

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	A J Wallis R H Ling S P Read J Alton M H Colling
<b>COMPANY SECRETARY</b>	R H Ling
<b>COMPANY NUMBER</b>	727228
<b>REGISTERED OFFICE</b>	Chamngtons House The Causeway Bishop's Stortford Hertfordshire CM23 2ER
<b>AUDITORS</b>	FW Stephens Chartered Accountants and Registered Auditors Third Floor 24 Chiswell Street London EC1Y 4YX
<b>BANKERS</b>	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD
<b>SOLICITORS</b>	Whitehouse Gibson & Alton 29 Abbeville Road Clapham London SW4 9LA

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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 2009

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The directors present their report and the financial statements for the year ended 31 December 2009

#### 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 decreased from £18,791,954 in 2008 to £18,656,931. Margins were maintained despite coming under constant threat throughout the year whilst operating costs where possible were controlled. This resulted in a consolidated profit for the year after taxation of £655,156 down from £655,598 in 2008. After taking into account the actuarial loss related to the pension scheme the total recognised gain for the year was £426,156.

During the year, the group's Occupational Health and Safety Management System attained full accreditation and alongside the existing Quality Management System and Environmental Management System supports our activities and enhances customer service whilst protecting employees, the public and the environment.

Despite the negative outlook for the economy 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 £655,156 (2008: £655,598).

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

Ordinary dividends amounting to £150,000 (2008: £140,000) 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. 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 onslaught of bureaucracy and regulation by the authorities appears to be with a total disregard for decent hardworking companies, their directors and managers and the problems they create with what at times appears to be for little purpose other than making life as difficult as possible whilst giving most benefit and protection to society's malingerers and those least deserving.

##### 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 has resulted in a reduction of income compared to recent years.

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 2009**

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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

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

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

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 19<sup>th</sup> May 2010 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 2009, set out on pages 6 to 27. 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 2009 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

Stephen Tanner BSc(Econ) FCA (Senior statutory auditor)  
for and on behalf of

**FW STEPHENS**

Chartered Accountants and Registered Auditors

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date 21<sup>st</sup> May, 2010



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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 2009**

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	Note	2009 £	2008 £
<b>TURNOVER</b>	1,2	<b>18,656,931</b>	<b>18,791,954</b>
Cost of sales		<b>(14,377,168)</b>	<b>(14,625,170)</b>
<b>GROSS PROFIT</b>		<b>4,279,763</b>	<b>4,166,784</b>
Selling and distribution costs		<b>(2,628,051)</b>	<b>(2,633,203)</b>
Administrative expenses		<b>(821,835)</b>	<b>(753,417)</b>
<b>OPERATING PROFIT</b>	3	<b>829,877</b>	<b>780,164</b>
Interest receivable		<b>15,571</b>	<b>56,430</b>
Other finance income	4	<b>(7,000)</b>	<b>22,000</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>838,448</b>	<b>858,594</b>
Tax on profit on ordinary activities	5	<b>(183,292)</b>	<b>(202,996)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<b>655,156</b>	<b>655,598</b>

All amounts relate to continuing operations.

The notes on pages 11 to 27 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 2009**

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	Note	2009 £	2008 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>655,156</b>	<b>655,598</b>
Actuarial loss related to pension scheme	22	(254,000)	(72,000)
Deferred tax attributable to actuarial loss	22	25,000	(17,000)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>426,156</b>	<b>566,598</b>

The notes on pages 11 to 27 form part of these financial statements

**W H PALMER & CO (INDUSTRIES) LIMITED**  
**REGISTERED NUMBER: 727228**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Note	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	6		87,072		106,072
Tangible fixed assets	7		1,791,414		1,840,039
Fixed asset investments	8		6,000		6,000
			<u>1,884,486</u>		<u>1,952,111</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,374,058		1,422,101	
Debtors	11	2,925,024		3,050,608	
Cash at bank and in hand		2,347,261		1,657,502	
		<u>6,646,343</u>		<u>6,130,211</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(2,804,751)</u>		<u>(2,699,400)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,841,592</u>		<u>3,430,811</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,726,078</u>		<u>5,382,922</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(157,300)</u>		<u>(156,300)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			<u>5,568,778</u>		<u>5,226,622</u>
Defined benefit pension scheme liability	22		<u>(144,000)</u>		<u>(78,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)</b>			<u><u>5,424,778</u></u>		<u><u>5,148,622</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		38,043		190,213
Profit and loss account	15		5,199,440		4,771,114
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>5,424,778</u></u>		<u><u>5,148,622</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

19<sup>th</sup> May 2010

The notes on pages 11 to 27 form part of these financial statements

**W H PALMER & CO (INDUSTRIES) LIMITED**  
**REGISTERED NUMBER: 727228**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Note	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		686,188		686,568
Fixed asset investments	8		160,850		160,850
			<u>847,038</u>		<u>847,418</u>
<b>CURRENT ASSETS</b>					
Debtors	11	82,400		118,106	
<b>CREDITORS:</b> amounts falling due within one year	12	(17,441)		(17,949)	
<b>NET CURRENT ASSETS</b>			<u>64,959</u>		<u>100,157</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>911,997</u>		<u>947,575</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(2,300)		(2,300)
<b>NET ASSETS</b>			<u><u>909,697</u></u>		<u><u>945,275</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		874,572		757,980
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>909,697</u></u>		<u><u>945,275</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

19<sup>th</sup> May 2010

The notes on pages 11 to 27 form part of these financial statements

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

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Net cash flow from operating activities	18	1,143,528	533,276
Returns on investments and servicing of finance	19	15,571	56,430
Taxation		(193,619)	(118,939)
Capital expenditure and financial investment	19	(124,842)	(207,108)
Equity dividends paid		(150,000)	(140,000)
<b>CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES</b>		<b>690,638</b>	<b>123,659</b>
Management of liquid resources	19	600,000	650,000
<b>INCREASE IN CASH IN THE YEAR</b>		<b>1,290,638</b>	<b>773,659</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 £	2008 £
Increase in cash in the year	1,290,638	773,659
Cash inflow from increase in liquid resources	(600,000)	(650,000)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>690,638</b>	<b>123,659</b>
Net funds at 1 January 2009	1,656,082	1,532,423
<b>NET FUNDS AT 31 DECEMBER 2009</b>	<b>2,346,720</b>	<b>1,656,082</b>

The notes on pages 11 to 27 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 2009

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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 consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2009. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

##### 1.4 TURNOVER

Turnover comprises revenue recognised by the group in respect of goods and services supplied, exclusive of Value Added Tax, excise duties and trade discounts.

##### 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
Furniture, fittings and equipment	-	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 2009**

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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 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 of 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 2009**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 PENSIONS**

**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

**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.

**2. TURNOVER**

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

A geographical analysis of turnover is as follows

	2009 £	2008 £
United Kingdom	14,161,503	15,238,344
Rest of world	4,495,428	3,553,610
	<u>18,656,931</u>	<u>18,791,954</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2009 £	2008 £
Amortisation - intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets		
- owned by the group	183,675	172,889
Auditors' remuneration	35,100	33,000
Operating lease rentals		
- other operating leases	97,732	95,660
Difference on foreign exchange	16,720	(307,920)

Auditors fees for the company and consolidation of the group financial statements were £4,900 (2008 - £4,800)



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**4. OTHER FINANCE INCOME**

	2009 £	2008 £
Expected return on pension scheme assets	216,000	254,000
Interest on pension scheme liabilities	(223,000)	(232,000)
	<u>(7,000)</u>	<u>22,000</u>

**5. TAXATION**

	2009 £	2008 £
<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	184,000	195,327
Adjustments in respect of prior periods	(1,708)	(331)
	<u>182,292</u>	<u>194,996</u>
<b>TOTAL CURRENT TAX</b>		
<b>DEFERRED TAX</b> (see note 13)		
Origination and reversal of timing differences	1,000	8,000
	<u>183,292</u>	<u>202,996</u>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	838,448	858,594
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28%)	234,765	240,406
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	4,666	4,238
Capital allowances for year in excess of depreciation	4,281	(4,563)
Adjustments to tax charge in respect of prior periods	(1,708)	(331)
Contributions to pensions scheme	(47,600)	(28,000)
Pension scheme finance (charge)/income	1,960	(6,160)
Chargeable disposals	(4,181)	(3,812)
Other tax adjustments	(9,891)	(6,782)
	<u>182,292</u>	<u>194,996</u>
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)		

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**6. INTANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2009 and 31 December 2009	<b>197,905</b>
<b>AMORTISATION</b>	
At 1 January 2009	<b>91,833</b>
Charge for the year	<b>19,000</b>
At 31 December 2009	<b>110,833</b>
<b>NET BOOK VALUE</b>	
At 31 December 2009	<b>87,072</b>
At 31 December 2008	<b>106,072</b>

**7. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Land and buildings £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>					
At 1 January 2009	<b>1,218,406</b>	<b>2,330,174</b>	<b>261,393</b>	<b>297,119</b>	<b>4,107,092</b>
Additions	-	<b>40,517</b>	<b>83,866</b>	<b>11,434</b>	<b>135,817</b>
Disposals	-	<b>(27,060)</b>	<b>(59,600)</b>	-	<b>(86,660)</b>
At 31 December 2009	<b>1,218,406</b>	<b>2,343,631</b>	<b>285,659</b>	<b>308,553</b>	<b>4,156,249</b>
<b>DEPRECIATION</b>					
At 1 January 2009	<b>473,310</b>	<b>1,405,797</b>	<b>128,131</b>	<b>259,815</b>	<b>2,267,053</b>
Charge for the year	<b>6,003</b>	<b>109,449</b>	<b>54,315</b>	<b>13,908</b>	<b>183,675</b>
On disposals	-	<b>(26,685)</b>	<b>(59,208)</b>	-	<b>(85,893)</b>
At 31 December 2009	<b>479,313</b>	<b>1,488,561</b>	<b>123,238</b>	<b>273,723</b>	<b>2,364,835</b>
<b>NET BOOK VALUE</b>					
At 31 December 2009	<b>739,093</b>	<b>855,070</b>	<b>162,421</b>	<b>34,830</b>	<b>1,791,414</b>
At 31 December 2008	<b>745,096</b>	<b>924,377</b>	<b>133,262</b>	<b>37,304</b>	<b>1,840,039</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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

At 31 December 2009, included within the net book value of land and buildings is £686,188 (2008 - £686,568) relating to freehold land and buildings and £52,905 (2008 - £58,528) relating to short term leasehold land and buildings

Included in freehold land and buildings is freehold land at valuation of £642,294 (2008 £642,294), (cost £570,499 (2008 £570,499)) which is not depreciated

Included in freehold land and buildings 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 held at valuation had not been included at valuation they would have been included under the historical cost convention as follows

<b>GROUP</b>	<b>2009 £</b>	<b>2008 £</b>
Cost	<b>830,030</b>	<b>830,030</b>
Accumulated depreciation	<b>(231,136)</b>	<b>(230,756)</b>
Net book value	<b>598,894</b>	<b>599,274</b>
		<b>Land and buildings £</b>
<b>COMPANY</b>		
<b>COST OR VALUATION</b>		
At 1 January 2009 and 31 December 2009		<b>1,056,827</b>
<b>DEPRECIATION</b>		
At 1 January 2009		<b>370,259</b>
Charge for the year		<b>380</b>
At 31 December 2009		<b>370,639</b>
<b>NET BOOK VALUE</b>		
At 31 December 2009		<b>686,188</b>
At 31 December 2008		<b>686,568</b>

Included in freehold land and buildings is freehold land at valuation of £642,294 (2008 £642,294), (cost £570,499 (2008. £570,499)) which is not depreciated

Included in freehold land and buildings 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  
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**7. TANGIBLE FIXED ASSETS (continued)**

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

<b>COMPANY</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Cost	<b>830,030</b>	<b>830,030</b>
Accumulated depreciation	<b>(231,136)</b>	<b>(230,756)</b>
	<hr/>	<hr/>
Net book value	<b>598,894</b>	<b>599,274</b>
	<hr/>	<hr/>

**8. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Unlisted investments</b>
<b>COST OR VALUATION</b>	<b>£</b>
At 1 January 2009	<b>63,669</b>
Additions	<b>4,725</b>
	<hr/>
At 31 December 2009	<b>68,394</b>
	<hr/>
<b>IMPAIRMENT</b>	
At 1 January 2009	<b>57,669</b>
Charge for the year	<b>4,725</b>
	<hr/>
At 31 December 2009	<b>62,394</b>
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2009	<b>6,000</b>
	<hr/>
At 31 December 2008	<b>6,000</b>
	<hr/>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company

<b>COMPANY</b>	<b>Shares in group undertakings</b>
<b>COST OR VALUATION</b>	<b>£</b>
At 1 January 2009 and 31 December 2009	<b>160,850</b>
	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**9. PRINCIPAL SUBSIDIARIES**

Company name	Country	Percentage Shareholding	Description
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
Tnthin Products Limited	England & Wales	100	Ordinary

**Principal activity**

Alcohols Limited	The manufacture of various alcohol products and the distribution of alcohols and solvents
Alcohols (North West) Limited	Dormant
Lang-Met Distillers Limited	Dormant
Langley Distillery Limited	Dormant
Tnthin Products Limited	Export of chemical products

**10. STOCKS**

	<b>GROUP</b>		<b>COMPANY</b>	
	2009	2008	2009	2008
	£	£	£	£
Finished goods and goods for resale	1,374,058	1,422,101	-	-

**11. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	2,739,316	2,858,430	-	-
Amounts owed by group undertakings	-	-	82,397	118,104
Other debtors	2,587	17,130	3	2
Prepayments and accrued income	183,121	175,048	-	-
	2,925,024	3,050,608	82,400	118,106

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	541	1,420	541	1,420
Trade creditors	1,824,289	1,601,942	-	-
Corporation tax	183,989	195,316	12,000	11,729
Social security and other taxes	272,889	350,568	-	-
Accruals and deferred income	523,043	550,154	4,900	4,800
	<b>2,804,751</b>	<b>2,699,400</b>	<b>17,441</b>	<b>17,949</b>

**13. DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2009	156,300	148,300	2,300	2,300
Charge for the year	1,000	8,000	-	-
At 31 December 2009	<b>157,300</b>	<b>156,300</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>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>157,300</b>	<b>156,300</b>	<b>2,300</b>	<b>2,300</b>

**14. SHARE CAPITAL**

	<b>2009</b>	<b>2008</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 2009**

**15. RESERVES**

<b>GROUP</b>	<b>Revaluation reserve £</b>	<b>Other reserves £</b>	<b>Profit and loss account £</b>
At 1 January 2009	87,295	190,213	4,771,114
Profit for the year	-	-	655,156
Dividends Equity capital	-	-	(150,000)
Pension reserve movement	-	-	(229,000)
Transfer between reserves	-	(152,170)	152,170
At 31 December 2009	<u>87,295</u>	<u>38,043</u>	<u>5,199,440</u>

Other reserves includes £204,602 of negative goodwill arising on consolidation added to reserves and £14,389 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>Other reserves £</b>	<b>Profit and loss account £</b>
At 1 January 2009	87,295	-	757,980
Profit for the year	-	-	114,422
Dividends Equity capital	-	-	(150,000)
Transfer between reserves	-	(152,170)	152,170
At 31 December 2009	<u>87,295</u>	<u>(152,170)</u>	<u>874,572</u>

The closing balance on the Profit and loss account includes a £144,000 (2008 - £78,000) debit, stated after deferred taxation of £56,000 (2008 - £31,000), 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 2009**

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

	2009	2008
	£	£
<b>GROUP</b>		
Opening shareholders' funds	5,148,622	4,722,024
Profit for the year	655,156	655,598
Dividends (Note 17)	(150,000)	(140,000)
Other recognised gains and losses during the year	(229,000)	(89,000)
Closing shareholders' funds	<u>5,424,778</u>	<u>5,148,622</u>
	2009	2008
	£	£
<b>COMPANY</b>		
Opening shareholders' funds	945,275	980,863
Profit for the year	114,422	104,412
Dividends (Note 17)	(150,000)	(140,000)
Closing shareholders' funds	<u>909,697</u>	<u>945,275</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 £114,422 (2008 - £104,412)

**17. DIVIDENDS**

	2009	2008
	£	£
Dividends paid on equity capital of £1 50 (2008 £1 40) per share	<u>150,000</u>	<u>140,000</u>

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

	2009	2008
	£	£
Operating profit	829,877	780,164
Amortisation of intangible fixed assets	19,000	19,000
Depreciation of tangible fixed assets	183,675	172,889
Impairments of fixed assets	4,725	-
Profit on disposal of tangible fixed assets	(14,933)	(13,613)
Decrease/(increase) in stocks	48,043	(100,503)
Decrease/(increase) in debtors	125,586	(27,357)
Increase/(decrease) in creditors	117,555	(197,304)
Decrease in net pension assets/liabilities	(170,000)	(100,000)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>1,143,528</u>	<u>533,276</u>



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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

	2009 £	2008 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	15,571	56,430
	<u>2009</u> £	<u>2008</u> £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(135,817)	(244,808)
Sale of tangible fixed assets	15,700	37,700
Purchase of unlisted investments	(4,725)	-
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<u>(124,842)</u>	<u>(207,108)</u>
	<u>2009</u> £	<u>2008</u> £
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
Cash placed on short-term deposit	600,000	650,000

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

	1 January 2009 £	Cash flow £	Other non-cash changes £	31 December 2009 £
Cash at bank and in hand	1,657,502	689,759	-	2,347,261
Less deposits treated as liquid resources	(600,000)	600,000	-	-
Bank overdraft	(1,420)	879	-	(541)
	<u>1,056,082</u>	<u>1,290,638</u>	<u>-</u>	<u>2,346,720</u>
<b>LIQUID RESOURCES:</b>				
Deposits included in cash	600,000	(600,000)	-	-
<b>NET FUNDS</b>	<u>1,656,082</u>	<u>690,638</u>	<u>-</u>	<u>2,346,720</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 £47,937 (2008 £46,480)

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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 2009**

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**22. DEFINED BENEFIT PENSION COSTS**

The group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the group, being invested with life assurance companies

The pension costs charge represents contributions payable by the group to the fund and amounted to £NIL (2008 £NIL)

The amounts for the year ended 31 December 2009, relating to pensions, are based on a full actuarial valuation and updated by the scheme actuary to 31 December 2009 for the purposes of FRS 17. The latest full actuarial valuation was completed as at 1 June 2008 and showed a past service surplus of £86,000

As accrual of benefit for future services was suspended from 1 September 2003 to protect benefit earned by scheme members up to that date the actuary has advised there is no future contribution rate. However, since the last valuation date the value of the scheme's assets has considerably reduced in line with the stock market. Consequently the company has agreed with the scheme's trustees to make contributions at a minimum rate of £60,000 per annum, to include the cost of Death in Service premiums, with effect from 1 January 2009

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>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	<b>(4,217,000)</b>	<b>(3,527,000)</b>
Fair value of scheme assets	<b>4,017,000</b>	<b>3,418,000</b>
Deficit in scheme	<b>(200,000)</b>	<b>(109,000)</b>
Deficit	<b>(200,000)</b>	<b>(109,000)</b>
Related deferred tax asset	<b>56,000</b>	<b>31,000</b>
Net liability	<b>(144,000)</b>	<b>(78,000)</b>

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

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Interest on obligation	<b>(223,000)</b>	<b>(232,000)</b>
Expected return on scheme assets	<b>216,000</b>	<b>254,000</b>
Total	<b>(7,000)</b>	<b>22,000</b>
Actual return on scheme assets	<b>522,000</b>	<b>(516,000)</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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

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

	2009 £	2008 £
Opening defined benefit obligation	3,527,000	4,078,000
Interest cost	223,000	232,000
Actuarial losses/(gains)	560,000	(698,000)
Benefits paid	(93,000)	(85,000)
Closing defined benefit obligation	4,217,000	3,527,000

CHANGES IN THE FAIR VALUE OF SCHEME ASSETS ARE AS FOLLOWS

	2009 £	2008 £
Opening fair value of scheme assets	3,418,000	3,919,000
Expected return	216,000	254,000
Actuarial gains/(losses)	306,000	(770,000)
Contributions by employer	170,000	100,000
Benefits paid	(93,000)	(85,000)
	4,017,000	3,418,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(423,000) (2008 - £(169,000))

The group expects to contribute £100,000 to the scheme in 2010

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

	2009	2008
European equities	33.00 %	53.00 %
European bonds	38.00 %	34.00 %
Other	29.00 %	13.00 %

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

	2009	2008
Discount rate at 31 December	5.60 %	6.40 %
Expected return on scheme assets at 31 December	6.46 %	6.26 %
Future salary increases	3.00 %	3.00 %
Future pension increases	3.65 %	2.75 %
Price inflation	3.70 %	2.75 %

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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 2009**

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

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2009 £	2008 £	2007 £	2006 £	2005 £
Defined benefit obligation	(4,217,000)	(3,527,000)	(4,078,000)	(4,135,000)	(4,417,000)
Scheme assets	4,017,000	3,418,000	3,919,000	3,717,000	3,494,000
Deficit	(200,000)	(109,000)	(159,000)	(418,000)	(923,000)
Experience adjustments on scheme liabilities	82,000	(71,000)	-	(59,000)	(224,000)
Experience adjustments on scheme assets	306,000	(770,000)	(36,000)	443,000	345,000

**23. OPERATING LEASE COMMITMENTS**

At 31 December 2009 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
GROUP	2009 £	2008 £
EXPIRY DATE:		
Between 2 and 5 years	93,596	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 2009**

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**24. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,181,611</b>	<b>1,168,040</b>
Social security costs	<b>136,353</b>	<b>132,090</b>
Other pension costs (Note 22)	<b>49,495</b>	<b>48,097</b>
	<b><u>1,367,459</u></b>	<b><u>1,348,227</u></b>

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

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No</b>
Administration and management	<b>8</b>	<b>7</b>
Operational, selling and distribution	<b>32</b>	<b>32</b>
	<b><u>40</u></b>	<b><u>39</u></b>

**25. DIRECTORS' EMOLUMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Emoluments	<b><u>316,916</u></b>	<b><u>304,297</u></b>
Group pension contributions to money purchase pension schemes	<b><u>23,563</u></b>	<b><u>22,877</u></b>

During the year retirement benefits were accruing to 3 directors (2008 - 3) in respect of money purchase pension schemes

The highest paid director received emoluments of £130,139 (2008 - £124,156) per annum.

The value of the Group contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9,775 (2008 - £9,491).

The accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £43,493 (2008 £42,541) 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 2009**

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

During the year, the company paid dividends totalling £29,295 (2008 £27,342) to A J Wallis, a director of the company, and his close family

During the year, the company paid dividends totalling £22,847 (2008 £21,323) to M H Colling, a director of the company, and his close family

During the year, the company paid dividends totalling £13,455 (2008 £12,558) to the close family of S P Read, a director of the company