,021</u>	<u>6,048,695</u>

Other reserves includes £20,460 (2010 £30,690) of negative goodwill arising on consolidation added to reserves and £1,439 (2010 £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.

<b>COMPANY</b>	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
At 1 January 2011	87,295	720,052
Profit for the year	-	146,382
Dividends Equity capital	-	(150,000)
At 31 December 2011	<u>87,295</u>	<u>716,434</u>

The closing balance on the Profit and loss account includes a £NIL (2010 - £NIL) credit, stated after deferred taxation of £NIL (2010 - £NIL), in respect of pension scheme liabilities of the Group and Company pension scheme.



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

	2011 £	2010 £
<b>GROUP</b>		
Opening shareholders' funds	5,855,714	5,424,778
Profit for the year	748,297	639,936
Dividends (Note 17)	(150,000)	(150,000)
Other recognised gains and losses during the year	(199,000)	(59,000)
Closing shareholders' funds	<u>6,255,011</u>	<u>5,855,714</u>
	2011 £	2010 £
<b>COMPANY</b>		
Opening shareholders' funds	907,347	909,697
Profit for the year	146,382	147,650
Dividends (Note 17)	(150,000)	(150,000)
Closing shareholders' funds	<u>903,729</u>	<u>907,347</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 £146,382 (2010 - £147,650)

**17. DIVIDENDS**

	2011 £	2010 £
Final dividends paid on equity capital of £1 50 (20010 £1 50) per share	<u>150,000</u>	<u>150,000</u>

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

	2011 £	2010 £
Operating profit	904,501	743,135
Amortisation of intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets	213,315	189,803
Profit on disposal of tangible fixed assets	(16,783)	(3,421)
Increase in stocks	(317,897)	(60,629)
Increase in debtors	(516,953)	(167,969)
Increase in creditors	233,441	368,894
Decrease in net pension assets/liabilities	(150,000)	(170,000)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>368,624</u>	<u>918,813</u>

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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 2011**

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

	2011 £	2010 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	16,269	16,527
	<u>16,269</u>	<u>16,527</u>
	2011 £	2010 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(249,011)	(195,403)
Sale of tangible fixed assets	22,850	4,000
	<u>(226,161)</u>	<u>(191,403)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<u>(226,161)</u>	<u>(191,403)</u>

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

	1 January 2011 £	Cash flow £	31 December 2011 £
Cash at bank and in hand	2,756,931	(181,241)	2,575,690
<b>NET FUNDS</b>	<u>2,756,931</u>	<u>(181,241)</u>	<u>2,575,690</u>

**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 £74,944 (2010 £49,699). At the year end, £25,000 (2010 £NIL) remained unpaid.

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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 2011**

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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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	<b>(4,674,000)</b>	<b>(4,468,000)</b>
Fair value of scheme assets	<b>4,736,000</b>	<b>4,609,000</b>
	<hr/>	<hr/>
Surplus in scheme	<b>62,000</b>	<b>141,000</b>
Surplus not recognised	<b>(62,000)</b>	<b>(141,000)</b>
	<hr/>	<hr/>
Net asset	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

The amounts recognised in profit or loss are as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Interest on obligation	<b>(238,000)</b>	<b>(234,000)</b>
Expected return on scheme assets	<b>287,000</b>	<b>267,000</b>
	<hr/>	<hr/>
Total	<b>49,000</b>	<b>33,000</b>
	<hr/>	<hr/>
Actual return on scheme assets	<b>108,000</b>	<b>506,000</b>
	<hr/>	<hr/>

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>4,468,000</b>	<b>4,217,000</b>
Interest cost	<b>238,000</b>	<b>234,000</b>
Actuanaal loss	<b>99,000</b>	<b>101,000</b>
Benefits paid	<b>(131,000)</b>	<b>(84,000)</b>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>4,674,000</b>	<b>4,468,000</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 2011**

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

Changes in the fair value of scheme assets are as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>4,609,000</b>	<b>4,017,000</b>
Expected return	<b>287,000</b>	<b>267,000</b>
Actuarial (loss)/gain	<b>(179,000)</b>	<b>239,000</b>
Contributions by employer	<b>150,000</b>	<b>170,000</b>
Benefits paid	<b>(131,000)</b>	<b>(84,000)</b>
	<b>4,736,000</b>	<b>4,609,000</b>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £563,000 (2010 - £285,000)

The group expects to contribute a minimum of £60,000 to its Defined benefit pension scheme in 2012

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

	<b>2011</b>	<b>2010</b>
European equities	<b>18.00 %</b>	<b>18 00 %</b>
European bonds	<b>38.00 %</b>	<b>38 00 %</b>
Other	<b>44.00 %</b>	<b>44 00 %</b>

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

	<b>2011</b>	<b>2010</b>
Discount rate at 31 December	<b>4.70 %</b>	<b>5 40 %</b>
Expected return on scheme assets at 31 December	<b>4.30 %</b>	<b>6 22 %</b>
Future salary increases	<b>3.00 %</b>	<b>3 00 %</b>
Future pension increases	<b>2.90 %</b>	<b>3 45 %</b>
Price inflation	<b>3.00 %</b>	<b>3 60 %</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2011 £	2010 £	2009 £	2008 £	2007 £
Defined benefit obligation	(4,674,000)	(4,468,000)	(4,217,000)	(3,527,000)	(4,078,000)
Scheme assets	4,736,000	4,609,000	4,017,000	3,418,000	3,919,000
Surplus/(deficit)	62,000	141,000	(200,000)	(109,000)	(159,000)
Experience adjustments on scheme liabilities	109,000	(60,000)	82,000	(71,000)	-
Experience adjustments on scheme assets	(179,000)	239,000	306,000	(770,000)	(36,000)

**23. OPERATING LEASE COMMITMENTS**

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £	2010 £
<b>GROUP</b>		
<b>EXPIRY DATE:</b>		
After more than 5 years	71,456	-

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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 2011**

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**24. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,339,865</b>	<b>1,261,954</b>
Social security costs	<b>156,031</b>	<b>144,029</b>
Other pension costs (Note 22)	<b>76,502</b>	<b>51,041</b>
	<b>1,572,398</b>	<b>1,457,024</b>

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

	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</b>
Administration and management	<b>8</b>	<b>8</b>
Operational, selling and distribution	<b>38</b>	<b>36</b>
	<b>46</b>	<b>44</b>

**25. DIRECTORS' EMOLUMENTS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>332,766</b>	<b>327,042</b>
Group pension contributions to money purchase pension schemes	<b>24,635</b>	<b>24,034</b>

During the year retirement benefits were accruing to 3 directors (2010 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £138,931 (2010 - £131,353)

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,220 (2010 - £9,971)

During the year retirement benefits were accruing to 3 directors (2010 - 3) in respect of defined benefit pension schemes

The accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £45,715 (2010 £44,624) per annum

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26 DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES**

During the year, the company paid dividends totalling £29,295 (2010 £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 (2010 £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 (2010 £13,455) to the close family of S P Read, a director of the company